ANNUAL REPORT OF THE COMPANY ATM S.A. FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

TABLE OF CONTENTS

KEY INFORMATION REGARDING ANNUAL REPORT

This annual report covers information drafted pursuant to § 91 item 1 of the Regulation of the Minister of Finance of 19 February 2009, and includes consolidated financial statements of the ATM S.A. prepared in accordance with the International Financial Reporting Standards, as approved by the European Union, for the period from 1 January to 31 December 2014.

Submission date: 20 March 2015

Information on the Issuer:

Full name of the Issuer: ATM S.A.
Abbreviated name of the Issuer: ATM
Sector according to the Warsaw Stock Exchange classification: Information technology
Postal code: 04-186
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website: www.atm.com.pl
NIP (Tax ID No): 113-00-59-989
REGON (Statistical ID No): 012677986
Entity authorized to perform the audit: Polska Grupa Audytorska Sp. z o.o. sp. k.

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

Dear Sir/Madame,

I present this Report after a year, which was difficult for us. However, I must point out that the situation as it is now offers great opportunities for further development of our Company.

It was a difficult year because a few unfavorable events occurred concurrently. They required an extraordinary effort and concentration from our Company to maintain a positive trend in the development of ATM.

One of the problems the Company was coping with for the last 3 years with a lack of income growth in the part of our business connected with data transmission services, which resulted from a fall in unit prices not fully compensated with the volume of services. This phenomenon, which affects the majority of operators in the telecommunication sector, has not spared this part of our Company's business either. Freezing investment plans to expand networks by those telecommunication operators, for whom our Company was a supplier of optic fiber cables had a particularly unfavorable impact on our result.

However, data center services (colocation and related) are this part of the business, which is constantly growing and whose share in the operating profit is steadily increasing (over 70% of the margin on subscription revenue). This subscription revenue increased by 10.5% as compared to the previous year. Unfortunately, in this year, for the first time in our history we recorded a significant 'churn', i.e. customer resignation from a part of services due to reasons on the part of the customer's business. If it were not for these unfavorable events, the annual increase in this revenue would have amounted to about 17% and would have been much more satisfactory for ATM shareholders.

Finally, the year 2014 featured huge investments in the expansion of our data centers. The investment project, supported with the EU subsidies, will be completed in the middle of 2015. The Company now incurs capital expenditure and costs, while significant revenues from the new data centers are expected not earlier than in 2015.

Additionally, in 2014 the Company's net profit was encumbered with a potential impairment write-down for shares of the Issuer's associate – Linx Telecommunications B.V. due to the economic downturn in Russia, where this Dutch company focuses its operations. The operating results of our associate are very good and we should not expect a regression. However, for prudential reasons the impact of the ruble on the valuation of our investments in this company was reflected in the ATM result for 2014. Nevertheless, there are considerable chances that this impairment write-down may be reversed in the following years.

Irrespective of objective reasons affecting the ATM results in 2014, in my opinion the Company did not make its best efforts to compete more effectively for higher revenues in difficult market conditions. In simple terms, we can say that 'we were doing too well' and it seemed that it would always be like this. The Company put an insufficient effort into diversification of its traditional products, enrichment of its offer by additional services; it was not reacting quickly enough to constantly changing customer needs and was neglecting chances to obtain foreign customers for the services of data centers. After changes in the Company's Management Board introduced in the fourth quarter of the previous year we are now trying to remedy these shortcomings quickly so that in 2015 the Company's revenues return to a fast growth path. The results for the fourth quarter of 2014, as compared to the previous quarters, show deceleration of negative trends, because the subscription revenues from the access to Internet, in comparison to the previous quarter, increased by 1%, revenues from data transmission – by 2.5% and from colocation services – by 4.5%. Of course, 'one swallow does not make a summer', but the Company's base to enter year 2015 has improved.

ATM has a very important and – I believe – very prosperous period ahead. We are finalizing huge investments in data centers which, as a matter of fact, until the middle of this year will still encumber the Company's cash flows, but then they will be just a driving force for the growth of revenues from colocation

services and related services. As a result of the implemented investment projects we will be able to offer to our customers almost 9000 sq m of space for services of data centers in our server rooms, which constitutes a growth by 150% in relation to the currently had commercial space. We are introducing to our offer new, technologically advanced products needed by customers, according to current market trends. This will allow us to achieve a higher growth rate in the sales of our services. Following the completion of investments, we have introduced to our offer on-demand services of front offices and colo.office, which are met with great interest of customers and have an impact on the attractiveness of data center services. Finally, we have stood up to fight for foreign markets, both at the Eastern and Western side of the Polish borders; the first assessments of potential effects of these activities seem very promising.
We also have hopes for the reversal of negative trends in revenues from data transmission services. The key to this will be a change in the structure of our products, the enrichment of our offer by new services needed by customers, so as to compensate the falling prices of transmission services with added services. We will also take measures to use better our existing optical fiber network, which is a very valuable asset, but which is not fully used for business purposes.

I am deeply convinced that the effort we undertake will enable ATM to return into a fast growth path and, in particular, will translate into even more effective use of the potential of the colocation market leader and the leader of provider of transmission services in Poland. I do not have any doubt that the services offered by the Company match perfectly the needs of the world of today and tomorrow, in which the volumes of processed, transmitted and collected data are constantly growing.

Sincerely yours,

Tadeusz Czichon
President of the Management Board

SELECTED FINANCIAL DATA

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	in PLN thousand		in EUR thousand	
Total sales revenue (excluding the OST 112 contract)	127,875	131,038	30,525	31,118
Sales margin	73,671	76,989	17,586	18,283
EBITDA	43,386	46,028	10,357	10,930
Operating profit	21,572	26,087	5,149	6,195
Profit before taxation	10,300	17,712	2,459	4,206
Net profit on continued operations	8,068	17,245	1,926	4,095
Net profit	8,068	1,307	1,926	310
Net cash from operating activity	44,102	39,602	10,527	9,404
Net cash from investment activity	(85,594)	(42,084)	(20,432)	(9,994)
Net cash from financial activity	43,890	10	10,477	3
Increase (decrease) in cash	2,398	(2,472)	572	(586)
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
Fixed assets	372,772	332,564	87,458	80,190
Current assets	26,855	38,770	6,301	9,350
Total assets	399,628	371,334	93,759	89,539
Long-term liabilities	96,044	67,795	22,533	16,347
Short-term liabilities	68,897	67,435	16,164	16,260
Equity	234,686	236,104	55,061	56,931
Share capital*	34,723	34,723	8,147	8,373
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.46	6.50	1.52	1.57

** The share capital was restated in accordance with IAS 29.*

** Until 31 December 2013, the data regarding share in financial result and other total income of associated entities were presented in the consolidated financial statement. Data for the period from 1 January 2013 to 31 December 2013 were adjusted in accordance with IAS 1 to ensure data comparability.*

The above specified financial data as at 31 December 2014 has been converted into EUR according to the following principles:

- particular items of assets and liabilities were calculated on the basis of the average exchange rate of PLN/EUR 4.2623, published by the National Bank of Poland (NBP) on 31 December 2014;
- particular items of the profit and loss account and the cash flow statement were calculated on the basis of exchange rates constituting the arithmetic mean of rates established by the National Bank of Poland (NBP) on the last day of each month of the financial year (between 1 January and 31 December 2014), amounting to PLN/EUR 4.1893.

The above financial data as at 31 December 2013 have been converted into EUR according to the following principles:

- particular items of assets and liabilities were calculated on the basis of the average exchange rate of PLN/EUR 4.1472, published by the National Bank of Poland (NBP) on 31 December 2013;
- particular items of the profit and loss account and the cash flow statement were calculated on the basis of exchange rates constituting the arithmetic mean of rates established by the National Bank of Poland (NBP) on the last day of each month of the financial year (between 1 January and 31 December 2013), amounting to PLN/EUR 4.2110.

(all amounts are presented in PLN thousand, unless specified otherwise)

ATM S.A. FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

INCOME STATEMENT

	NOTE	For the period 01/01 – 31/12/2014	For the period 01/01– 31/12/2013
Continued operations			
Sales revenue*	3	154,464	170,332
of which: revenue excluding the 'OST 112' contract		127,875	131,038
[Own] Cost of sales (variable)	4	80,794	93,343
**Sales margin ** **		**73,671**	**76,989**
[Own] Cost of sales (fixed)	4	25,378	22,972
Gross profit (loss) on sales		**48,293**	**54,017**
Other operating income	5	380	267
Overhead expenses	4	26,489	26,408
Other operating expenses	6	611	1,789
Operating profit (loss)		**21,572**	**26,087**
Share in the financial result of entities valued using the equity method***		(395)	(2,563)
Financial revenues	7	40	599
Financial expenses****	8	10,917	6,411
Profit (loss) before taxation		**10,300**	**17,712**
Income tax	9	2,232	467
Net profit (loss) on continued operations		**8,068**	**17,245**
Discontinued operations			
Net profit (loss) on discontinued operations		-	(15,938)
Including result on sales of mPay S.A.		-	(15,701)
Net profit (loss)		**8,068**	**1,307**
Profit (loss) per share			
On continued operations:			
Ordinary		0.22	0.47
Diluted		0.22	0.47
On continued and discontinued operations:			
Ordinary		0.22	0.04
Diluted		0.22	0.04
EBITDA		43,386	46,028

(all amounts are presented in PLN thousand, unless specified otherwise)

COMMENTS:

*) Sales revenue includes, among others, revenue from the sales of telecommunications services provided as part of the implementation of the OST 112 contract. Since the telecommunications part of the contract was executed by subcontractors, this part of the revenue has little effect on the results of the Company. This type of revenue amounted to: PLN 26,589 thousand in 2014 and PLN 39,294 thousand in 2013. As of the end of July 2014 the service contract for the number OST 112 was completed.

**) The Issuer additionally discloses, in relation to the IFRS requirements, the 'Sales margin' category which represents the difference of sales revenue and variable costs of sales, i.e. those that are directly related to the value of the revenue (own cost of goods sold, costs of subcontractors in the provision of services, material and energy consumption). This category — according to the Issuer's Management Board — is important for the analysis of the Company's finances as it is correlated with the value of sales and determines a break-even point for fixed costs, i.e. a point at which Company's activities are operationally profitable.

***) This item includes the Issuer's share in the financial result of an associate, Linx Telecommunications B.V. A negative financial result of this company results from foreign exchange differences from revaluation of liabilities with simultaneously reported, improving operating results (EBITDA in 2013 amounted to EUR 4 million, while in 2014 about EUR 6.5 million. ATM S.A.'s share in the remaining part of changes in equity of this company is recognized as 'Share in other total income of associated entities' of the Total Income Statement presented below. Until 31 December 2013, the data was presented in the consolidated income statement. Data for the period from 1 January 2013 to 31 December 2013 was adjusted in accordance with IAS 1 to ensure data comparability.

****) This item includes a potential impairment write-down for shares of the associate – Linx Telecommunications B.V. made in the 4th quarter of 2014 in the amount of PLN 4,937 thousand.

TOTAL INCOME STATEMENT

	For the period 01/01 – 31/12/2014	For the period 01/01– 31/12/2013
Net profit (loss)	**8,068**	**1,307**
Other total income that will not be reclassified to profit or loss	**(5,163)**	**(1,562)**
Results of revaluation of fixed assets	-	-
Actuarial gains or losses	-	-
Share in other total income of associated entities *	(5,163) **	(1,562)
Income tax related to items that will not be reclassified	-	-
Other total income that may be reclassified to profit or loss	-	-
Revaluation of tangible fixed assets	-	-
Exchange differences on translation of foreign operations	-	-
Results of valuation of financial assets available for sale	-	-
Hedge accounting	-	-
Income tax related to other total income items	-	-
Total comprehensive income	**2,905**	**(255)**

*) Until 31 December 2013, the data regarding share in other total income of associated entities was presented in the consolidated total income statement. Data for the period from 1 January 2013 to 31 December 2013 was adjusted in accordance with IAS 1 to ensure data comparability.

**) ATM's share in the change of consolidated capitals of the Linx Group, which results mainly from the fact that the subsidiaries of Linx prepare balance-sheets among others in rubles, whereas the consolidated balance-sheet of the parent company is prepared in EUR. Hence, weakening of ruble entails a decrease in the value of equities in the consolidated balance-sheet.

(all amounts are presented in PLN thousand, unless specified otherwise)

STATEMENT OF FINANCIAL POSITION — ASSETS

	NOTE	End of period 31/12/2014	End of the period 31/12/2013
Fixed assets			
Goodwill		-	-
Intangible assets	11	4,081	5,101
Tangible fixed assets	12	314,711	263,014
Investments in associates consolidated using the equity method *	13	53,746	64,241
Investments in subsidiaries	13	-	-
Deferred income tax assets	9	-	-
Other fixed assets	14	234	208
		372,772	**332,564**
Current assets			
Inventories	15	1,352	1,511
Financial assets held for trading	13	206	453
Trade and other receivables	16	18,793	29,293
Income tax receivables		58	2,060
Other current assets	17	2,920	4,325
Other financial receivables	17	-	-
Cash and cash equivalents	18	3,527	1,129
		26,856	**38,770**
Total assets		**399,628**	**371,334**

*) Assets as at 31 December 2013 and at 31 December 2014 take into account the relevant amounts including the shares in the financial result and in other total income of associated entities. Until 31 December 2013, the data was presented in consolidated statements of the Group.

(all amounts are presented in PLN thousand, unless specified otherwise)

STATEMENT OF FINANCIAL POSITION — LIABILITIES

	NOTE	End of period 31/12/2014	End of the period 31/12/2013
Equity			
Share capital	19	34,723	34,723
Supplementary capital from share premium		123,735	123,735
Revaluation reserve			
Treasury shares		-	-
Reserve capital		55,504	55,994
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings *	19	20,724	21,652
Total equity		**234,686**	**236,104**
Long-term liabilities			
Long-term loans and borrowings	20	65,972	32,099
Provisions for deferred tax	9	1,252	1,529
Provisions for liabilities		-	-
Long-term trade and other liabilities	22	17,536	19,443
Other financial liabilities	24	11,284	14,723
		96,044	**67,795**
Short-term liabilities			
Bank loans and borrowings	20	48,545	29,544
Provisions for liabilities		-	-
Income tax liabilities		709	-
Trade and other liabilities	23	12,398	29,763
Other financial liabilities	24	7,246	8,127
		68,898	**67,435**
Total liabilities		**399,628**	**371,334**

*) Liabilities as at 31 December 2013 and at 31 December 2014 take into account the relevant amounts including shares in the financial result and in other total income of associated entities. Until 31 December 2013, the data was presented in consolidated statements of the Group.

(all amounts are presented in PLN thousand, unless specified otherwise)

STATEMENT OF CHANGES IN EQUITY

	Core capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings	Equity
As at 1 January 2014	**34,723**	**123,735**	**0**	**55,994**	**21,652**	**236,104**
Increases:						
Result for the current period	-	-	-	-	8,068	8,068
Share in other total income of associated entities *	-	-	-	-	(5,163)	(5,163)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Share subscription under the stock option plan	-	-	-	-	38	38
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	-	-
Dividend payout	-	-	-	489	3,872	4,361
As at 31 December 2014	**34,723**	**123,735**	**0**	**55,504**	**20,724**	**234,686**

*) Equity as at 1 January 2014 and at 31 December 2014 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data was presented in consolidated statements of the Group.

(all amounts are presented in PLN thousand, unless specified otherwise)

	Core capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings	Equity
As at 1 January 2013	**34,723**	**123,735**	**(1)**	**52,505**	**28,896**	**239,858**
Increases:						
Result for the current period	-	-	-	-	1,307	1,307
Share in other total income of associated entities *	-	-	-	-	(1,562)	(1,562)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution	-	-	-	3,489	-	3,489
Share subscription under the stock option plan	-	-	1	-	134	135
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	3,489	3,489
Dividend payout	-	-	-	-	3,634	3,634
As at 31 December 2013	**34,723**	**123,735**	**0**	**55,994**	**21,652**	**236,104**

*) Equity as at 1 January 2013 and at 31 December 2013 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data was presented in consolidated statements of the Group.

(all amounts are presented in PLN thousand, unless specified otherwise)

CASH FLOW STATEMENT

	For the period 01/01 – 31/12/2014	For the period 01/01– 31/12/2013
Operating activity		
Profit (loss) before tax	10,300	17,712
Adjustments by items:	33,801	21,890
Share in the financial result of entities valued using the equity method *	395	2,563
Depreciation	21,814	19,940
Foreign exchange differences	57	207
Interest received	(3)	(5)
Interest paid	4,803	5,757
Dividends received	-	-
Profit (loss) on investment activity	5,243	-
Change in inventories	159	69
Changes in receivables	10,500	(5,200)
Changes in liabilities and provisions	(9,235)	4,579
Changes in other assets	1,407	(719)
Income tax paid	203	(4,040)
Other (including subsidies)	(1,542)	(1,261)
	44,102	**39,602**
Investment activity		
Expenditure on purchase of tangible fixed assets	(90,278)	(50,904)
Expenditure on purchase of financial assets	-	(1,359)
Revenue from sale of tangible fixed assets	4,523	9,253
Repayments of long-term loans	247	922
Loans granted	-	(620)
Revenue from sales of financial assets	-	618
Interest received	-	-
Dividends received	-	-
Foreign exchange differences	(86)	6
Other	-	-
	(85,594)	**(42,084)**
Financial activity		
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	10,185	1,447
Proceeds from loans and borrowings	62,710	21,407
Repayments of loans and borrowings	(9,837)	(5,045)
Purchase of treasury shares	-	1
Payment of liabilities arising from finance leases	(10,035)	(8,443)
Dividends paid	(4,361)	(3,634)
Interest received	3	5
Interest paid	(4,803)	(5,757)
Other profit-sharing		-
Foreign exchange differences	29	29
Other (division adjustment)	-	-
	43,890	**10**
Changes in cash	**2,398**	**(2,472)**
Opening balance of cash	1,129	3,599
Closing balance of cash	**3,527**	**1,129**

*) Until 31 December 2013, the data regarding share in the financial result of associated entities was presented in the consolidated statement of income. Data for the period from 1 January 2013 to 31 December 2013 was adjusted in accordance with IAS 1 to ensure data comparability.

ADDITIONAL EXPLANATORY NOTES

NOTE 1.
BASIC INFORMATION

1. Information about the Company

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

The registered office of the Company is located in Warsaw at Grochowska 21a. The Company operates from its registered office as well as through a branch in Katowice, which is not a self-contained accounting unit. The Company is registered at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The Company is registered under the National Court Register (KRS) No 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange classification, the core business of the Company is the IT sector. In the period covered by these financial statements, ATM S.A. provided data center and data transmission services for corporate customers.

As at 31 December 2014, the Management Board consisted of:

- Tadeusz Czichon – President of the Management Board
- Jacek Krupa – Vice President of the Management Board.

As at 31 December 2014, the Supervisory Board consisted of:

- Mirosław Panek — Chairman of the Supervisory Board
- Tomasz Tuchołka – Vice-Chairman of the Supervisory Board
- Grzegorz Domagała – Member of the Supervisory Board
- Sławomir Kamiński – Member of the Supervisory Board
- Jacek Osowski – Member of the Supervisory Board

The changes in the Management Board and the Supervisory Board are described in item 16 of ‘Other information’ in the Management Board’s report on the Issuer’s activities.

2. Basis for preparation of the financial statements

These present financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (‘IFRS’), as approved by the European Union, and in matters not regulated in the said standards, in accordance with the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013 No 47, item 330, as amended) and secondary legislation issued pursuant to this Act, and in accordance with the requirements stipulated in the Regulation of the Minister of Finance of 19 February 2009, taking into account the changes resulting from the Regulation of the Minister of Finance of 3 April 2012.

NOTE 2.
MATERIAL ACCOUNTING POLICIES

The financial year shall be the 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 the reporting currency.

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

(all amounts are presented in PLN thousand, unless specified otherwise)

1. Declaration of compliance

The financial statements of the ATM S.A. for the period ending on 31 December 2014 and comparable data for the financial year ending on 31 December 2013 have been prepared in accordance with International Financial Reporting Standards, as approved by the European Union.

2. Adoption of International Financial Reporting Standards

Early adoption of standards and interpretations

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

The following standards or amendments to the applicable standards and interpretations have not been adopted by the European Union or are not effective as at 1 January 2014:

Standard	Description of amendments	Effective date in the European Union
IFRS 9 Financial Instruments (with updates)	Change in classification and measurement – replacing the existing categories of financial instruments with two categories: measured at the depreciated cost and at fair value. Changes in hedge accounting.	1 January 2018
IFRS 14 Regulatory Deferral Accounts	Principles of accounting and disclosures for regulatory deferral accounts.	1 January 2016
IFRS 15 Revenue from Contracts with Customers	The standard applies to all contracts concluded with customers, except those which fall within the scope of other IFRS (i.e. leases, insurance contracts and financial instruments). IFRS 15 lays down uniform requirements concerning recognition of revenue.	1 January 2017
Amendments to IFRS 11	Additional guidelines relating to disclosure of acquisition in joint operation.	1 January 2016
Amendments to IFRS 10 and IFRS 28	Guidelines concerning sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IFRS 28	Specification of the provisions on disclosure of investment entities in consolidation.	1 January 2016
Amendments to IAS 1	Amendments concerning disclosures required in financial statements.	1 January 2016
Amendments to IFRS 16 and IFRS 38	Specification of standards that the depreciation method must not be based on revenue generated through the use of a given asset.	1 January 2016
Amendments to IFRS 16 and IFRS 41	Principles of accounting for bearer plants.	1 January 2016
Amendments to IAS 19	Simplification of the accounting principles for contributions brought by employees or third parties towards schemes of specific employee benefits.	1 February 2015
Amendments to IAS 27	Application of the equity method in separate financial statements.	1 January 2016
Improvements to IFRS (cycle 2010-2012)	Collection of amendments concerning: - IFRS 2 – issue of vesting conditions; - IFRS 3 – issue of contingent consideration; - IFRS 8 – issue of presentation of operating segments; - IFRS 13 - short-term receivables and liabilities - IAS 16 / IAS 38 – issue of disproportionate change in the gross value and depreciation in the revalued amount model; - IAS 24 – definition of the management staff.	1 February 2015
Annual improvements to IFRS (cycle 2011-2013)	Collection of amendments concerning: - IFRS 3 – change in the application scope for joint ventures; - IFRS 13 – scope of par. 52 (portfolio of exceptions);	1 January 2015

	- IAS 40 – clarification of the relation between IFRS 3 and IAS 40 at classification of real estate as investment property or property occupied by the owner.	
Annual improvements to IFRS (cycle 2012-2014)	Collection of amendments concerning: IFRS 5 – changes in methods of disposal; IFRS 7 – regulations on servicing contracts and applicability of the standard to interim financial statements; IAS 19 – discount rate on the regional market; IAS 34 – additional guidance concerning disclosures in interim reports.	1 January 2016

The Company intends to adopt the above-mentioned new standards and amendments to the IFRS standards and interpretations published by the International Accounting Standards Board, but ineffective as at the reporting date according to their date of entry into force.

As at the reporting date, the Company has not yet finalized the process of assessing the impact of new Standards and Interpretations, which will come into force after the reporting date, on the financial statements.

3. Estimates of the Management Board

During the preparation of these present financial statements, the Management Board relies on estimates based on certain assumptions and judgements. These estimates affect the adopted principles and the presented amounts of assets, liabilities, revenue and costs.

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

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

Due to the nature of estimates and the adopted forward-looking assumptions, the accounting estimates arrived at in this manner may, by definition, differ from the 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 have been changed, if they concern this period only, or also in subsequent periods.

Estimates and assumptions involving significant risk include:

a) provisions for employee benefits

As concerns employee benefits, the Company is not a 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. Costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of pension benefits (retirement severance pay) payable to employees pursuant to the labor law 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 Conceptual Framework for International Financial Reporting Standards, the provisions for long-term benefits after 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 implemented projects and the possibility that unforeseen difficulties emerge in relation to project implementation, it may turn out that actual total project implementation costs differ from the estimates made. Changes in total project implementation cost estimates may result in a need to restate the project completion stage determined as at the balance sheet date, and thus restate the recognized revenue.

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

The Company estimates the expected value of bonuses from producers which the Company should receive for orders placed in the financial year. The bonus is estimated based on the historical data and information concerning the counterparties' 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 the useful life of individual fixed assets, the potential residual value of individual assets, as well as receivable and inventory revaluation write-downs. These estimates are primarily 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 coupled with 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.

Associates

Associates are all entities over which the Company has significant influence but not control, generally meaning the control of between 20% and 50% of the total 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 result in the flow of economic benefits to the entity in the future.

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

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

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

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

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

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

obtained perpetual usufruct rights	100 years
software licenses	2 years

development works	3–5 years
trademarks	5 years
property rights	5 years

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

As at the balance sheet date, intangibles are valued at cost less depreciation charges and any impairment write-down.

Tangible fixed assets

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

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

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

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

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

buildings and structures	from 10 to 40 years
machinery and equipment	from 4 to 10 years
vehicles	from 5 to 7 years
other fixed assets	from 4 to 10 years

Own land is not subject to depreciation. The Company treats perpetual land usufruct rights granted as operating lease. Where such rights are purchased on the secondary market, they are recognized as intangible assets and depreciated over their predicted 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 write-down.

Financial assets

The Company classifies financial assets to one of the following categories: financial assets measured 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 an individual financial asset depends on the purpose of the financial asset, intentions of the Management Board and on whether the financial asset in question is quoted in the market. The Management Board determines the aforementioned classification on the initial recognition of a given asset and, in justified cases, performs an appropriate reclassification in subsequent periods, except for the reclassification of financial assets measured at fair value through profit and loss account. Reclassification in and out of financial assets measured at fair value through profit and loss account is prohibited.

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

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

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

b) Loans granted and own receivables

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

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

Receivables are initially recognized at fair value. Where such normal payment deadlines are applied as 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 the revenue is recognized.

As at the balance sheet date, trade receivables are measured at their amortized cost using the effective interest rate method, according to the prudence principle. The value of receivables is adjusted with a view to the likelihood of their repayment by making revaluation write-downs, for receivables:

- from debtors in liquidation or bankruptcy – up to the amount of receivables not hedged;
- from debtors where a bankruptcy petition has been dismissed – 100% of the amount of receivables;
- disputed receivables or receivables that are overdue and their payment is not probable – to the amount of receivables not hedged;
- equivalent to amounts increasing receivables – up to these amounts;
- receivables that are overdue or not overdue but it is highly probable that they will not be collected – 100% of the amount of receivables.

Revaluation write-downs for receivables and their reversals are charged to other operating expenses and operating revenue, respectively. Receivables in foreign currencies are recognized in the accounting 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.

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

d) Financial assets available for sale

Among financial assets available for sale, the Company includes all financial assets that are not: loans granted and own receivables, financial assets held to maturity and financial assets held for trading. Assets available for sale include in particular shares in other undertakings that are not subordinated entities, 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 immaterial. On the balance sheet date, this category is measured at fair value.

Interest income related to financial assets available for sale is recognized in the profit and loss account using the effective interest rate method. Dividends related to financial assets available for sale are recognized in the profit and loss account on the date when the 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 included in equity are recognized in the profit and loss account.

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

Financial instruments and hedges

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

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

Inventories

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

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

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

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

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

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

Other current and fixed assets

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

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 measured at face value. Cash and cash equivalents in foreign currencies are recognized in accounting records and valued on the balance sheet date according to principles described in the 'Foreign Currency Transactions' section. For the purposes of cash flow statements, cash and cash equivalents are defined in the same manner as for the purposes of their recognition in the balance sheet.

Bank loans and borrowings

Bank loans and borrowings are recognized at depreciated cost using the effective interest rate method. Authorized overdrafts for which no repayment schedules have been set are an exception. For such 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 redemption and the direct costs of credit contracting, are recognized in the profit and loss account using the effective interest rate method, and they increase the book value of the instrument, taking into account repayments made during the current period.

Trade and other liabilities

Liabilities are commitments to provide services, 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, such as are accepted in practice in the market for similar transactions, fair value is deemed to be their face value arising on the date on which liability is recognized. On the balance sheet date, liabilities are measured at depreciated cost and recognized in the balance sheet as long- and short-term liabilities.

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

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

Provisions

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

If the Company expects that the costs included in the provision will be reimbursed in any manner, the reimbursement is recognized as a separate asset item when, and only when, it is certain that such reimbursement will take place.

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

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

(all amounts are presented in PLN thousand, unless specified otherwise)

Foreign currency transactions

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

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

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

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

Currency	Average NBP rate as at 31 December 2014	Average NBP rate as at 31 December 2013
EUR	4.2623	4.1472
USD	3.5072	3.0120
JPY 100	2.9353	2.8689

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 types of leases are classified as operating leases.

Assets used pursuant to finance lease agreements are treated as Company assets and are measured at fair value on acquisition, not higher, however, than the current value of minimum lease payments. The liability thus arising to the lessor is presented in the balance sheet under other financial liabilities. Lease payments are apportioned between the interest and the principal, so that the interest rate on outstanding liability remains fixed. Interest expenses are recognized as financial 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 on a straight-line basis. Received and outstanding benefits as an incentive to conclude an operating lease agreement are recognized in the profit and loss account over the lease term on a straight-line basis.

Impairment

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

Where the recoverable amount is lower than the net book value of an asset or a 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 the impairment occurred.

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

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

Revenue

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

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

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

Revenue from the provision of services is recognized based on the stage of completion. Where the result of the service cannot be determined reliably, the revenue arising from it is recognized only 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 relating to the main amount due, using the effective interest rate method.

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

Borrowing costs

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

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

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

The aforementioned capitalization principles are not applied to:

- assets at fair value and
- inventories produced at large quantities on a continuous basis and highly rotating.

Government subsidies

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

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

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

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

Costs of employee benefits

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

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

(all amounts are presented in PLN thousand, unless specified otherwise)

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

Liabilities for employee benefits are recognized as an expense, unless they constitute the cost of assets production.

Taxation

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

Current tax expense is calculated on the basis of taxable profit (the taxation base) for a given financial year. Tax profit (loss) differs 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 taxation. 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 tax to be paid or returned in the future, based on differences between the balance sheet values of assets and liabilities and the corresponding tax values used to calculate the tax base.

The deferred tax provision is established for all positive temporary differences subject to taxation, while a deferred tax asset is recognized to the extent that it is probable that future taxable profit will be decreased by the recognized negative temporary differences and tax losses or tax credits that can be utilized by the Company. The deferred tax asset or deferred tax provision are 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 nor the accounting profit.

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

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

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

Discontinued operations

Discontinued operations constitute a component of the Company’s operations, which represents a separate major line of business or geographical area of operations that has been disposed of or assigned to be sold or handed over, or it is a subsidiary acquired exclusively with a view to resell. Classification as discontinued operations is performed as a result of the disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued, the comparative data for the total income statement are restated as if the operation was discontinued at the beginning of the comparative period.

NOTE 3.
SALES REVENUE

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Revenue from sales of products	146,328	163,476
Revenue from sales of goods and materials	8,137	6,857
Total sales revenue	**154,464**	**170,332**
of which:		
- to related entities	811	1,037

(all amounts are presented in PLN thousand, unless specified otherwise)

Main products

In the reporting period, ATM S.A. provided ICT services in the following areas:

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

For detailed description of products, see item 1 of ‘Other information’ in the Management Board’s report on the Issuer’s activities.

Sales revenue broken down into product groups is as follows:

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Telecommunications and added services	154,464	170,332
Total sales revenue	**154,464**	**170,332**

Operating segments

As a consequence of the Issuer selling all the shares in mPay S.A. in the fourth quarter of 2013, the activity within the telecommunications area is the only segment of operations of ATM S.A. This activity is conducted by the Issuer and by Linx Telecommunications B.V., an associated company. Therefore, the financial parameters in the above activity sector are the same as the parameters describing all the Company’s operations.

Geographical activity segments as at 31 December 2014 and 2013

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Domestic sales	142,610	165,812
Export	11,854	4,520
Total sales revenue	**154,464**	**170,332**

The registered address of the customer’s head office is the only criterion used in the above data on the geographical structure of revenue to classify a given service as ‘exports’. The Issuer’s business practice often shows a situation in which the actual recipient of the service is an entity registered outside Poland, but the agreement is formally signed on its behalf by a company having its registered seat in Poland.

NOTE 4.
OPERATING COSTS

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
[Own] Cost of sales (fixed)	25,378	22,972

(all amounts are presented in PLN thousand, unless specified otherwise)

[Own] Cost of sales (variable)	80,794	93,343
Cost of sales	-	-
Overhead expenses	26,489	26,408
Total costs related to core business	**132,661**	**142,723**
of which:		
Depreciation	21,814	19,940
adjustment by received subsidies to fixed assets	(1,542)	(1,261)
Materials and energy consumption	12,085	12,163
External services	76,111	89,710
Taxes and fees	941	1,454
Payroll	17,375	15,787
Employee benefits	3,265	3,026
Other	1,693	1,099
Value of goods and materials sold	918	803
	132,661	**142,723**
change in products	-	-
	132,661	**142,723**

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 given write-down relates are sold or the circumstances due to which the write-down was made no longer exist. Costs of inventory write-downs as well as their reversal are recognized in the profit and loss account as part of the cost of goods sold.

Employee expenses

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Payroll	17,359	15,760
Costs of social insurance	2,815	2,525
Costs of retirement benefits	2	8
Other benefits after the employment period	14	19
Contributions to the Company Social Benefits Fund (ZFŚS)	61	53
Other employee benefits	389	448
	20,640	18,813

Payroll

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

Employee benefits

Social insurance costs for the Issuer include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (Fundusz Gwarantowanych Świadczeń) and Labour Fund (Fundusz Pracy). In 2014 and 2013, those contributions amounted to 19.74% and 19.74% of the contribution calculation base determined pursuant to applicable laws, respectively.

Pension benefit costs include retirement severance paid to employees pursuant to the labour law. Due to the intangible nature of these provisions, based on the materiality principle included in the International Financial

(all amounts are presented in PLN thousand, unless specified otherwise)

Reporting Standards Conceptual Framework, provisions for retirement benefits have not been recognized in the financial statements.

ATM S.A. is obliged to establish the Company Social Benefit Fund (ZFŚS). Allowances to this fund are recognized as the Company's operating expenses and means allocated to this fund have to be blocked in a separate bank account. In the financial statements, the fund assets and liabilities are presented in net amounts. Due to the nature of the fund operations, its assets and liabilities are equal. As at 31 December 2014 and 31 December 2013, the Company Social Benefit Fund amounted to PLN 76 thousand and PLN 88 thousand, respectively.

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

Costs of research and development

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Costs included directly in costs related to core business	-	-
Depreciation costs related to deferred costs of development works	966	771
	966	**771**

Costs of development works are recognized as intangible assets upon fulfilling the conditions and principles described in Note 2. Depreciation of capitalized costs of development works is included in the overhead 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 overhead costs.

NOTE 5.
OTHER OPERATING REVENUE

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Profit from sales of fixed assets	-	-
Reversal of receivables revaluation write-downs	20	109
Compensations received	28	112
Subsidies received (not related to fixed assets)	-	-
Other	331	46
	380	**267**

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

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

(all amounts are presented in PLN thousand, unless specified otherwise)

NOTE 6.
OTHER OPERATING EXPENSES

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Loss on sales and liquidation of fixed assets	43	31
Receivables revaluation write-downs	209	500
Fixed assets impairment write-downs	107	37
Donations given	8	20
Fines and penalties paid	-	-
Litigation expenses		
Valuation of the Incentive Scheme	38	134
Other	205	1,068
	611	**1,789**

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

NOTE 7.
FINANCIAL REVENUE

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Dividends received and other revenue from shares in profits of legal persons	-	-
Interest on bank deposits	19	48
Interest on deferred and overdue payments	18	374
Interest on loans	3	18
Profit on investment disposal	-	-
Other	-	158
	40	**599**

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

NOTE 8.
FINANCIAL EXPENSES

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013

(all amounts are presented in PLN thousand, unless specified otherwise)

Interest and fees on bank loans	2,384	2,217
Interest on instalment purchases	1,121	1,975
Budget interest	-	-
Interest on overdue payments	125	69
FX losses	57	252
Finance lease costs	1,298	1,564
Loss on the sale of financial assets	-	-
Revaluation of financial assets	4,937	-
Valuation of financial instruments	902	288
Other	93	47
	10,917	**6,411**

The 'Valuation of financial instruments' item is the cost of the revaluation of the IRS contract hedging the interest rate risk in respect of the investment loan.

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

Terms and conditions pursuant to which the Company uses external sources of funding (bank loans) have been presented in Note 20.

The revaluation of financial assets relates to the write-down for the impairment of the Issuer's shares in an associated entity – this issue has been discussed in details in Note 13.

Disclosures of revenues, expenses, gains or losses according to categories of financial instruments

For the period 01/01–31/12/2014	Financial assets measured through profit or loss	Financial assets measured at fair value through profit or loss (determined upon initial recognition)	Financial assets held to maturity	Financial assets available for sale	Loans granted and own receivables	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Income/expenses under fair value measurement						(902)		**(902)**
Income/expenses under fair value measurement transferred from equity								**-**
Interest income/expenses					40		(3,630)	**(3,590)**
Interest income concerning impaired assets								**-**
Establishment of revaluation write-downs	(4,937)							**(4,937)**
Release of provisions for bad debts								**-**
FX gains/losses							(57)	**(57)**
Profit/loss on disposal of financial instruments								**-**

Costs of derivatives execution								-
Other: including finance lease costs							(1,391)	**(1,391)**
Total profit/loss	**(4,937)**	**0**	**0**	**0**	**40**	**(902)**	**(5,078)**	**(10,877)**

For the period 01/01–31/12/2013	**Financial assets measured through profit or loss**	**Financial assets measured at fair value through profit or loss (determined upon initial recognition)**	**Financial assets held to maturity**	**Financial assets available for sale**	**Loans granted and own receivables**	**Financial liabilities at fair value through profit or loss**	**Other financial liabilities**	**Total**
Income/expenses under fair value measurement						(288)		**(288)**
Income/expenses under fair value measurement transferred from equity								-
Interest income/expenses					441		(4,260)	**(3,820)**
Interest income concerning impaired assets								-
Establishment of revaluation write-downs								-
Release of provisions for bad debts								-
FX gains/losses							(252)	**(252)**
Profit/loss on disposal of financial instruments								-
Costs of derivatives execution								-
Other: including finance lease costs					159		(1,610)	**(1,451)**
Total profit/loss	**0**	**0**	**0**	**0**	**600**	**(288)**	**(6,123)**	**(5,811)**

NOTE 9.
INCOME TAX

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Statutory tax rate	19%	19%
Current income tax		
Current tax expense	2,509	-
Adjustments concerning previous years	-	-

(all amounts are presented in PLN thousand, unless specified otherwise)

	2,509	**-**
Deferred income tax		
Relating to the occurrence and reversal of temporary differences	(277)	467
Relating to change in the tax rate	-	-
	(277)	**467**
Tax expense reported in the profit and loss account	**2,232**	**467**

The current tax expense is calculated on the basis of applicable tax regulations. Pursuant to these regulations, tax profit (loss) is distinguished from the 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 taxation. Tax expense is calculated based on the tax rates applicable to the financial year in question. Since 2004, the rate applicable pursuant to the amended regulations has amounted to 19%. Current regulations do not provide for any differentiation of tax rates during future periods.

Both the tax and balance sheet years are identical with the calendar year.

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

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Gross result before taxation	10,300	17,712
statutory tax rate	19%	19%
Tax at the effective rate	**1,957**	**3,365**
Permanent differences		
Permanent differences (including: State Fund for the Rehabilitation of the Disabled, representation costs)	188	222
Other differences (including share in the financial result of entities valued using the equity method)	87	(3,121)
Tax at the effective rate	**2,232**	**466**
Effective tax rate	22%	2%

Due to temporary differences between the tax base and the profit (loss) shown in the financial statements, deferred tax is established. Deferred income tax as at 31 December 2014 and 31 December 2013 results from the items shown in the table below.

	Statement of financial position		**Total income statement**	
	End of period 31/12/2014	End of the period 31/12/2013	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Deferred tax provision				
Difference between the balance sheet and tax value of tangible fixed assets	4,166	2,676	1,490	241
Recognized service revenue	52	401	(349)	401
Receivable compensation	-	-	-	-

Accrued interest	6	5	1	(105)
Valuation of financial instruments	-	-	-	-
Subsidies received — settlement	-	4	(4)	4
FX gains	-	-	-	-
Provision for deferred tax acquired through merger	-	-	-	-
Gross deferred tax provision	**4,224**	**3,086**	**1,138**	**541**
Deferred tax assets				
Valuation of financial instruments	-	-	-	-
Difference between the balance sheet and tax value of tangible fixed assets	-	-	-	-
Deferred payment revenue	-	-	-	2
Revenue settled over time	-	-	-	-
Inventory write-downs	150	158	8	(3)
Receivable write-downs	126	127	1	111
Write-downs on financial assets	1,851	-	(1,851)	-
Provisions for service expenses	185	290	105	8
Provisions for employee benefits	-	-	-	-
FX losses	-	-	-	-
Liabilities to the Social Insurance Institution (ZUS)	-	-	-	-
Liabilities to employees	-	-	-	-
Deferred income/expenses	-	-	-	181
Subsidies received	-	-	-	5
Effects of IRS valuation	281	238	(43)	81
Recognized interest	11	11	-	274
Tax losses to be deducted	367	734	367	(734)
Deferred tax assets acquired through merger	-	-	-	-
Gross deferred tax assets	**2,971**	**1,558**	**(1,413)**	**(75)**
Net tax assets (tax provision)	**(1,253)**	**(1,528)**		
Deferred income tax charge against profit			**(275)**	**466**

NOTE 10.
EARNINGS PER SHARE AND DIVIDENDS

	For the period 01/01–31/12/2014	For the period 01/01–31/12/2013
Weighted average number of shares	36,343,344	36,343,344
Net earnings for 12 months (in PLN thousand)	8,068	1,307
Net earnings per share (PLN)	0.22	0.04
Diluted net earnings per share (PLN)	0.22	0.04

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.

(all amounts are presented in PLN thousand, unless specified otherwise)

Dividends paid and declared

On 16 July 2014, the Ordinary General Meeting of the Company adopted a resolution allocating the amount of PLN 4,361,201.28 to the payment of dividend, corresponding to PLN 0.12 per share. The number of shares eligible for the payment of dividend was 36,343,344 (all the shares that constitute the Company's share capital). The dividend date was set at 30 September 2014, and the dividend payment date — at 14 October 2014.

As at the date of this annual report, the Management Board of ATM has not yet submitted its position on the distribution of the Company’s profit for 2014.

NOTE 11.
INTANGIBLE ASSETS

	End of period 31/12/2014	End of the period 31/12/2013
Goodwill	-	-
Costs of completed development works	1,440	2,411
Concessions and licenses	2,641	2,690
Perpetual usufruct rights	-	-
Other intangible assets	-	-
	4,081	**5,101**
of which:		
Intangible assets used under finance lease agreements	-	35

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

As at 31 December 2014, development works include the following projects developed in-house:

Voice over IP

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

In 2014, the Company did not incur expenditure on development works concerning this solution.

***Atmosfera* Service Desk**

The *Atmosfera* business process support system enables a 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 support methodology.

In 2014, the Company did not incur expenditure on development works concerning this system.

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

As at 31 December 2014, there were no impairment write-downs concerning intangibles.

There were no intangible assets whose legal ownership is subject to restrictions or which are by commitments.

There are no contractual obligations for the acquisition of intangible assets.

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

(all amounts are presented in PLN thousand, unless specified otherwise)

Changes in the amount of intangible assets during the period from 1 January to 31 December 2014

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
As at 1 January 2014	**8,627**	**10,650**	**-**	**-**	**19,277**
Increases:					
- acquisition	-	965	-	-	965
Decreases:					
- sales	-	-	-	-	-
- liquidation	1,128	2,665	-	-	3,793
- transfers	-	-	-	-	-
- transfer between companies	-	-	-	-	-
As at 31 December 2014	**7,499**	**8,950**	**-**	**-**	**16,449**
Redemption					
As at 1 January 2014	**6,216**	**7,960**	**-**	**-**	**14,176**
Increases:					
- depreciation	966	989	-	-	1,955
- acquired through business entities merger	-	-	-	-	-
Decreases:					-
- sales and liquidation	1,123	2,640	-	-	3,763
- transfers	-	-	-	-	-
- transfer between companies	-	-	-	-	-
As at 31 December 2014	**6,059**	**6,309**	**-**	**-**	**12,368**
Net as at 1 January 2014	2,411	2,690	-	-	5,101
Net as at 31 December 2014	**1,440**	**2,641**	**-**	**-**	**4,081**

Changes in the amount of intangible assets during the period from 1 January to 31 December 2013

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
As at 1 January 2013	**8,627**	**9,366**	**35,233**	**-**	**53,226**
Increases:					
- acquisition	-	1,283	-	-	1,283
Decreases:					
- sales	-	-	-	-	-
- liquidation	-	-	-	-	-

(all amounts are presented in PLN thousand, unless specified otherwise)

- transfers	-	-	35,233	-	35,233
- transfer between companies	-	-	-	-	-
As at 31 December 2013	**8,627**	**10,650**	**-**	**-**	**19,277**
Redemption					
As at 1 January 2013	**5,445**	**6,907**	**1,115**	**-**	**13,467**
Increases:					
- depreciation	771	1,053	334	-	2,158
- acquired through business entities merger	-	-	-	-	-
Decreases:					
- sales and liquidation	-	-	-	-	-
- transfers	-	-	1,449	-	1,449
- transfer between companies	-	-	-	-	-
As at 31 December 2013	**6,216**	**7,960**	**-**	**-**	**14,176**
Net as at 1 January 2013	3,182	2,459	34,118	-	39,759
Net as at 31 December 2013	**2,411**	**2,690**	**-**	**-**	**5,101**

NOTE 12.
FIXED ASSETS

	End of period 31/12/2014	End of the period 31/12/2013
Fixed assets		
Land	40,934	34,254
Buildings and structures	178,558	154,261
Machinery and equipment	60,283	56,663
Vehicles	2,253	2,333
Other	73	60
Fixed assets under construction	32,609	15,444
Advances for fixed assets under construction		
	314,710	**263,015**
of which:		
Fixed assets used under finance lease agreements	23,528	30,416

In 2014, the amount of fee for the conversion of the right of perpetual usufruct into the ownership of land covered by de minimis aid was recognized in the ‘Land’ item.

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

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

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

(all amounts are presented in PLN thousand, unless specified otherwise)

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

As at 31 December 2014, there were no impairment write-downs concerning fixed assets.

Tangible fixed assets whose legal ownership is subject to restrictions or which are covered by commitments include:

- a group of fixed assets, on which registered pledge was established for BZ WBK Leasing S.A. (loan) in the amount of PLN 2,682 thousand,

- a group of fixed assets, on which registered pledge was established for Bank Millennium S.A. (investment loan) in the amount of PLN 6,014 thousand,

- land and buildings, on which mortgage collaterals for investment loans were established (listed in Note 20).

There are no contractual obligations concerning a future acquisition of tangible fixed assets.

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

Changes in the values of fixed assets from 1 January to 31 December 2014

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross value						
As at 1 January 2014	**34,254**	**189,131**	**111,325**	**4,703**	**154**	**339,567**
Increases:						
- acquisition	6,680	33,065	15,229	385	25	55,384
- other (including finance lease)	-	-	-	-	-	-
Decreases:						
- sales	-	748	1,293	187	3	2,231
- liquidation	-	-	661	59	-	720
- end of a finance lease	-	-	-	-	-	-
- transfer between companies	-	-	-	-	-	-
As at 31 December 2014	**40,934**	**221,448**	**124,600**	**4,842**	**176**	**392,000**
Redemption						
As at 1 January 2014	-	**34,870**	**54,662**	**2,370**	**94**	**91,996**
Increases:						
- depreciation	-	8,164	11,424	368	11	19,967
Decreases:						
- sales and liquidation	-	144	1,769	149	2	2,064
- transfer between companies	-	-	-	-	-	-
As at 31 December 2014		**42,890**	**64,317**	**2,589**	**103**	**109,899**
Net as at 31 December 2014	**40,934**	**178,558**	**60,283**	**2,253**	**73**	**282,101**

(all amounts are presented in PLN thousand, unless specified otherwise)

Changes in the amount of fixed assets from 1 January to 31 December 2013

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross value						
As at 1 January 2013	**-**	**166,247**	**100,907**	**4,895**	**154**	**272,203**
Increases:						
- acquisition	-	23,376	14,778	1029	-	39,183
- other (including finance lease)	34,254	17	7,864	423	-	42,558
Decreases:						
- sales	-	509	37	615	-	1,161
- liquidation	-	-	132	-	-	132
- end of a finance lease	-	-	12,055	1,029	-	13,084
- transfer between companies	-	-	-	-	-	-
As at 31 December 2013	**34,254**	**189,131**	**111,325**	**4,703**	**154**	**339,567**
Redemption						
As at 1 January 2013	**-**	**27,706**	**44,564**	**2,363**	**87**	**74,720**
Increases:						
- depreciation	-	7,247	10,193	373	7	17,820
Decreases:						
- sales and liquidation	-	83	95	366	-	544
- transfer between companies	-	-	-	-	-	-
As at 31 December 2013	**-**	**34,870**	**54,662**	**2,370**	**94**	**91,996**
Net as at 31 December 2013	**34,254**	**154,261**	**56,663**	**2,333**	**60**	**247,571**

NOTE 13.
FINANCIAL ASSETS

INVESTMENTS IN SUBORDINATED ENTITIES

The Company has no shares or interest in subordinated entities.

(all amounts are presented in PLN thousand, unless specified otherwise)

OTHER FINANCIAL ASSETS

INVESTMENTS IN ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD

	End of period 31/12/2014	End of the period 31/12/2013
Shares in other undertakings	58,683	64,241
(-) impairment write-downs	(4,937)	-
	53,746	**64,241**

Until 21 December 2013 the valuation using the equity method was done in the consolidated financial statements. Data for the period from 1 January 2013 to 31 December 2013 was adjusted in accordance with IAS 1 to ensure data comparability.

No.	Name	Registered office	Scope of activity of the enterprise	Type of relationship	Consolidation method	Takeover date	Value of shares at acquisition price	Total value of adjustments	Carrying value of shares	Stake in share capital	Consolidation type indicator (other)	Share in the overall number of votes at the general meeting
1.	Linx Telecommunications B.V.	Hullenbergweg 375 1101 CR Amsterdam, The Netherlands	telecommunications services	Associate	equity method	21.08.2007	63,487	-	53,746	21.02		21.02

as of the end of 2014	Linx Telecommunications B.V.
I. Entity equity, of which:	101,685
1. share capital	558
2. due contributions to share capital	-
3. supplementary capital	239,716
4. other equity, of which:	(138,589)
- profit (loss) from previous years	(136,709)
- net profit (loss)	(1,880)

(all amounts are presented in PLN thousand, unless specified otherwise)

Due to the current economic and geopolitical situation in Russia, which resulted, among others, in considerable devaluation of the ruble against the euro in the 4th quarter of 2014, the Issuer concluded that there were grounds specified in IAS 39 indicating the possibility of the impairment of investments in shares of the associate Linx Telecommunications B.V. (further: 'Linx'). Therefore the impairment test was carried out in accordance with IAS 36. As a result of an analysis of the results forecast for further periods, the value in use of the Issuer's shares in Linx was estimated at PLN 53.7 million (by PLN 10.5 million less than at the end of 2013). Considering that:

- during 2014 the ATM's share in the financial result of Linx amounted to PLN –0.4 million (the loss results mainly from unrealized FX differences from the valuation of debt denominated in foreign currency),
- the ATM's share in other total income of Linx for 2014 amounted to PLN -5.2 million,

the value of the revaluation write-down finally amounted to PLN 4.9 million.

Below presented are the main assumptions made by the Management Board of ATM during the impairment test for shares in Linx:

- The pricing model is based on discounted income.
- The results forecast of Linx is based on the budget for 2015 prepared by the Management Board of Linx and approved by the Linx Supervisory Board and on the forecasts for the company for 2016-2019.
- The pricing was prepared as at 31 December 2014 using the average exchange rate of EUR/PLN at that date, i.e. 4.2623.
- The pricing was prepared on the basis of the 5-year detailed forecast.
- The growth rate in the residual period was determined at 2.5%.
- The cost of capital (discount rate) was determined using the capital asset pricing model (CAPM) assuming, as the risk-free interest rate, the yield on 30-year eurozone bonds as at 31 December 2014 (projected profits denominated in euro) and the risk premium for the Russian market (where the main data centers of the Linx Group are located). The value of the beta parameter was determined at the level of an average observed among operators of data centers listed on global stock markets. Finally, the cost of capital for shareholders was determined at the level of 11.2%.
- Additionally, the valuation of Linx was made using the comparative method, by comparing Linx to companies of a similar profile listed on securities exchanges; the comparative method gave similar results to pricing based on the discounted income.

The estimated value in use of the Issuer's shares in Linx may change depending upon the situation in Russia and its possible impact on the internal economic situation and the activities of foreign companies in Russia. It should be noted that at the moment the Issuer's Management Board is not aware of any factors that may affect the continuity of the Linx operations in future. The operating profit of this company for 2014 exceeded considerably the budgetary targets of the Management Board of Linx. This updated pricing of the Linx shares is of a preventive nature and is based on the prudential approach to a potential impact of the situation in Russia on the activities of Linx.

FINANCIAL ASSETS HELD FOR TRADING

	End of period 31/12/2014	End of the period 31/12/2013
Loans granted to related entities	0	0
Loans granted to other entities	206	453
	206	**453**

The Company granted interest-bearing loans at rates comparable to average interest rates of commercial loans.

(all amounts are presented in PLN thousand, unless specified otherwise)

NOTE 14.
OTHER FIXED ASSETS

	End of period 31/12/2014	End of the period 31/12/2013
Guarantee deposits	234	208
Trade receivables	-	-
Prepaid maintenance costs	-	-
Unearned financial income from instalment sales	-	-
	234	**208**

Guarantee deposits include amounts retained by the 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.

NOTE 15.
INVENTORIES

	End of period 31/12/2014	End of the period 31/12/2013
Materials	1,983	2,199
Production in progress	-	-
Finished products	-	-
Goods	129	41
Revaluation write-downs	(759)	(729)
	1,352	**1,511**

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 materials that have been used up.

NOTE 16.
TRADE AND OTHER RECEIVABLES

	End of period 31/12/2014	End of the period 31/12/2013
Trade receivables from related entities	165	119
Trade receivables from other entities	16,577	29,117
Tax receivables	2,006	-
Advances transferred	-	-
Other receivables	184	188
Receivables under litigation	525	535
Unearned financial income from instalment sales		
Revaluation write-downs	(663)	(667)
	18,793	**29,293**

(all amounts are presented in PLN thousand, unless specified otherwise)

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 establishes revaluation write-downs in full value of receivables overdue by over 360 days.

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

Analysis of the ageing structure of trade receivables

	End of period 31/12/2014	End of the period 31/12/2013
current, of which:	15,440	27,590
from related entities	165	114
from other entities	15,275	27,476
overdue, of which:	1,301	1,646
from related entities	-	5
up to 180	-	5
180 – 360	-	-
over 360	-	-
from other entities	1,301	1,641
up to 180	742	917
180 – 360	230	141
over 360	330	583
	16,742	**29,236**

Analysis of changes in bad debts provisions

	End of period 31/12/2014	End of the period 31/12/2013
Opening balance	667	500
Increases, of which:	128	491
- Establishment	128	491
Decreases, of which:	132	324
- Reversal	52	45
- Utilization	80	280
Closing balance	**663**	**667**

Analysis of the ageing structure of receivables under litigation

	End of period 31/12/2014	End of the period 31/12/2013
from other entities		
under 360	251	387
over 360	274	118
over 720	0	29
	525	**535**

(all amounts are presented in PLN thousand, unless specified otherwise)

NOTE 17.
OTHER CURRENT ASSETS and OTHER FINANCIAL RECEIVABLES

	End of period 31/12/2014	End of the period 31/12/2013
Financial lease interest	-	-
Paid maintenance costs settled over time	398	129
Unrealized FX differences on lease agreements	-	-
Prepaid subscriptions, rents, insurance, etc.	444	151
Services of subcontractors settled over time	488	2,144
Recognized sales revenue	-	-
VAT deductions under bad debt relief	1,590	1,901
	2,920	**4,325**

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

NOTE 18.
CASH AND CASH EQUIVALENTS

	End of period 31/12/2014	End of the period 31/12/2013
Cash in hand	5	5
Cash at bank	870	695
Short-term deposits	2,652	429
	3,527	**1,129**

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

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

NOTE 19.
EQUITY

	End of period 31/12/2014	End of the period 31/12/2013
Registered share capital	34,526	34,526
Unsubscribed treasury shares under management option scheme	-	-
Hyperinflationary adjustment	197	197
	34,723	**34,723**

(all amounts are presented in PLN thousand, unless specified otherwise)

Core capital

Registered core capital includes:

Series	Number of shares	Face value	Registration date	Rights to dividend	Method of coverage	Type of shares
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 series A shares have equal rights to dividends*

Incentive Scheme

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

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

The current period result in the part attributable to ATM S.A. employees for 2014 (PLN 38 thousand) was charged with the valuation of the Incentive Scheme.

The Incentive Scheme was completed and fully settled in 2014.

Ownership structure

The ownership structure of ATM S.A. core capital as at 31 December 2014 was as follows:

Shareholder	Number of shares 31/12/2014	%	Number of shares 31/12/2013	%
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	9,119,040	25.09%	9,109,654	25.07%
ING PTE**	7,160,120	19.70%	3,571,486	9.83%
AVIVA PTE**	3,278,807	9.02%	1,815,951	4.99%
ALTUS TFI***	2,352,906	6.47%	1,828,065	5.03%
Piotr Puteczny****	2,243,066	6.17%	2,243,066	6.17%
PKO BP Bankowy PTE**	1,531,771	4.21%	2,773,291	7.63%
Other shareholders	10,657,634	29.32%	15,001,831	41.28%
	36,343,344	**100%**	**36,343,344**	**100%**

**) The majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*

***) The number of shares as at 31 December 2014 and as at 31 December 2013 based on the 'Annual asset structure"'*

****) The number of shares as at 17 July 2014 based on the notification*

*****) Jointly with his spouse*

(all amounts are presented in PLN thousand, unless specified otherwise)

Reserve capital

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

Retained earnings

	End of period 31/12/2014	End of the period 31/12/2013
Retained earnings from previous years, of which:		
Statutory supplementary capital	12,366	16,455
From profit distribution (over the statutory amount)	5,452	5,452
IFRS implementation profits (losses)	-	-
Management option scheme profits (losses)	-	-
Current period profit (loss)	2,905	(255)
	20,724	**21,652**

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

Pursuant to Article 396 § 1 of the Code of Commercial Companies, supplementary capital should be established to cover losses. At least 8% of 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 the supplementary capital (retained earnings) cannot be distributed among Shareholders.

NOTE 20. BANK LOANS AND BORROWINGS

	End of period 31/12/2014	End of the period 31/12/2013
Bank loans	111,834	56,798
Borrowings	2,682	4,845
	114,516	**61,644**
of which:		
Long-term portion		
Bank loans and borrowings	65,972	32,099
Loans from shareholders	-	-
Short-term portion		
Bank loans and borrowings	48,545	29,544
Loans from shareholders	-	-
Loans and borrowings due:		
up to 1 year	48,545	29,544
from 1 to 2 years	13,224	14,115
from 3 to 5 years	52,748	17,985
over 5 years	-	-

(all amounts are presented in PLN thousand, unless specified otherwise)

	114,516	**61,644**

Currency composition of loans

	End of period 31/12/2014	End of the period 31/12/2013
Loans in PLN	114,516	61,644
Loans in EUR	-	-
	114,516	**61,644**

Average loan interest rates

	End of period 31/12/2014	End of the period 31/12/2013
Interest rate on bank loans taken out by an entity:		
Bank overdrafts	3.03%	4.01%
Bank loans in PLN	3.34%	4.54%
Bank loans in EUR	-	-

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

(all amounts are presented in PLN thousand, unless specified otherwise)

Specification of liabilities arising from bank loans as at 31 December 2014

Lender	Base loan value	Short-term portion	Long-term portion	Interest rate	Due date	Collateral
Fortis Bank Polska SA (authorized overdraft)	15,000	13,215	-	WIBOR 1M plus bank margin	10.02.2016	- blank promissory note; - statement of submission to enforcement proceedings
mBank SA (authorized overdraft)	5,000	4,265	-	WIBOR ON plus bank margin	29.06.2015	- blank promissory note with promissory note declaration
mBank SA (investment loan)	16,276	2,059	14,217	WIBOR 1M plus bank margin	30.09.2019	- contractual mortgage
Bank Millennium S.A. (investment loan)	6,013	1,443	4,570	WIBOR 1M plus bank margin	27.02.2019	- registered pledge on a group of fixed assets
Bank Millennium S.A. (authorized overdraft)	10,000	8,469	-	WIBOR 1M plus bank margin	26.11.2015	- blank promissory note with promissory note declaration
Bank Zachodni WBK S.A. (authorized overdraft)	10,000	8,196	-	WIBOR 1M plus bank margin	31.03.2018	- blank promissory note with promissory note declaration
BZ WBK Leasing S.A. (loan)	2,682	2,258	424	WIBOR 1M plus lender's margin	20.03.2016	- registered pledge on a group of fixed assets
Bank Zachodni WBK S.A. (investment loan)	26,600	5,040	21,560	WIBOR 1M plus bank margin	28.02.2017	- contractual mortgage up to the amount of PLN 42 million - transfer of the property insurance policy
Bank Zachodni WBK S.A. (investment loan)	28,800	3,600	25,200	WIBOR 1M plus bank margin	31.08.2019	- contractual mortgage up to the amount of PLN 45 million - transfer of the property insurance policy
	120,371	**48,545**	**65,971**			

(all amounts are presented in PLN thousand, unless specified otherwise)

NOTE 21.
PROVISIONS FOR LIABILITIES

As at 31 December 2014 and 31 December 2013, the Company does not have any provisions for liabilities.

NOTE 22.
LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period 31/12/2014	End of the period 31/12/2013
Trade liabilities to related entities	-	18,957
Trade liabilities to other entities	5,638	-
Deferred payment sales interest	-	-
Prepaid unperformed services and maintenance costs	-	-
Subsidies received for fixed asset financing – settled over time	11,897	486
Other	1	1
	17,536	**19,443**
of which payable:		
from 1 to 2 years	940	3,500
from 3 to 5 years	13,308	10,985
over 5 years	3,281	4,959

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

NOTE 23.
SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period 31/12/2014	End of the period 31/12/2013
Trade liabilities to related entities	49	3,508
Trade liabilities to other entities	7,214	15,392
Liabilities arising from taxes and social insurance	714	3,401
Advances received	-	-
Payroll liabilities	1	2
Other liabilities and accruals, including:		
share purchase liabilities	-	-
settlements arising from bonuses	-	-
settlements arising from outstanding leaves	127	228
settlements related to non-invoiced expenses	919	947
subsidies settled over time	1,542	4,310
deferred income	323	354
other liabilities	1,508	1,620
- of which on account of IRS instrument valuation	1,478	1,251
	12,398	**29,763**

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

(all amounts are presented in PLN thousand, unless specified otherwise)

In 2014, the Company did not rely on a small group of suppliers. Purchases from one supplier only — Orange Polska S.A. — exceeded the 10% threshold of overall purchases; its share of the Company's overall purchases in 2014 amounted to 16%. The purchases concerned predominantly the delivery of services for the execution of the OST 112 contract.

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 is presented below.

	End of period 31/12/2014	End of the period 31/12/2013
Liabilities arising from dividend payouts	-	-
Liabilities arising from finance leases	11,274	14,719
Liabilities arising from financing of receivables	10	5
Total long-term liabilities	**11,284**	**14,723**
Short-term lease liabilities	7,246	8,127
Short-term liabilities arising from financing of receivables	-	-
Total short-term liabilities	**7,246**	**8,127**
Forward contract liabilities	-	-
Other	-	-
Total financial liabilities	**18,530**	**22,851**

	End of period 31/12/2014	End of the period 31/12/2013
Value of liabilities arising from finance leases due:		
- within one year	8,045	9,622
- within 2 to 5 years	12,150	15,485
- over 5 years	-	-
	20,195	25,107
Future interest expenses (-)	(1,665)	(2,261)
	-	-
Present value of future liabilities	18,530	22,846
of which:		
Amounts due within the next 12 months (included in short-term liabilities)	7,246	8,127
Amounts due after more than 12 months:	11,274	14,719
- within 2 to 5 years	11,274	14,277
- over 5 years	-	-

Finance lease agreements concern machinery and equipment as well as vehicles. As at 31 December 2014, the Company was party to 65 agreements, under which it leased fixed assets with a total net value of PLN 23,528 thousand as at that date.

As at 31 December 2013, the Group was party to 65 agreements, under which it leased fixed assets with a total net value of PLN 30,451 thousand as at that date.

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

NOTE 25.
OPERATING LEASE AND CONTINGENT RECEIVABLES AND LIABILITIES

Operating lease liabilities — ATM S.A. as a lessor

The Company as an operating lessor is not a party to any material agreements. Lease agreements include mainly agreements concerning the lease of office space to other entities.

These are both definite and indefinite term agreements. Each agreement includes a clause enabling each party to terminate it subject to 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 an 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 regards to operating lease — is not party to any irrevocable agreements.

Operating lease liabilities — ATM S.A. as a lessee

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

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

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

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

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

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

Expenses related to the minimum lease payments for property leases during individual periods amounted to, respectively:

(all amounts are presented in PLN thousand, unless specified otherwise)

	End of period 31/12/2014	End of the period 31/12/2013
Costs of property operating leases	2,042	2,046
	2,042	**2,046**

Minimum lease payments for property lease were as follows:

	End of period 31/12/2014	End of the period 31/12/2013
up to 1 year	2,037	2,076
from 1 to 5 years	10,374	10,376
over 5 years	0	2,249
	12,412	**14,701**

CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables

There were no contingent receivables.

Contingent liabilities

	End of period 31/12/2014	End of the period 31/12/2013
To related entities:	-	-
To other entities:		
1. Bank guarantees received:		
- performance bonds and tender bonds	2,942	6,598
2. Collateral pledge	8,696	8,339
3. Promissory notes:		
- endorsements concerning agreements related to EU project financing	-	-
- bank loan collaterals	31,600	42,000
	43,238	**56,937**

(all amounts are presented in PLN thousand, unless specified otherwise)

NOTE 26.
INFORMATION ABOUT RELATED ENTITIES

Details of related entities

1. Entities related to the Company

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

- ATM PP Sp. z o.o. – related through Mr. Tadeusz Czichon who is the Vice President of the Management Board of this entity,
- ATP-Investments Sp. z o.o. – related through Mr. Tadeusz Czichon who holds 50% of shares in this company, and at the same time is its proxy.
- ATP-Invest Sp. z o.o. S.K.A. – related through Mr. Tadeusz Czichon who holds 50% of shares in this company,
- Seleris Sp. z o.o. – related through Mr. Maciej Krzyżanowski who holds 30% of shares in this company,
- ATP-Invest Sp. z o.o. S.K.A. – related through Mr. Tadeusz Czichon who holds 50% of shares in this company.

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

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

- trade transactions including the purchase and sale of goods, materials and services,
- granted loans.

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

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

Related entity	Year	Sales to related entities	Purchases from related entities	Receivables from related entities	Liabilities to related entities
ATM PP Sp. z o.o.	2014	189	140	2	-
	2013	395	240	5	16,363
Linx Telecommunications B.V.	2014	616	-	162	-
	2013	631	67	113	8
Seleris Sp. z o.o.	2014	-	490	-	-
	2013	-	1,141	-	-
ATP Invest Sp. z o.o. S.K.A.	2014	-	-	-	-
	2013	-	120	-	6,094
ATP-Investments Sp. z o.o.	2014	6	-	1	-
	2013	11	999	1	-
ATP Invest Sp. z o.o. Management S.K.A.	2014	-	480	-	49
	2013	-	-	-	-
Total	**2014**	**811**	**1,110**	**165**	**49**
	2013	**1,037**	**2,567**	**119**	**22,465**

(all amounts are presented in PLN thousand, unless specified otherwise)

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

2. Members of the managing and supervisory bodies and their close relatives

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

Senior management remuneration

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

	End of period 31/12/2014	End of the period 31/12/2013
Short-term employee benefits	3,555	4,373
Benefits after the employment period	-	-
Benefits due to termination of the employment relationship	-	-
	3,555	**4,373**

The short-term employee benefits referred to above concern:

	End of period 31/12/2014	End of the period 31/12/2013
Management Board	1,101	2,260
Supervisory Board	273	260
Directors and managers	2,180	1,854
	3,555	**4,373**

No loans, guarantees or sureties were granted to the managers, members of the Management Board or Supervisory Board in the periods covered by the present financial statements.

NOTE 27.
PRESENTATION OF DISCONTINUED OPERATIONS

In 2013 the Issuer presented a loss of PLN 15,701 thousand which arose as a result of the sale of shares of a subsidiary, mPay S.A., as discontinued operations.

In addition, the loss of PLN 237 thousand resulting from the final settlement of the accepted claims of ATM S.A. in the bankruptcy proceedings of mPay International Sp. z o.o. was presented in 2013 as discontinued operations.

NOTE 28.
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 its debt-to-equity ratios.

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

- bank loans – disclosed in Note 20;
- trade and other liabilities – disclosed in Notes 22, 23 and 24;
- cash and cash equivalents – disclosed in Note 18;
- equity, including shares issued, reserve capital and retained earnings – disclosed in Notes 19 and 10.

The Company also monitors balance of equity using the leverage (gearing) ratio, which is calculated as the ratio of net debt to total equity plus net debt. Net debt includes interest-bearing loans and borrowings, trade payables and other payables less cash and cash equivalents. Equity includes equity attributable to shareholders of the parent entity less reserve capital concerning unrealized net gains.

The gearing ratio as at 31 December 2014 amounted to 40% and, respectively, as at 31 December 2013 — 36%.

2. Objectives of financial risk management

Principal financial instruments used by the Company include bank credits (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 the Company operations, liquidity risk management and short-term investment of surplus liquid funds. The Company also uses other financial instruments, including trade receivables and liabilities (Notes 14, 16, 22 and 23), which, however, are directly related to its operations.

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

The Company has the liability arising from its conclusion of an interest rate swap contract (IRS) measured at fair value. The Company does not use hedge accounting and during the period covered by the financial statements it neither granted any loans (apart from subsidiary loans) nor was a party to financial guarantee contracts.

During 2014 and 2013:

- no financial instruments were reclassified between categories within the meaning of IAS 39;
- the Company did not dispose of its financial assets in a manner that would prevent their removal from the balance sheet despite their transfer to a third party;
- The Company received no financial or non-financial assets within the framework of enforcement proceedings concerning the guarantee 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 revenue and costs with regard to individual financial assets, financial liability and capital instrument categories has been presented in Note 2 to the financial statements.

4. Categories and classes of financial instruments

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

(all amounts are presented in PLN thousand, unless specified otherwise)

	End of period 31/12/2014	End of the period 31/12/2013
Financial assets		
Measured at fair value through profit and loss account	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	20,475	30,818
Financial assets available for sale	-	-
Financial liabilities		
Measured at fair value through profit and loss account	1,478	1,251
Derivatives in hedging relationships	-	-
Other financial liabilities	161,502	132,450

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 regards to the own receivables category

	End of period 31/12/2014	End of the period 31/12/2013
Receivables from related entities	165	119
Short-term receivables from other entities	16,577	29,117
Long-term receivables from other entities	0	0
Financial assets held for trading – loans granted	206	453
Cash and cash equivalents	3,527	1,129
Total	**20,475**	**30,818**

With regards to the financial liabilities

	End of period 31/12/2014	End of the period 31/12/2013
Long-term liabilities	17,536	19,443
Liabilities arising from credits	114,516	61,644
Liabilities to related entities	49	3,508
Short-term liabilities to other entities	12,349	26,255
Liabilities arising from finance leases	18,520	22,846
Other financial liabilities	10	5
Total	**162,980**	**133,701**

(all amounts are presented in PLN thousand, unless specified otherwise)

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

The Company is not exposed to significant credit risk related to a single counterparty or a group of similar counterparties.

The Company mitigates credit risk by concluding transactions only with creditworthy entities. Before cooperation is initiated, internal preliminary verification procedures are conducted. Moreover, since receivable amounts are monitored on an on-going basis, the Company's exposure to risks of receivables becoming irrecoverable 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 contractual party's inability to pay, and the maximum exposure to this risk equals the balance sheet value of the instrument in question.

As at 31 December 2014, financial asset impairment write-downs came to PLN 663 thousand; at 31 December 2013, they amounted to PLN 667 thousand. As at 31 December 2014 and 31 December 2013, no financial asset items whose repayment terms had been renegotiated were present.

No significant protective measures have been established for the benefit of the Company arising from financial assets held by the Company.

7. Foreign exchange risk

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

The Company has concluded forward hedging transactions.

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

	Trade liabilities		**Lease liabilities**		**Trade receivables**	
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**	**31/12/2014**	**31/12/2013**
Currency - EUR	85	108	39	223	592	515
Currency – USD	675	97	-	-	381	251
Currency – JPY	-	-	-	141	-	-
Currency – PLN	6,503	18,696	18,491	22,482	15,769	28,470
Total	**7,263**	**18,900**	**18,530**	**22,846**	**16,742**	**29,236**

If the exchange rate, in relation to the exchange rate from the balance sheet valuation for EUR and USD had increased by 10%, with all other variables remaining at a constant level, the ATM S.A.'s net result for the twelve-month period ended on 31 December 2014 would have been higher by PLN 17 thousand (of which PLN 47 thousand would have been due to financial assets and liabilities denominated in EUR and PLN 29 thousand – due to financial assets and liabilities denominated in USD.

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

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 the 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 by using reserve credit facilities, by monitoring forecast and actual cash flows on an on-going basis and by analyzing the maturity profiles of its financial assets and liabilities.

The Company mitigates its credit risk by concluding transactions only with creditworthy entities. Before cooperation is initiated, internal preliminary verification procedures are conducted. Moreover, since receivable amounts are monitored on an on-going basis, the Company’s exposure to risks of receivables becoming irrecoverable 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 financial statements as at subsequent balance sheet dates.

9. Interest rate risk

The Company is exposed to the risk of cash flow fluctuations related to assets and liabilities with variable interest rates and to the risk of fair value fluctuations arising from assets and liabilities with fixed interest rates. The Company mitigates the interest rate risk through:

- the appropriate structure of assets and liabilities with a variable and fixed interest rate,

- the application of derivative hedging instruments like swap.

NOTE 29.
FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at 31 December 2014, the Company held financial instruments carried at fair value in its statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation method:

Level 1 — quoted prices (unadjusted) on active markets for identical assets and liabilities.

Level 2 — other methods for which all inputs that have a significant effect on the recognized fair value are included, either directly or indirectly.

Level 3 — methods which use inputs that have a significant effect on the recognized fair value that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of a input data is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable input data that require significant adjustments based on unobservable inputs, such measurement is a Level 3 measurement. Assessing the significance of a particular input data to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

(all amounts are presented in PLN thousand, unless specified otherwise)

FINANCIAL INSTRUMENTS	31/12/2014		31/12/2013	
	carrying value	fair value	carrying value	fair value
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets held to maturity	-	-	-	-
Financial assets available for sale (at fair value)	-	-	-	-
Loans granted and own receivables	-	-	-	-
Financial liabilities at fair value through profit or loss	1,478	1,478	1,251	1,251
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	Fair value hierarchy level	31/12/2014
Derivative financial instruments — option spread hedging the interest rate risk in respect of the investment loan	level 2	120
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the investment loan	level 2	1,358
Total		1,478

The valuation of the option spread hedging the interest rate risk in respect of the investment loan was made based on information obtained from Bank Zachodni WBK S.A. (prepared using parameters that were considered optimal by the Bank).

The valuation of the IRS contract hedging the interest rate risk in respect of the investment loan was made based on information obtained from Bank Zachodni WBK S.A. (prepared using parameters that were considered optimal by the Bank).

During the period ended 31 December 2014, no transfers took place between Level 1 and Level 2 of the fair value hierarchy and no instruments were transferred to/from Level 3 of the fair value hierarchy.

NOTE 30.
SIGNIFICANT EVENTS IN THE REPORTING PERIOD

On 11 April 2014, Fisterra sp. z o.o., with its registered office in Warsaw, announced a tender offer for the sale of 100% of shares of the Company. It informed of the planned undertaking of activities aiming at termination of the Company's shares dematerialization, if the call is successful, along with the planned withdrawal of the Company's shares from trading on the Warsaw Stock Exchange. The call was announced pursuant to Article 74 Par. 1 of the Act of 29 July 2005 on public offering and conditions for the introduction of financial instruments to the organized trading system and on public companies. The date of commencement of subscriptions was established for 5 May 2014, and the date of closing the subscriptions – for 4 June 2014. The share purchase price was established at PLN 12.40 per share.

(all amounts are presented in PLN thousand, unless specified otherwise)

On 23 April 2014, acting pursuant to Article 80 of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to the organized trading system and on public companies, the Management Board of the Issuer presented current report No 6/2014 including 'The Standpoint of the Management Board of ATM S.A. regarding the tender offer for the sale of shares of ATM S.A. announced on 11 April 2014 by Fisterra sp. z o.o. with its registered office in Warsaw.'

On 18 June 2014 the Caller informed that until the day of closing the subscription the conditions specified in the call were not fulfilled i.e.:

- no subscriptions were made for the sale of the minimum number of shares referred to in item 6. of the call, amounting to 32,709,010 shares, which constitutes 90% of the overall number of the Company's shares; and
- the General Meeting of the Company did not adopt a contingent resolution appointing the candidate recommended by the Caller as a member of the Company's Supervisory Board.

The Caller did not decide to purchase shares under the call.

Maciej Krzyżanowski resigned from the office of President of the Management Board (also from the office of Member of the Management Board) of the Company as of 6 November 2014. On 6 November 2014 the Supervisory Board of the Company appointed Tadeusz Czichon, the former Vice President of the Management Board of ATM S.A., to the office of President of the Management Board. Moreover, on 6 November 2014 the Supervisory Board of the Issuer appointed Jacek Krupa, the former Telecommunication Services Department Director of ATM S.A., to be the Vice President of the Management Board.

NOTE 31.
EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, no events occurred that had a significant impact on the situation and financial performance of the Issuer.

NOTE 32.
REMUNERATION OF STATUTORY AUDITORS

	End of period 31/12/2014	End of the period 31/12/2013
Audit of the financial statements	23	32
Other certification services	13	20
Other services	-	-
	36	**52**

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Tadeusz Czichon	President of the Management Board	20 March 2015	....
Jacek Krupa	Vice President of the Management Board	20 March 2015	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING BOOKS:

Kinga Bogucka	Chief Accountant	20 March 2015	....

THE MANAGEMENT BOARD'S REPORT ON THE ISSUER'S OPERATIONS IN 2014

INFORMATION SPECIFIED IN THE ACCOUNTING REGULATIONS

1. Events significantly affecting the entity's activity which occurred during the financial year and later — until the approval of the financial statements.

Operating and financial results

The operating results achieved by the Company in the fourth quarter of 2014 were better than those achieved a quarter ago. Apart from one-off revenue, subscription sales revenue increased (by 3% compared to the previous quarter). This allowed to overcome a negative trend from first three quarters of 2014, which enables us to be optimistic about the future perspectives of the Company. What should be highlighted is a halt in the downward trend in subscription revenue from transmission and Internet services, as well as noticeable acceleration of the rate of growth of subscriptions to the data center services.

The results for the whole 2014 were influenced first of all by weaker results achieved by the Company in the first three quarters of the year, particularly related to a lack of significant non-subscription revenue from the sale of new transmission lines. As a consequence, revenue, sales margin and EBITDA fell by a few percent as compared to 2013. Additionally, due to the intensive investment scheme implemented by the Company in the previous year (concerning mainly the expansion of the data centers space under the ATM Innovation Center Project), the depreciation expenses increased noticeably, which was reflected in the drop of the operating profit by 17% y/y. The pace of commercialization of data centers was lower than assumed, which had a considerable impact on the 2014 results that were weaker than expected. As a consequence, the y/y growth rate of revenue from data center services amounted only to 10.5%.

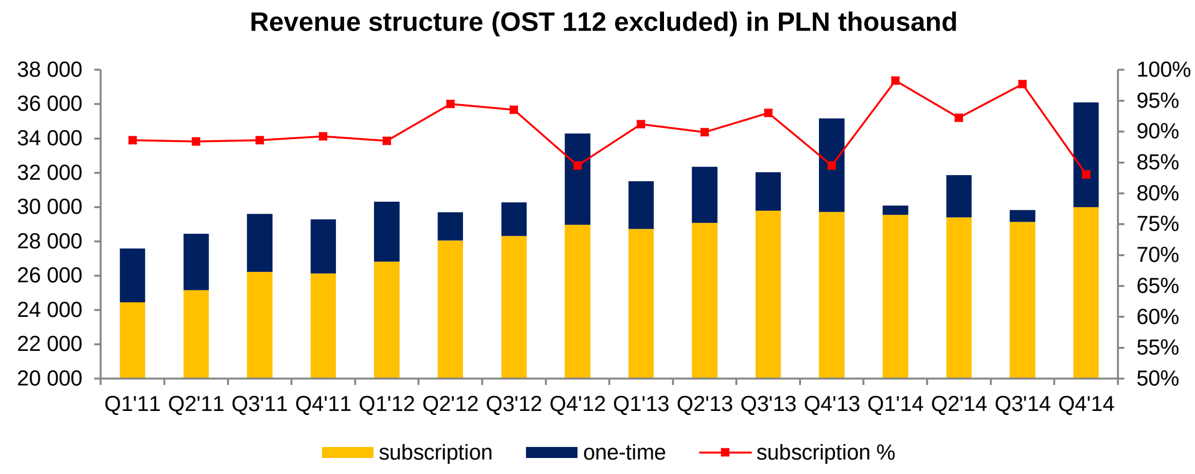
The establishment of the impairment write-down for shares of the associate – Linx Telecommunications B.V. at the amount of PLN 4.9 million had a significant impact on the company's financial results. Detailed information to this effect has been provided in Note 13 to the Financial Statements.)

Detailed description of the results in particular categories of services was presented in the further part of this sub-chapter.

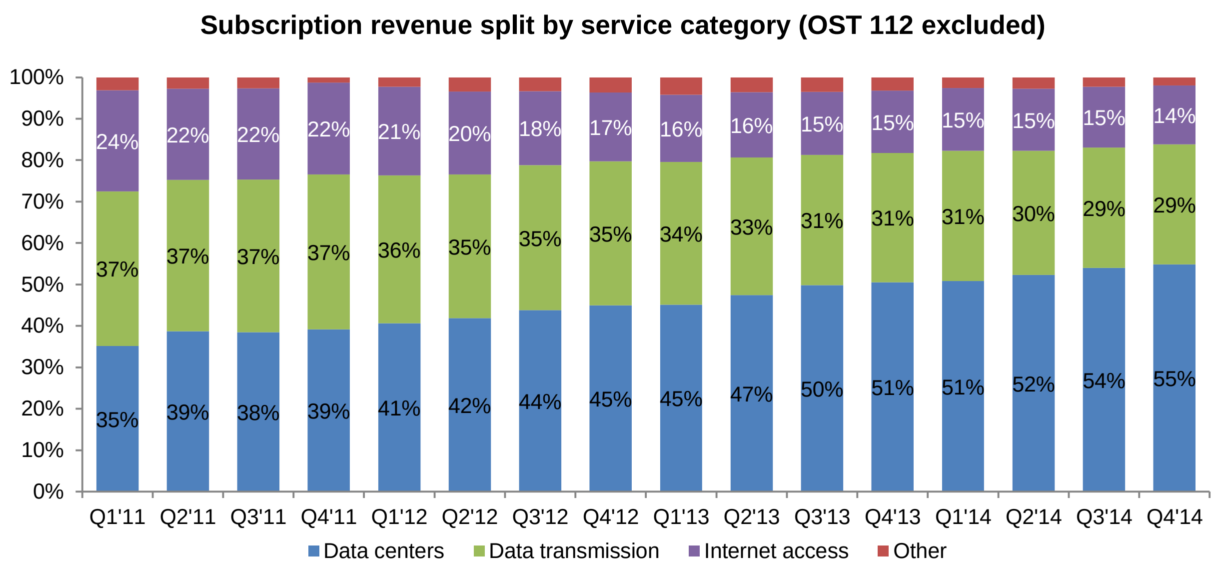
In the previous year the level of the Company's net debt grew considerably, which results from the finalization of the investment scheme concerning the expansion of data centers. In the current year, in accordance with its working agenda, the Company plans to finalize the key investments connected with the expansion of its campus of the ATMAN Data Center at Grochowska street in Warsaw, which entails the necessity to increase further the interest debt. It should be taken into consideration that it is already the last year in the Company's history which is so intense in terms of investments. The data center space constructed within the recent years will be commercialized in subsequent periods and will not require any significant capital expenditure.

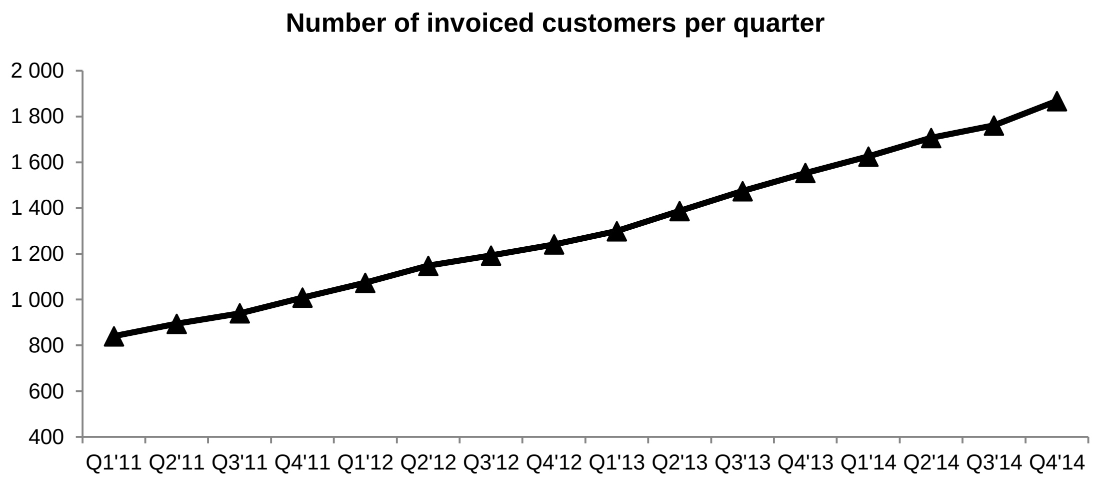
A very important factor for the Company's debt servicing is a share of subscription revenue maintained at a high level (over 90% in 2014), as well as stable and solid cash flows from operating activity (PLN 44.1 million in 2014 vs. PLN 39.6 million in 2013).

The chart below presents the structure and dynamics of ATM's quarterly income:



Subsequent charts present a systematic increase of the importance of revenue from sales of services of data centers and an increase in the number of customers serviced:





Results in individual service categories

The Issuer generates a vast majority of sales revenue in the three main categories of services:

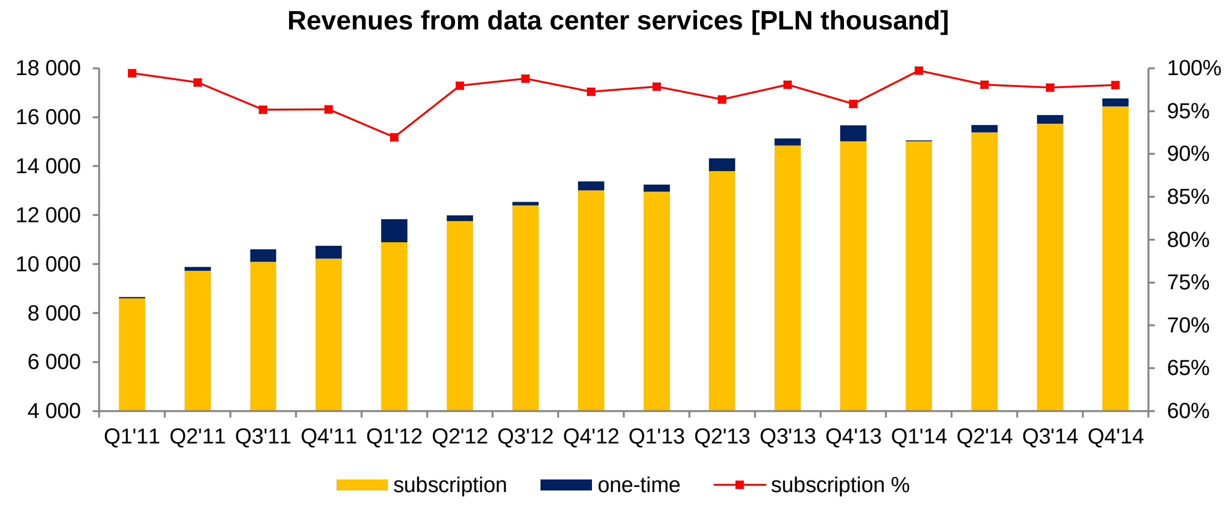
- Data center services (colocation) — provided in respect of appropriately equipped space and ICT equipment owned by the customer (e.g. servers) together with guaranteed power supply and the necessary telecommunications connections. Additionally, this category includes services of making dedicated servers available and cloud computing. If the data transmission/Internet access services are provided by the Issuer as supplementary to colocation services, then the revenue from such services are also included in the category of data center services.
- Data transmission — services of broadband data transmission and lease of telecommunication lines provided on the basis of the own optic fiber networks.
- Internet access services — access to the Internet for telecommunications providers, Internet and Application Service Providers (ISP/ASP), web portals, media and corporate customers.

In the most important category of services – data center services – the Issuer achieved, in the entire 2014 a two-digit growth rate of subscription revenue (10.5% y/y; PLN 62.5 million in 2014 vs. PLN 56.5 million in 2013 r.). Only for the 4th quarter the rate of growth amounted to 9.5% y/y and 4.5% q/q, which allowed to generate subscription revenue of almost PLN 16.5 million. These results should be assessed taking into account the following negative factors:

- the loss of a major customer at the turn of 2013 and 2014 – the customer was gradually narrowing down the scope of services till the end of the 1st half of 2014 (the customer merged with another company and consolidated its IT resources),
- a decrease in the size of service rendered to 2 important customers from the Internet industry due to the limitation of their scope of activities,
- a drop in the average revenue per user (ARPU) observed during 2014, which results from growing diversification of customer portfolio (reduction of revenue concentration – winning smaller customers from the SME sector).

As at the end of the year, the occupied colocation space amounted to about 3,600 sq m – no significant change occurred as compared to the end of the 3rd quarter of 2014, while comparing with the end of 2013 it means a growth by about 270 sq m (8% y/y). It is worth to note that if it were not for the above-mentioned limitation of cooperation with 3 customers, not attributable to the Issuer, the subscription revenue in 2014 would have been higher by about PLN 3.5 million (which would have given a yearly rate of growth exceeding 16.5%), while the invoice space would have increased by about 500 sq m (15% y/y).

Traditionally, the share of subscription fees in the total colocation revenue was high and exceeded 98%. The Issuer's quarterly results for the last 4 years in the category of data center services are presented on the following chart:



Revenue from the lease of dedicated ATMAN EcoSerwer servers continues to grow dynamically. During the whole 2014, the Issuer generated over PLN 6.7 million revenue from such services (growth by 77% y/y). ATM plans to develop further this part of data center business, also through foreign sales transactions.

The structure of customers for data center services is still dominated by the financial and telecommunication industries, while during 2014 the total number of recipients of such services rose by about 31%.

As was already mentioned before, in 2014 the Company continued to invest in the data center infrastructure, including:

- completion of the construction of the F4 building within the ATMAN Data Center at Grochowska street in Warsaw (the building was commissioned towards the end of the 1st half of 2014, the total net colocation space – about 1,000 sq m),
- commencement of the construction of the newest building within the CD ATMAN in Warsaw – F5 (completion planned around the middle of 2015, the total net colocation space – about 1,400 sq m),
- the majority of investments in the building intended for the provision of services complementary to colocation services (services of front offices and colo-office) was executed – commissioning planned in the second quarter of 2015.

The execution of the above-mentioned investments and their fast commercialization underpin the Issuer's strategy, which assumes strengthening of the Issuer's position of a leader in the data center market in Poland. In the past year the status of ATM as the largest supplier in the domestic market was re-confirmed by an independent research center – in the report published by PMR: 'Market of data processing centers in Poland 2014'. The quality and innovativeness of services offered to customers was reflected in a nomination for the prestigious 'Best Data Center Innovation' award in the competition organized by the British Capacity Magazine (a year ago the ATM was nominated in the category "Best Data Center").

In the second category of services – data transmission – in 2014 ATM obtained over PLN 42 million of sales revenue, which means a decrease by 15% compared to the previous year. When analyzing the reasons for this state of affairs, the following issues are to be taken into consideration:

- the sale of optic fiber lines (outside the scope of subscription services) was considerably lower than in 2013 (PLN 6.7 million vs. PLN 11.2 million) – transactions of this type usually bear high margins due to the considerably higher market pricing of network assets compared to their carrying value,
- for the first three quarters of 2014, the subscription revenue showed a downward trend, which was broken through only in the last quarter (growth by 2.5% q/q to PLN 8.7 million).

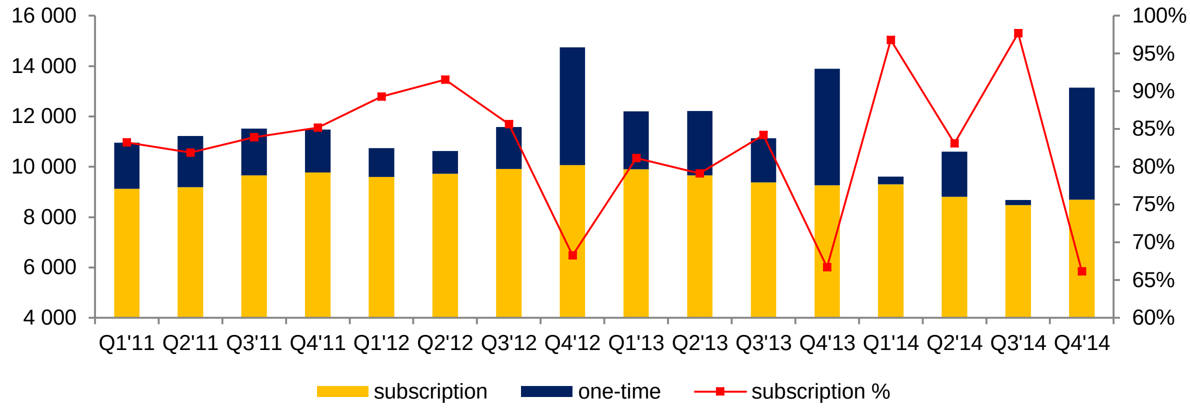
The main reason behind the falls in the subscription area were still falling unit prices of transmission services, which cannot be compensated with the growing volume of transmitted data. However, the example of the last quarter of the previous year shows that with a sufficiently quickly growing number of customers (17% y/y in that period) it is possible to achieve at least stabilization of revenue. In subsequent periods the Issuer will make every effort to achieve this goal, also through the expansion of its offer and tailoring it to the most recent trends observed in the world. These activities should lead to even more effective use of the potential of network assets, thereby maximizing the return of capital employed.

The Issuer's own optic fiber network, constructed in the biggest cities of Poland, including: Warsaw, Poznań, Łódź, Lublin, Kraków, Trójmiasto (Gdańsk, Gdyna and Sopot), Wrocław, Koszalin, Szczecin and Silesia, is very important for further development of the Issuer's activity relating to the provision of data transmission services. The Issuer's optic fiber network connects main nodes of traffic between telecommunication operators and key business centers. The overall size of network at the ATM's disposal is 106,866 km of optical fiber wires connecting 1023 facilities. At present this network is used for the provision of transmission services in 22%, which indicates a potential for further growth. Full commercialization of the optic fiber network and its use for the enhancement of data transmission services for customers being within its coverage is an important challenge for the Company.

In the entire 2014 the share of subscriptions in the total transmission revenue reached 84%, and the sector structure of customers remained traditionally dominated by the telecommunication sector (about 70% share in revenues).

A summary of the quarterly revenues from the sale of transmission services is presented on the diagram below:

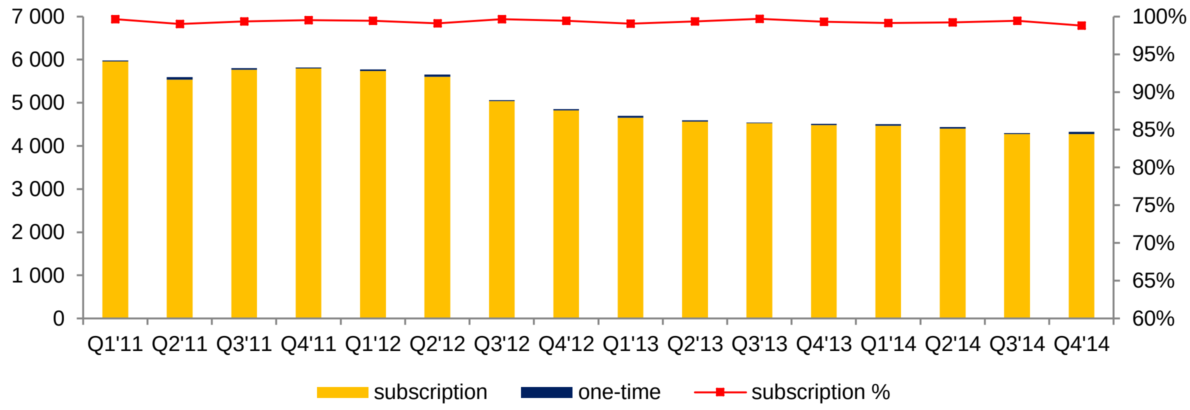
Revenues from data transmission services [PLN thousand]



Sales revenue in the third category of services – Internet access – have shown the sideways trend for many quarters now. In the fourth quarter of the previous year the Issuer managed to generate a slight growth (nearly 1% q/q) owing to the increase in the rate of growth of the number of customers (due to falling unit prices). In the fourth quarter the number of invoiced counterparties rose by 7% q/q and by over 21% y/y. The trend of reducing the share of customers from the telecommunications industry in favor of smaller enterprises from other sectors of the economy is still being observed. The revenues from Internet access services for the whole 2014 were finally lower by 4% than in 2013 and amounted to PLN 17.6 million.

A structure of the quarterly revenues from the sale of Internet access services is presented on the diagram below:

Revenues from Internet access services [PLN thousand]



To finish the presentation of the results in the transmission and Internet part, it is worthwhile mentioning about connecting the ATMAN network to next two foreign Internet exchange points – in Moscow (towards the end of 2013) and in Kiev (at the beginning of 2015). Owing to these connections the Company is developing fast and safe communication between the East and West of Europe and becomes the only Polish operator present at same time is in five important inter-operator hubs in Europe (apart from the ones mentioned above also in Amsterdam, Frankfurt and London).

In order to increase the dynamics of service sales by a figure that would correspond to the potential of a leader in the colocation market and a leading supplier of transmission services in Poland, towards the end of the previous year, after changes in the composition of the Issuer's Management Board, the Issuer took the strong actions, including:

- activities aimed at increasing the efficiency of sales departments (among others a thorough reorganization of the sales department structure, modification of the principles of the incentive scheme for sales representatives, development of analytical tools supporting the sale and assessment of commercial results),

- reorganization and considerable expansion of the product department (business development) that is responsible, among others, for the pricing policy (special offers, package service sales) and shaping an optimal portfolio of services,
- expanding the offer to include new services, including higher level services (e.g. the private cloud that is currently being implemented – ATMAN Private Cloud) – in reply to the growing needs of the customers and looking for new market segments,
- expanding the scope of automatic sale of services,
- modification and unification of commercial communication (such as rebranding),
- active search for opportunities to increase the sale of services outside of Poland, also through partner sales channels.

The Issuer's Management Board is expecting the first effects of the aforesaid activities, i.e. an increase in the Company's sales and profits, in the second half of 2015.

Detailed information on directions and perspectives of further development of the Issuer will be published on its websites during one month after the publication of this Report (tab: Investor -> Information on the company-> Company strategy and investment plans).

2. Expected development of the entity

The strategic objective of the Issuer is to strengthen its position of a leader in the data center market in Poland and to build a position of an important player in this segment in the European market. Thanks to consistent implementation of its investment plan, the Issuer has at its disposal a significant area (in Thinx Poland and ATMAN Data Center) which may be offered for colocation services, using global trends and a growing demand for this type of services.

Investments in city and intercity optical networks completed in previous years – combined with a systematic increase in the number of served business locations – should contribute to the stabilization of revenue from broadband data transmission and traffic exchange on the Internet, at the same time they should act as a catalyst for growth of colocation revenue (proper high quality lines increase the attractiveness of data center offers). Expected growth of revenue and profits from telecommunications activities should be immune to a potential bad economic situation.

3. Major research and development achievements

In 2014 ATM S.A. did not conduct any significant distinct research and development works. The development works including the projects developed in-house have been described in Note 11 to the financial statements.

Nevertheless, the Company is constantly conducting R&D works with the aim to develop and implement modern solutions and technologies relating to the expansion and equipment of data centers, as well as the provision of colocation services. The effects of research and implementation works include, in particular, an optimal consumption of energy necessary to power the data centers and an advanced monitoring of ICT resources made available to customers.

4. Current and forecast financial position

The Company's financial position is stable and there are no known factors that could affect adversely its situation in the future.

5. Purchase of treasury shares

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

6. Branches held by the entity

The Company has no branches conducting independent business activity.

7. Information on used financial instruments

Property leases include office buildings situated in Warsaw at Grochowska 21a. Pursuant to the agreement concluded on 21 December 2005 and the annex to the agreement of 7 March 2006, ATM S.A. sold the property, which included the right of perpetual usufruct of land and buildings constructed on this land, to Fortis Lease Polska Sp. z o.o., and subsequently concluded an operating lease agreement concerning this property. Lease payments are denominated in EUR and divided into 180 monthly instalments (15 years). The last instalment will be payable on 21 January 2021. The total amount of payments during the term of the agreement will be EUR 9,872 thousand (details have been described in Note 25 to the financial statements).

Besides, the Company uses finance lease in order to purchase equipment for the expansion of its telecommunication infrastructure. The lease periods are from 3 to 5 years. The value of the leased asset is denominated in EUR and PLN (details are described in Note 24 to the financial statements).

ATM S.A. uses loans, which are described in details in Note 20 to the financial statements. The Company concluded the interest rate swap transaction (IRS) described in Note 8 to the financial statements and the agreement on the option spread hedging the interest rate risk in respect of the incurred investment loan.

REVIEW OF KEY ECONOMIC AND FINANCIAL PARAMETERS

The comparison of the results for 2014 to the previous year has been presented in the table below, while their analysis can be found in the part concerning the operating and financial results included in the previous chapter of this Report:

[selected financial data]	2014	2013	change %
Sales revenue (without OST 112)	127,875	131,038	-2%
- including data center services	*63,589*	*58,361*	+9%
Sales margin	73,671	76,989	-4%
Operating profit	21,572	26,087	-17%
EBITDA	43,386	46,028	-6%
Gross profit	10,300	17,712	-42%
Net profit (*from continued operations*)	8,068	17,245	-53%
Net profit	8,068	1,308	+517%

DESCRIPTION OF MATERIAL RISK FACTORS AND THREATS

Risk associated with the economic situation in Poland and globally

The Issuer’s operation is not sensitive to changes in economic conditions.

Due to the current geopolitical environment, an additional risk factor for the following quarters in the context of the Issuer's total income (through the impact of the results and goodwill of the associated company – Linx Telecommunications B.V. on it) will be the economic situation in Russia and its potential impact on functioning of Linx on this market. Further devaluation of the ruble against the euro may have a particularly significant impact.

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

The Issuer conducts R&D works insofar as they translate directly into greater competitiveness of its products and services it offers. The risk associated with incurring capital expenditure on such works practically does not exist.

Risk associated with human resources

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

The Company's experiences so far show that the Issuer's situation concerning staff is stable, the employees and managers are involved in the development of the company.

Risk associated with forecasts and planning

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

Risk associated with strong competition

In the ICT sector, the risk associated with the emergence of new competitors is high, mainly due to the attractiveness of the data center market in Poland and Europe (dynamic growth). The possible emergence of new major competitors (in particular international entities) may have a negative impact on the Company's financial results in the future. Possible consolidation processes in the domestic market may also result in the decline of growth of the Company's financial parameters – this applies equally to the possible consolidation of the supply and demand side of the market.

OTHER INFORMATION

1. Information concerning core products

Within the period covered by this Report, the Issuer provided data center services and data transmission services.

Services provided by ATM S.A. include the following core categories:

- **Services of data centers (colocation, dedicated servers, private cloud).** The Issuer owns and, due to increasing demand, is continually developing properly equipped and protected rooms (data centers) where it provides colocation, i.e. renting adequately fitted space for telecommunications hardware, e.g. servers, together with uninterrupted power supply and telecommunications networks connection (data transmission and Internet access). Moreover, ATM S.A. offers the service of lease of dedicated servers (ATMAN EcoSerwer), which may be used for launching websites, business application and other Internet or intranet services (normally a service is launched within one hour of the receipt of an order). The offer includes also a private cloud service – ATMAN Private Cloud.
- **Data transmission.** These are data transmission services provided in the entire territory of Poland, with very high transmission quality parameters. In Warsaw and seven other agglomerations, broadband data transmission services are provided with no bandwidth limitations via Company's own fiber optic network. The company maintains points of interconnection with networks belonging to major intercity and international data carriers.
- **Internet access services.** This type of service consists in the configuration and supervision of broadband Internet lines for telecommunications providers, Internet and Application Service Providers (ISP/ASP), websites, media and corporate customers. The services offered ensure very high data transmission rates and reliability. Within the framework of Internet access services takes place the traffic interchange between the providers and recipients of information and digital Web content. The Company operates interconnect nodes in Warsaw, Frankfurt, Amsterdam, London, Kiev and Moscow as well as its own, distributed system of wholesale traffic exchange (Thinx IX).
- **Other, including telephone services (ISDN and VoIP).** The Issuer offers, among others, ISDN technology-based telephony, which is a comprehensive telecommunications solution based on dedicated digital connections compiled using optic fiber or radio technology. Additionally, the company offer a solution that ensures a seamless transition from traditional phone services towards an entirely VoIP-based network.

Sales revenue (PLN '000)	**2014**	**2013**
Services of data centers	63,589	58,361
Data transmission	42,028	49,438
Internet	17,572	18,351
Other	4,686	4,890

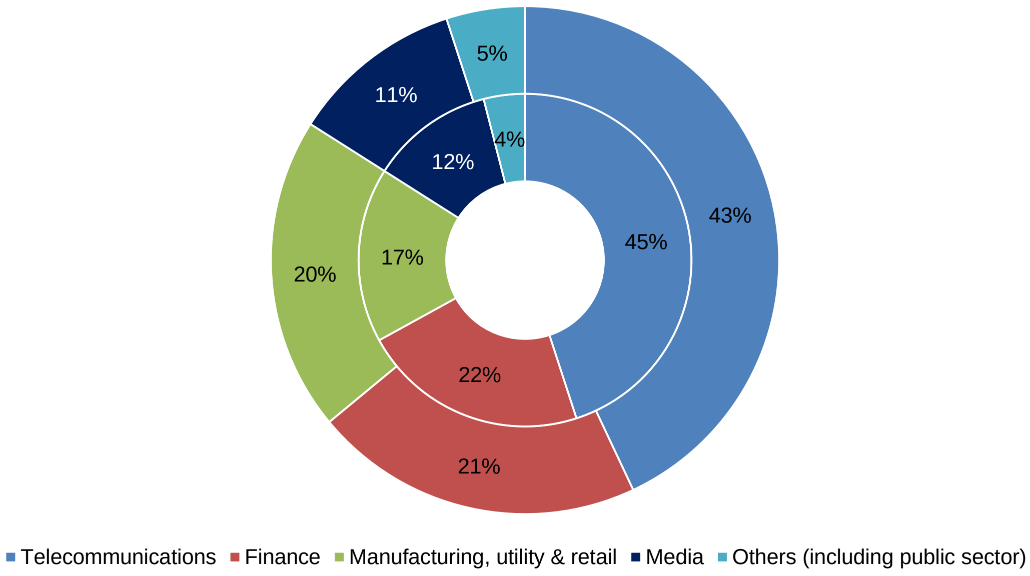
2. Information on sales markets and sources of supply

The main market for the products and services offered by ATM S.A. is Poland, and the company's customers come from all regions of the country. The Company's services become more and more popular among foreign customers (in particular the data center services). ATM records a steady increase in the number of foreign requests for proposals, resulting, among others, from ATM's advantage over foreign competitors in terms of the service price/quality relation.

The most important customers of the Issuer originate from the following sectors:

- telecommunications (including cable TV providers),
- banking and finance (including insurance companies),
- industry, commerce and services (including power distribution undertakings),
- media and publishing (both traditional and electronic).

Revenue structure in 2013-2014, broken-down into sectors*:



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

As in previous years, the Company has a highly diversified portfolio of customers, which materially protects the interests of the Issuer. In 2014, the Issuer had only one client whose share in the total sales revenue exceeded 10%, namely the Ministry of the Interior and Administration. The sales to this client amounted to 17% of the Issuer's total revenue (customer not related with the Issuer, sales concerning the OST 112 project).

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

At the same time, the Issuer informs that in 2014 there was only one supplier whose share exceeded 10% of total sales revenue. In 2014, Orange Polska S.A., whose share was 14%, was a service provider mainly in the framework of implementation of the OST 112 contract (a year ago, the share of this entity was at a similar level). No relations other than under commercial agreements exist between the Issuer and the aforementioned entity.

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

- On 3 June 2014, the Issuer concluded with the Minister of Economy an annex to the major agreement on co-financing for the Issuer in its implementation of the project 'ATM Innovation Center' under Measure 4.5 of the 'Innovative Economy 2007–2013' Operational Program. The Issuer informed about signing the major agreement in the Current Report No. 32/2009 of 18 December 2009 and about the previous annex amending the scope of the agreement – in the Current Report No. 54/2012 of 31 October 2012. The intent of the Management Board of the Issuer was to sign the next updating annex, based on the current schedule and scope of works carried out, and primarily, reflecting the current value of the investment project that is PLN 138.5 million gross, instead of PLN 162.8 million set in 2012. At the same time, the co-financing level has been maintained, amounting to 22.51% of eligible costs. Consequently, the value of the agreement, i.e. amount of co-financing received is currently PLN 25,332,078.70 and accounts for 22.51% of eligible costs of the project, amounting to PLN 112.5 million. Amendments made with respect to the scope and size of the investment project resulted from the need to adjust the implementation of investment plans to current market needs within the time framework of the project being co-financed, i.e. until 2015. After that period, the Management Board of the Issuer does not exclude the continuation of this investment project financed from own resources. The project's implementation shall comply with provisions of the agreement and with legal regulations on public aid. The agreement does not provide for contractual penalties. In the case of a breach of provisions of the agreement in relation to the project implementation due to the Issuer's fault, the agreement may be terminated by the Minister of Economy. As a result, the Issuer may be demanded to return the received co-financing with interest charged at the rate used for tax arrears.

- On 14 August 2014 an agreement was concluded with Bank Zachodni WBK S.A. with its registered office in Wrocław on the investment loan amounting to PLN 30 million. The loan is intended for refinancing the capital expenditure incurred in 2012-2014 on construction of the ATMAN Data Center in Warsaw. The agreement contains a clause allowing for early repayment of a part of or whole loan without resulting in additional costs. Interest on the loan was set on the basis of WIBOR 1M rate plus the bank's margin. The loan agreement was concluded for the period of 5 years. Collaterals for the loan repayment are:
    - the contractual mortgage of up to PLN 45 million on real property on which the server room facilities at the ATMAN Data Center were constructed,
    - conditional assignment of receivables from an insurance policy covering the buildings and structures situated on the aforesaid real property against fortuitous events,
    - power of attorney to credit the Company's bank accounts.

  Moreover, the parties to the loan agreement undertook to conclude, within one month of the loan disbursement, a transaction mitigating the interest rate risk (option spread) in order to mitigate the interest rate fluctuation risk for the amount of PLN 18.75 million of the loan used for the minimum period of 2 years. The agreement is deemed significant because its value exceeds 10% of the Issuer's equity. The agreement does not include contractual penalties or provisions deviating from arrangements typical for agreements of this type.

4. Information concerning organizational or capital relations with other entities and specification of main investments

On the day of publication of the annual report, the Issuer held shares representing 21.02% of the share capital of Linx Telecommunications B.V. (investment made in 2007). The results of this entity, as an associate, are not consolidated at the operating level — the consolidation is carried out using the equity method.

5. Information on the conclusion by the Issuer or its subsidiary of one or more transactions with related entities, if separately or jointly they are significant and were concluded under conditions other than arm's length

During the reporting period, neither the Issuer nor any of the Issuer's subsidiaries concluded material transactions on conditions other than arm's length conditions with related entities, neither individually nor jointly.

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

Detailed information on the Issuer's bank loans and other loans contracted in the financial year has been provided in Note 20 to the financial statements.

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

In the period covered by this report, the Issuer did not grant any loans to related entities.

8. Information concerning guarantees and sureties granted and received in the financial year

	End of period 31/12/2014	End of the period 31/12/2013
To related entities:	-	-
To other entities:		
1. Bank guarantees received:		
- performance bonds and tender bonds	2,942	6,598
2. Collateral pledge	8,696	8,339
3. Promissory notes:		
- endorsements concerning agreements related to EU project financing		
- bank loan collaterals	31,600	42,000
	43,238	**56,937**

The Issuer did not grant or receive directly any guarantees. However, at the request of the Issuer, banks issue bonds (guarantees) for the Issuer's customers. They are tender bonds and performance bonds.

As at 31 December 2014, tender bonds and performance bonds included guarantees granted by BRE Bank S.A. – amounting to PLN 464 thousand, by Bank DnB NORD Polska S.A. – amounting to PLN 2,232 thousand, and by Bank BZ WBK S.A. – amounting to PLN 246 thousand.

Furthermore, in connection with the extended investment loan and borrowings, a registered pledge on a group of fixed assets in the amount of PLN 6,014 thousand (investment loan) was established for Bank Millennium S.A. and a registered pledge on a group of fixed assets in the amount of PLN 2,682 thousand was established for BZ WBK Leasing S.A. (borrowings).

The company also had promissory note securing an investment loan in BZ WBK investment of PLN 31,600 thousand.

9. Description of the use of issue proceeds by the Issuer

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

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

The Issuer did not make the forecast of 2014 financial results public.

11. Assessment of financial resource management

The Management Board of the Company considers the financial position of ATM S.A. as good. Liquidity indicators, asset turnover and debt ratios do not indicate any potential threats to the Company's ability to fulfil its obligations.

12. Assessment of ability to fulfil investment plans

One of the Issuer's most important investment plans is the development of infrastructure necessary for services based on data centers. In this area, the Issuer plans two important investment projects, i.e. systematic equipping and commissioning of consecutive stages of Thinx Poland data center and expanding the ATMAN data center, which at the same time is the most extensive project in the history of the Issuer's activity. As part of the expansion of CD ATMAN in 2015, ATM plans to complete further modules of the F4 building and to commission the colocation space in the F5 building. Moreover, expenses for the purchase of equipment necessary for further development of EcoSerwer and Private Cloud services have been provided for in the investment budget for 2015.

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

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

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

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

13. Assessment of factors and unusual circumstances which materially affected financial results for 2014

An important, atypical factor having an impact on the financial results achieved in 2014 was the establishment of the impairment write-down for investments in the associate Linx Telecommunications B.V. (described in Note 13 to the Financial Statements).

14. Description of external and internal factors important for the development of the Issuer's Company and development prospects until the end of 2015

One of the most important external factors which condition the development of the Issuer's Company is a constant growth of demand for transfer, processing and archiving of information which creates conditions for constant increase in demand for the services provided by the Issuer in the area of data transmission for companies and institutions, as well as data center (colocation) services.

The main factors that — in the opinion of the Issuer — should stimulate the demand for its services in the next few years include:

- digitization of companies — increasing demand for data computing power and storage space (also in relation to the so-called 'Big Data'),
- advances in telecommunications — the new generation network (LTE), the dynamically growing number of mobile devices used to send growing amounts of data (content delivery),
- increasing popularity of services generating large volumes of data: video transmission, social media, on-line games, e-commerce,
- tangible benefits of locating one's equipment in close proximity of the equipment and connection lines of business partners and customers — such possibilities are offered only by data centers which concentrate wide range of stakeholders from different sectors,
- dynamic development of the market for financial services, in which e-commerce and the need to handle large volumes of transactions per unit of time are becoming more and more important,
- progressive digitalization of the public sector (e.g. health care),
- IT outsourcing — increased inclination to place own data processing equipment at the premises of specialized providers of data center services, rather than building own server facilities (cost — economies of scale, quality and reliability of services — know-how),
- *cloud computing* — transfer of a part of data processing to companies offering cloud computing, which operate also based on the infrastructure offered by specialized data center providers.

In view of the above, the Issuer implements the adopted strategy and continues its investments by preparing further modules of the ATMAN and Thinx Poland data center for sale and executing a construction project of ATM Innovation Center. The finalization of these investments and the high pace of sales will strengthen ATM's leading position on the domestic data center market and will bring a tangible result in the increase of revenue and profits in the next financial periods.

In terms of the conducted investments, ATM plans to put into operation new buildings within ATMAN Data Center and Thinx Poland, with a total net area of approx. 3 thousand square meters net which, together with the currently available space, gives more than 5.5 thousand square meters of potential colocation space that will generate revenue for the Company in the future.

According to the Issuer's estimates, the commercialization of the aforementioned space should translate into about PLN 50-55 million of annual additional EBITDA profit, which would mean that ATM's EBITDA profit generated currently by the Company would increase more than twofold.

When making decisions on schedules and staging subsequent investments, ATM is primarily focused on filling the existing server rooms and the observed and forecast demand for colocation services. Therefore, the period within which profits can be increased by the above-specified amounts will depend on market developments and growth in the demand for colocation services in Poland and abroad.

15. Changes in the basic principles of managing the Issuer's Company

In 2014 there were no significant changes in the principles of managing the Issuer's Company, except for the changes in the composition of the Management Board and the Supervisory Board described in the item below.

16. Changes in the composition of managing and supervisory bodies of the Issuer in 2014

On 16 July 2014 the Supervisory Board of ATM S.A. adopted a resolution on the appointment of the Management Board for a new term of office without any changes in its composition, i.e. appointed Maciej Krzyżanowski to be the President of the Management Board and Tadeusz Czichon to be the Vice President of the Management Board. Maciej Krzyżanowski resigned from the office of President of the Management Board (also from the office of Member of the Management Board) of the Company as of 6 November 2014. On 6 November 2014 the Supervisory Board of the Company appointed Tadeusz Czichon, the former Vice President of the Management Board of ATM S.A., to the office of the President of the Management Board. Moreover, on 6 November 2014 the Supervisory Board of the Issuer appointed Jacek Krupa, the former Telecommunication Services Department Director of ATM S.A., to be the Vice President of the Management Board.

On 16 July 2014, the Ordinary General Meeting of the Company appointed the following persons as members of the Supervisory Board for the next term: Grzegorz Domagała, Sławomir Kamiński, Jacek Osowski, Mirosław Panek and Tomasz Tuchołka. Thus came to its end the previous term of office of the Supervisory Board composed of the following persons: Sławomir Kamiński, Tomasz Tuchołka, Grzegorz Domagała, Mirosław Panek and Marcin Wysocki.

At the meeting on 16 July 2014, the Supervisory Board appointed Sławomir Kamiński to the office of the President of the Supervisory Board and Mirosław Panek – the Vice President.

On 22 October 2014, at a meeting of the Supervisory Board the Audit Committee was appointed with the following composition: Mirosław Panek (Chairman of the Audit Committee), Jacek Osowski and Sławomir Kamiński. The tasks of the Audit Committee were previously performed jointly by the Supervisory Board of ATM S.A.

At the meeting on 14 July 2014, the Supervisory Board dismissed Sławomir Kamiński from the position of its President, appointed Mirosław Panek to be the President of the Supervisory Board and Tomasz Tuchołka – the Vice President of the Supervisory Board.

17. Agreements concluded by and between the Issuer and management staff which stipulate a compensation in the event of their resignation or dismissal from the position

In agreements concluded by and between the Members of the Issuer's Management Board there are no provisions concerning any compensation in the event of their resignation or dismissal from the position.

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

In 2014, total remuneration paid to each member of the Issuer's managing and supervisory bodies was as follows:

Management Board of ATM S.A.:

Maciej Krzyżanowski* PLN 489,600
Tadeusz Czichon* PLN 480,000
Jacek Krupa PLN 131,584

Supervisory Board of ATM S.A.:
Sławomir Kamiński PLN 85,254.03
Tomasz Tuchołka PLN 45,582.26
Grzegorz Domagała PLN 45,582.26
Mirosław Panek PLN 51,492.76
Jacek Osowski (from 16 July 2014) PLN 21,469.88
Marcin Wysocki (from 8 April 2013 to 16 July 2014) PLN 24,112.38

**) The remuneration is paid pursuant to company management contract*

19. Specification of the total number and face value of all the Issuer's shares held by members of the managing and supervisory bodies

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

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

Name and surname	Position	Number of shares	Face value
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	President of the Management Board*	9,119,040	8,663,088
Jacek Krupa	Vice President of the Management Board	21,700	20,615
Anna Bugajska	Proxy	55,000	52,250

**) The majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*

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

Shareholder	Number of shares	%
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	9,119,040	25.09%
ING PTE**	7,160,120	19.70%
AVIVA PTE**	3,278,807	9.02%
ALTUS TFI***	2,352,906	6.47%
Piotr Puteczny****	2,243,066	6.17%

**) The majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*

***) Number of shares as at 31 December 2014 based on the 'Annual asset structure'*

****) The number of shares as at 17 July 2014 based on the notification*
*****) Jointly with his spouse*

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

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

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

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

23. Information on the system of control of the employee stock ownership scheme

As at the balance sheet date no employee stock ownership scheme is run in the Company.

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

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

25. Information on pending proceedings before court, arbitration panel or public administration body

The Issuer is not a party to any court, arbitration or administrative proceedings of an individual or total value constituting at least 10% of the Company's equity.

26. Information concerning the entity authorized to audit the financial statements

On 18 June and 2014, the Issuer concluded audit contracts with the entity authorized to audit financial statements – the company Polska Grupa Audytorska Sp. z o.o. sp.k.

Subject matter of the agreement:

- an audit of the separate abridged financial statements of the Issuer for the period from 1 January to 30 June 2014 (due date of the service is 26 August 2014);
- an audit of the separate financial statements of the Issuer for the period from 1 January to 31 December 2014 (due date of the service is 18 March 2015).

The remuneration under the contract for an audit of the separate abridged financial statements for the period from 1 January to 30 June 2014 amounted to PLN 13,000 net.

The remuneration under the contract for the audit of separate financial statements for the period from 1 January to 31 December 2014 amounted to PLN 23,000 net.

In 2013, the remuneration amounted to:

- PLN 19,500 net for an audit of the separate and consolidated financial statements for the period from 1 January to 30 June 2013;
- PLN 32,500 net for an audit of the separate and consolidated financial statements for the period from 1 January to 31 December 2013.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Tadeusz Czichon	President of the Management Board	20 March 2015	....
Jacek Krupa	Vice President of the Management Board	20 March 2015	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING BOOKS:

Kinga Bogucka	Chief Accountant	20 March 2015	....

STATEMENT OF THE MANAGEMENT BOARD

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

Warsaw, 20 March 2015

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	**Position/function**	**Date**	**Signature**
Tadeusz Czichon	President of the Management Board	20 March 2015	....
Jacek Krupa	Vice President of the Management Board	20 March 2015	....

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

Warsaw, 20 March 2015

Name and surname	Position/function	Date	Signature
Tadeusz Czichon	President of the Management Board	20 March 2015	....
Jacek Krupa	Vice President of the Management Board	20 March 2015	....

STATEMENT OF THE MANAGEMENT BOARD OF ATM S.A. ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES IN 2014

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

ATM S.A. follows the corporate governance principles specified in the 'Code of Best Practice for WSE Listed Companies' introduced with Resolution No 12/1170/2007 of the Warsaw Stock Exchange Council dated 4 July 2007 amended by the following Resolutions of the Warsaw Stock Exchange Supervisory Board: No 17/1249/2010 of 19 May 2010, No 15/1282/2011 of 31 August 2011 and No 20/1287/2011 of 19 October 2011 of the Supervisory Board of the Warsaw Stock Exchange, No 19/1307/2012 of 21 November 2012 of the Supervisory Board of the Warsaw Stock Exchange.

The text of these principles, as binding in 2014, is available on the Internet at:

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

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

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

I. Recommendations for Best Practice for Listed Companies

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

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

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

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

12. A company should enable its shareholders to exercise, personally or via an authorized representative, their voting rights at the General Meeting, from a remote location, using electronic communication means.

The company will examine the possibility to adapt to the recommendations of good practice in this field, provided that solutions offered on the market will allow conducting the general meeting in a safe and effective manner.

IV. Best Practices of Shareholders

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

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

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

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

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

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

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

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

Name and surname or company name	Number of shares held	Share in the share capital	Number of votes at the General Meeting	Share in the overall number of votes
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	9,119,040	25.09%	9,119,040	25.09%
ING PTE**	7,160,120	19.70%	7,160,120	19.70%
AVIVA PTE**	3,278,807	9.02%	3,278,807	9.02%
ALTUS TFI***	2,352,906	6.47%	2,352,906	6.47%
Piotr Puteczny****	2,243,066	6.17%	2,243,066	6.17%

**) The majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*

***) Number of shares as at 31 December 2014 based on the 'Annual asset structure'*

****) The number of shares as at 17 July 2014 based on the notification*
*****) Jointly with his spouse*

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

No securities exist which grant special control rights.

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

No restrictions exist as to the execution of voting rights attributable to shares of the Issuer.

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

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

H) Description of principles concerning the appointment and dismissal of managers and their entitlements, in particular their right to decide on issuance or redemption of shares.

The Management Board acts on the basis of the Company's Articles of Association, resolutions of the General Meeting, the Code of Commercial Companies, other applicable provisions of law as well as on the basis of the Regulations of the Management Board of ATM S.A. adopted with the resolution of the Supervisory Board of 1 December 2014. The Management Board operates on the basis of and is subject to the corporate governance principles. The Management Board is composed of two members: The President and Vice President of the Management Board. The Management Board is appointed and recalled by the Supervisory Board, which also appoints the President of the Management Board. If a Member of the Management Board is recalled, the Supervisory Board is obliged to appoint a new Member of the Management Board at the same meeting. All matters related to managing the Company, not reserved by the Company's Articles of Association or the Code of Commercial Companies as the competence of the General Meeting of Company Shareholders or the Supervisory Board, lay within the scope of responsibility of the Management Board.

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

- define the strategy for the Company's development and present it to the Supervisory Board;
- apply and implement the Company's strategy;
- prepare the budget and financial plans of the Company;
- manage the Company's assets;
- assume financial obligations and conclude contracts;
- appoint and recall proxies and attorneys,
- adopt resolutions on the organizational structure and internal regulations of the Company,
- define staff and payroll policies, in particular appoint staff to important management positions in the Company and its related entities, define employment, salary and human resources policies,
- create an incentive scheme for employees,
- convene ordinary and extraordinary General Meetings of the Company,
- participate in General Meetings of the Company,
- submit motions at the General Meeting concerning the distribution of profits or coverage of losses.

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

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

I) Description of principles concerning amendments to the Issuer's Articles of Association.

An amendment to the Company's Articles of Association shall require a resolution of the General Meeting and registration, in accordance with the Code of Commercial Companies. Resolutions on the amendments to the Company's Articles of Association shall require a three-fourths majority of votes. The Management Board shall notify the registry court of every amendment to the Company's Articles of Association.

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

The General Meeting, which consists of all Company's shareholders who are entitled to participate in the General Meeting, is the Company's highest decision-making body. General Meetings are conducted in accordance with the applicable provisions of law and relevant provisions of the Company's Articles of

Association or the rules of procedure of the General Meeting available at the website of ATM S.A. The General Meeting shall be convened by the Company's Management Board. The Supervisory Board is entitled to convene an Ordinary General Meeting, if the Management Board fails to convene it within six months after the end of each financial year and an Extraordinary General Meeting, should the Supervisory Board consider it expedient. A Shareholder or shareholders who own at least one twentieth of the share capital may request to convene an Extraordinary General Meeting as well as to add specific items to the agenda of the upcoming General Meeting. A request to add specific items to the agenda should be submitted to the Management Board in writing not later than fourteen days before the scheduled General Meeting. The General Meeting takes place on the Company's premises on the day specified in the announcement on convening the General Meeting included in the current report convening the General Meeting, in accordance with the applicable provisions of law. The announcement on convening a General Meeting should be made not later than twenty-six days before the date of the General Meeting. The announcement shall state the date, time and venue of the General Meeting and a detailed agenda. Draft resolutions included in the agenda of the General Meeting with grounds for adopting them as well as other available materials related to the specific General Meeting shall be presented to shareholders at a time and in a place which enable the shareholders to acquaint themselves with them and assess them. Moreover, issues which are to be subject matters of resolutions of the General Meeting shall be investigated and evaluated by the Supervisory Board.

Persons authorized to participate in an Ordinary General Meeting are those who have been the Company's shareholders 16 days prior to the date of the Ordinary General Meeting, i.e. on the day of registration of participation in the Ordinary General Meeting. Beneficial holders of registered shares and provisional certificates, likewise pledgees and usufructuaries who are entitled to vote may take part in the Ordinary General Meeting, provided they have been entered in the register of shares on the registration date. Beneficial holders of dematerialized bearer shares of ATM S.A. shall request the entity who keeps their stock account to issue a personal certificate of the right to participate in the Ordinary General Meeting, not earlier than upon the announcement of the convening of the Ordinary General Meeting and not later than on the first business day following the registration of participation in the Ordinary General Meeting. Subject to the shareholder's choice, the certificate should state a part or all shares registered in his or her securities account.

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

a) recognition and reversal of capital reserves, special funds and specification of their purposes;
b) determination of the Supervisory Board Members' remuneration;
c) adoption of the Supervisory Board Rules;
d) adoption of the General Meeting Rules.

The agenda is determined by the body which convenes the General Meeting. To remove an item from the agenda or abandon it upon shareholders' motion, the General Meeting must pass a resolution upon prior consent of all requesting shareholders who are present, backed by 75% of votes of the General Meeting. In the event referred to in Article 397 of the Code of Commercial Companies, a resolution on the dissolution of the Company shall require the majority of ¾ votes. The business objective of the Company may be changed without redeeming shares of those shareholders who do not consent to the change in the business objective, provided that the resolution changing the Company's business objective is passed by the majority of 2/3 of votes in the presence of shareholders who represent at least half of the share capital. The President of the Supervisory Board or a person indicated by the President shall open the General Meeting. Should the President of the Supervisory Board be absent at the General Meeting or fail to indicate a person to open the General Meeting, the General Meeting shall be opened by a shareholder who holds the highest number of shares in the Company's share capital or his representative present at the General Meeting. The person who opens the General Meeting should choose immediately a Chairperson from among the participants. The Chairperson of the Meeting shall state the formal validity of convening the General Meeting and chairs its proceedings in accordance with the adopted agenda, applicable provisions of law, the Company's Articles of Association, General Meeting Rules and corporate governance principles adopted by the Company. The Chairperson of the General Meeting shall watch over the correct conduct of the proceedings as well as the respect for rights and interests of all shareholders. The Chairperson should prevent the abuse of rights by the participants of the General Meeting and, in particular, ensure the respect for minority shareholders' rights. Having checked and signed the attendance list, the Chairperson shall conduct the voting on the agenda. The General Meeting may adopt the proposed agenda as it is, modify the sequence of items in the agenda or remove some matters from the agenda. A request on abandoning a matter included in the agenda shall be duly substantiated. The General Meeting may also add new items to the agenda, and discuss such items, however, without passing any resolutions concerning such items. If the General Meeting resolves to remove an item from the agenda, motions submitted in connection with the removed item are abandoned.

The Chairperson independently may not remove items from the announced agenda, change the order of individual items or proceed on matters of substance not included in the agenda. Following the presentation of each item included in the agenda, the Chairperson shall open the discussion, inviting speakers according to the order of their enlisting. The decision on closing the discussion shall be made by the Chairperson. Speakers may express their opinions only on items included in the agenda, referring to the currently discussed item. As regards formal matters, the Chairperson may give the floor to speakers outside the established sequence. Discussion on formal motions should be conducted directly after their submission. Having closed the discussion on formal motions, the Chairperson opens the General Meeting's voting on these items. Having exhausted the agenda, the Chairperson closes the General Meeting. Following the closing of the General Meeting, it no longer operates as a body of the Company and the participants of the General Meeting may not pass valid resolutions. Detailed rules of participation and execution of voting rights at the General Meeting as well as particular stages of the proceedings have been presented in the General Meeting Rules and the Company's Articles of Association, available at the Company's website.

K) The staff composition of the managing, supervisory and administrative bodies of the Issuer and any changes thereto during the previous financial year, along with a description of the activities and committees of the said bodies.

On 16 July 2014 the Supervisory Board of ATM S.A. adopted a resolution on the appointment of the Management Board for a new term of office without any changes in its composition, i.e. appointed Maciej Krzyżanowski to be the President of the Management Board and Tadeusz Czichon to be the Vice President of the Management Board. Maciej Krzyżanowski resigned from the office of President of the Management Board (also from the office of Member of the Management Board) of the Company as of 6 November 2014. On 6 November 2014 the Supervisory Board of the Company appointed Tadeusz Czichon, the former Vice President of the Management Board of ATM S.A., to the office of the President of the Management Board. Moreover, on 6 November 2014 the Supervisory Board of the Issuer appointed Jacek Krupa, the former Telecommunication Services Department Director of ATM S.A., to be the Vice President of the Management Board.

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

On 16 July 2014, the Ordinary General Meeting of the Company appointed the following persons as members of the Supervisory Board for the next term: Grzegorz Domagała, Sławomir Kamiński, Jacek Osowski, Mirosław Panek and Tomasz Tuchołka. Thus came to its end the previous term of office of the Supervisory Board composed of the following persons: Sławomir Kamiński, Tomasz Tuchołka, Grzegorz Domagała, Mirosław Panek and Marcin Wysocki.

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

The agenda of a Supervisory Board meeting may be suggested to the Chairman by other Board Members and by the Management Board, via email, not later than 7 days before the date of the Board meeting. The Supervisory Board adopts resolutions by absolute majority of votes of Members attending the meeting. In the event of equal split of votes, the Chairman's vote prevails. In the cases envisaged in the applicable corporate governance principles, a resolution should be passed only if it is supported by at least one independent Member of the Supervisory Board. Voting at the Supervisory Board meetings is open. On a justified request of at least one Supervisory Board Member or in cases required by the applicable law, the voting is secret. The Supervisory Board meetings shall be accessible and open to the Members of the Management Board, except for matters directly related to the Management Board or its Members. The Supervisory Board may invite to its meeting other persons who can provide the Board with required information. The minutes of Supervisory Board meetings are taken by a minutes secretary appointed by the Management Board and accepted by the Supervisory Board. The Supervisory Board may proceed without the minutes secretary. In such event, the minutes are kept by the person chairing the meeting. The minutes should be taken on an on-going basis during the proceedings and signed by the minutes secretary and all the attending Members immediately upon closing the meeting. In justified cases, Supervisory Board Members may sign the minutes at a later time. Pursuant to the Company's Articles of Association, the Supervisory Board may adopt resolutions in writing or by means of remote communication. In the event of adopting a resolution in writing, the resolution contents must be delivered to the Supervisory Board Members by e-mail or fax.

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

On 22 October 2014, at a meeting of the Supervisory Board the Audit Committee was appointed with the following composition: Mirosław Panek (Chairman of the Audit Committee), Jacek Osowski and Sławomir Kamiński. The tasks of the Audit Committee were previously performed jointly by the Supervisory Board of ATM S.A.

Warsaw, 20 March 2015

Tadeusz Czichon – President of the Management Board ....

Jacek Krupa – Vice President of the Management Board ....

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.

ATM S.A.

Opinion and Report of an Independent Chartered Accountant

For the financial year ended 31 December 2014

The opinion contains 3 pages; the supplementary report contains 11 pages; the opinion of an independent chartered accountant and the supplementary report on the audit of the financial statements for the financial year ended 31 December 2014.

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-057), Plac Dąbrowskiego 1, tel. + 48 22 115 66 96, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424

INDEPENDENT OPINION BY CHARTERED ACCOUNTANT

For the General Meeting of ATM S.A.

Opinion on the financial statements

We carried out an audit of the attached financial statements of ATM S.A. with its registered office in Warsaw, ul. Grochowska 21a (hereinafter referred to as the 'Company') consisting of the statement on the financial position as at 31 December 2014; the income statement, the total income statement, the statement of changes in equity, and the cash flow statement for the financial year then ended, as well as additional notes to the financial statements outlining the key accounting policies and other explanatory notes.

Responsibilities of the Management Board and the Supervisory Board

The Company's Management Board is responsible for the correctness of the accounting books as well as the preparation and fair presentation of the financial statement in accordance with the International Financial Reporting Standards approved by the European Union and with other applicable regulations, as well as the preparation of a report on the operations. The Company's Management Board is also responsible for such internal control as it considers necessary to ensure that the prepared financial statements are free from any misstatements, whether due to willful misconduct or error.

In accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2013 No 47 item 330 as amended) (the 'Accounting Act'), the Management Board and Members of the Supervisory Board are required to ensure that the financial statement and the report on the operations meet the requirements set out in the said Act.

Responsibility of the Chartered Accountant

Our task is to express our opinion on the financial statement and the accuracy of accounting books constituting the basis for the preparation thereof, based on the conducted audit. We have audited the financial statements in accordance with the provisions of Chapter 7 of the Accounting Act and Polish financial auditing standards issued by the National Chamber of Chartered Accountants These regulations oblige us to observe the principles of ethics as well as to plan and conduct the audit in such a way as to obtain reasonable assurance as to that the financial statements and accounting books which constituted the basis for the preparation of the financial statements are free from any material misstatements.

An audit involves performing procedures to obtain audit evidence concerning amounts and disclosures contained in the financial statements. When selecting audit procedures, we apply our professional judgement, also with respect to the evaluation of the risk of material irregularities in the financial statements due to willful misconduct or errors. When evaluating this risk, we take into account the internal control related to preparation of a true and fair presentation of the financial statements, in order to plan our audit procedures, adjusted to the existing circumstances rather than to express our opinion on the effectiveness of internal control efficiency in the entity. Our audit also includes an evaluation of appropriateness of the applied accounting policy, justification for the estimates made by the Management Board and an evaluation of overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements of ATM S.A. give a true and fair view of the material and financial position of the Company as at 31 December 2014, its financial performance and its cash flows for the financial year then ended; they were prepared in all

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material aspects in accordance with International Financial Reporting Standards approved by the European Union, comply with the laws and the Company's Articles of Association which affect the contents of the financial statements and were prepared, in all material aspects, on the basis of properly kept accounting books.

Other matters

Comparative data are presented on the basis of the financial statements of the Company for the financial year ended 31 December 2013, audited by another entity authorised to audit financial statements, which on 20 March 2014 issued an unqualified opinion on those financial statements.

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-057), Plac Dąbrowskiego 1, tel. + 48 22 115 66 96,
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Special explanations on other legal requirements and regulations

Report on the operations of the Company

In accordance with the requirements of the Accounting Act, we find that the report on the operations of the Company, in all material aspects, takes account of the information referred to in Article 49 of the Accounting Act and Regulation of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions for deeming equivalent the information required by the provisions of the law of a Non-Member State (Journal of Laws of 2014, item 133) and that such information is consistent with that presented in the financial statements.

On behalf of the Polska Grupa Audytorska Sp. z o.o. sp.k.
Registration No 3887
Plac Dąbrowskiego 1,
00-057 Warsaw

/illegible signature/
Maciej Kozysa
Key Chartered Accountant
Registration No 12005
General Partner’s Board Member

/illegible signature/
Kamil Walczuk
General Partner’s Board Member

20 March 2015

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-057), Plac Dąbrowskiego 1, tel. + 48 22 115 66 96,
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ATM S.A.

Supplementary report on the audit of the financial statements

For the financial year ended 31 December 2014

The supplementary report contains 11 pages

The Supplementary report on the audit of the financial statements for the financial year ended 31 December 2014.

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-057), Plac Dąbrowskiego 1, tel. + 48 22 115 66 96,
the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424

Table of Contents

1. General part of the report

1.1. Company identification data

1.1.1 Company name

ATM S.A.

1.1.2 Company registered office

ul. Grochowska 21a, 04-186 Warsaw

1.1.3 Registration (entry) in the National Court Register

Registry court:	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register
Date:	16 August 2001
Registry Number:	KRS 0000034947
Share capital as of the end of the reporting period	PLN 34,526,176.80

1.1.4 Company Manager

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

As at 31 December 2014, the Management Board of the Company was composed of:

- Tadeusz Czichon – President of the Management Board,
- Jacek Krupa – Vice President of the Management Board.

As of 6 November 2014, Maciej Krzyżanowski resigned from the office of President of the Management Board of the Company. According to the resolution of the Supervisory Board of 6 November 2014, Tadeusz Czichon was appointed to perform the function of the President of the Management Board. Moreover, on the same day the Supervisory Board of the Company appointed Jacek Krupa to perform the function of the Vice-President of the Management Board.

1.2. Identification of the key chartered accountant and the entity authorised to audit financial statements

1.2.1 Identification of the key chartered accountant

Name and surname: Maciej Kozysa

Registration number: 12005

1.2.2 Identification of the entity authorised to perform the audit:

Company: Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.

Address of the registered office: Pl. Dąbrowskiego 1, 00-057 Warsaw

Registry Number: KRS 0000064285

Registry court: District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register

NIP (Tax ID No): 9512373424

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. is entered in the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No 3887.

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

The financial statements for the financial year ended 31 December 2013 were audited by PKF Consult Sp. z o.o., an entity authorised to audit financial statements No 477 and received an unqualified opinion of the chartered accountant.

On 16 July 2014 the financial statements were approved by the General Meeting, which decided that the profit for the previous financial year amounting to PLN 3,871,570.15 would be allocated in its entirety to dividend payment.

The financial statements were filed with the Registry Court on 10 July 2014.

1.4. The scope of works and responsibilities

This report was prepared for the General Meeting of ATM S.A. with its registered office in Warsaw, at Grochowska 21a and concerns the financial statements consisting of the statement on the financial position as at 31 December 2014, the income statement, the total income statement, the statement of changes in equity, and the cash flow statement for the financial year then ended, as well as additional notes to the financial statements outlining the key accounting policies and other explanatory notes.

The audit of the financial statements was conducted in accordance with the agreement dated 18 June 2014, concluded on the basis of a resolution of the Supervisory Board dated 13 June 2014 concerning the appointment of the entity authorised to audit the financial statements.

We have audited the financial statements in accordance with the provisions of Chapter 7 of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, No 47, item 330, as amended) (‘Accounting Act’) and Polish financial auditing standards issued by the National Chamber of Chartered Accountants.

The audit of the financial statements was conducted in the Company in the period from 24 November to 26 November 2014 and in the period from 23 February to 3 March 2015.

The Company’s Management Board is responsible for the accuracy of the accounting books as well as the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards approved by the European Union and other applicable regulations, as well as the preparation of the report on operations.

Our responsibility was to express our opinion on these financial statements and the accuracy of accounting books constituting the basis for the preparation thereof, based on the conducted audit.

On the day of issue of this report, the Management Board of the Company submitted a statement on the reliability and clarity of the attached financial statements and on the lack of any events undisclosed in the financial statements, which materially affect the data presented in the financial statements for the audited year.

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

The scope of the planned and performed work has not been limited in any way. The scope and manner of the conducted audit results from the working documentation drafted by us, which is kept in the registered office of the entity authorised to audit financial statements.

The key chartered accountant and the authorised entity meet the requirement of independence from the audited Company within the meaning of Article 56, clauses 3 and 4 of the Act on statutory auditors and their council, entities authorised to audit financial statements and public supervision of 7 May 2009 (Journal of Laws of 2009, No 77, item 649, as amended).

2. Financial analysis of the Company

2.1. General analysis of the financial statements

2.1.1 Statement of financial position

ASSETS	31.12.2014 PLN thousand	of assets	31.12.2013* PLN thousand	% of assets
Fixed assets				
Tangible fixed assets	314,711	78.8	263,014	70.8
Intangible assets	4,081	1.0	5,101	1.4
Investments in associates and joint-ventures valued using the equity method	53,746	13.4	64,241	17.3
Other fixed assets	234	0.1	208	0.1
Total fixed assets	372,772	93.3	332,564	89.6
Current assets				
Inventories	1,352	0.3	1,511	0.4
Financial assets held for trading	206	0.1	453	0.1
Income tax receivables	57	-	2,060	0.5
Trade and other receivables	18,793	4.7	29,293	7.9
Cash and cash equivalents	3,527	0.9	1,129	0.3
Other current assets	2,921	0.7	4,324	1.2
Total current assets	26,856	6.7	38,770	10.4
TOTAL ASSETS	399,628	100.0	371,334	100.0

LIABILITIES	31.12.2014 PLN thousand	% of assets	31.12.2013* PLN thousand	% of assets
Equity				
Share capital	34,723	8.7	34,723	9.4
Share premium account	123,735	30.9	123,735	33.3
Other reserve capital	55,504	13.9	55,994	15.1
Retained earnings	20,724	5.2	21,652	5.8
Total equity	234,686	58.7	236,104	63.6
Liabilities				
Liabilities due to loans and credits	65,972	16.5	32,099	8.7
Long-term trade payables and other liabilities	17,536	4.4	19,443	
Other financial liabilities	11,284	2.8	14,724	4.0
Provision for deferred income tax	1,252	0.3	1,529	0.4
Total long-term liabilities	96,044	24.0	67,795	18.2
Liabilities due to loans and credits	48,545	12.1	29,544	8.0
Income tax liabilities	709	0.2	-	-
Trade payables and other liabilities	12,398	3.1	29,763	8.0
Other financial liabilities	7,246	1.8	8,128	2.2
Total short-term liabilities	68,898	17.3	67,435	18.2

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the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424

Total liabilities	164,942	41.3	135,230	36.4
TOTAL LIABILITIES	399,628	100.0	371,334	100.0

** Data restated. *) Balance-sheet liabilities as at 31 December 2013 and at 31 December 2014 take into account the relevant amounts including the share in financial result and in other total income of associated entities. Until 31 December 2013, the data was presented in consolidated statements of the Group.*

2.1.2 Total income statement

	1.01.2014 - 31.12.2014 PLN thousand	**% of sales revenue**	**1.01.2013 - 31.12.2013* PLN thousand**	**% of sales revenue**
CONTINUED OPERATIONS				
Sales revenue	154,464	100.0	170,332	100.0
[Own] Cost of sales (variable)	(80,793)	52.3	(93,343)	54.8
Sales margin	73,671	47.7	76,989	45.2
[Own] Cost of sales (fixed)	(25,378)	16.4	(22,972)	13.5
Gross profit on sales	48,293	31.3	54,017	31.7
Other operating income	380	0.2	267	0.2
Overhead costs	(26,489)	17.1	(26,408)	15.5
Other operating expenses	(612)	0.4	(1,789)	1.1
Operating profit	21,572	14.0	26,087	15.3
Financial revenues	0.0	0.0	599	0.4
Financial costs	(10,917)	7.1	(6,411)	3.8
Share in net profit of subordinated entities valued using the equity method	(395)	0.3	(2,563)	1.5
Profit before taxation	*10,300*	6.7	*17,712*	10.4
Income tax	*(2232)*	1.4	*(467)*	0.3
Net profit on continued operations	*8068*	5.2	*17,245*	10.1
DISCONTINUED OPERATIONS				
Net loss on discontinued operations	-	-	*(15,938)*	9.4
Net profit for the financial year	*8068*	5.2	*1307*	0.8

** Data restated. Until 31 December 2013, the data regarding share in other total income of associated entities was presented in the consolidated statement of total income.*

Net profit per share on continued operations		
Basic (PLN)	0.22	0.47
Diluted (PLN)	0.22	0.47
Continued and discontinued operations		
Basic profit (loss) per share (in PLN)	0.22	0.04
Diluted profit (loss) per share (in PLN)	0.22	0.04

Total income statement

	1.01.2014 - 31.12.2014 PLN thousand	% of net profit	1.01.2013 - 31.12.2013* PLN thousand	% of net profit
Profit/ (Loss) for the financial year	*8068.0*	*100.0*	*1307.0*	*100.0*
OTHER TOTAL INCOME				
Share in other total income of subordinated entities valued using the equity method	(5,163.0)	64.0	(1,562.0)	119.5
Other total net income for the financial year	***(5163.0)***	**64.0**	***(1562.0)***	**119.5**
Total comprehensive income	***2905.0***	***36.0***	***(255.0)***	***19.5***

** Data restated. Until 31 December 2013, the data regarding share in other total income of associated entities was presented in the consolidated statement of total income.*

2.2. Selected financial ratios

	2014	2013	2012
1. Net return on sales			
net profit x 100% / sales revenues	5.2%	0.8%	4.0%
2. Return on equity			
net profit x 100% / equity - net profit	3.6%	0.6%	3.1%
3. Receivables turnover			
average balance of trade receivables × 365 days / sales revenues	54 days	57 days	47 days
4. Debt ratio			
liabilities x 100% / total liabilities	41.3%	36.4%	34.7%
5. Liquidity ratio			
current assets / short-term liabilities	0.4	0.6	0.7

- Sales revenues include sales of products, goods and materials.
- Average gross trade receivables represent an arithmetic mean of trade receivables as of the opening balance sheet and the closing balance sheet, excluding revaluation write-downs.

3. Detailed part of the Report

3.1. Accounting system

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

During the audit of the financial statements we checked on a random basis the proper functioning of the accounting system.

In the course of the audit activities, we have not found any significant irregularities in the accounting system that had not been remedied and that could potentially have a significant influence on the audited Financial Statements. The audit was not intended to provide a comprehensive opinion on the operations of the accounting system.

The Company carried out the stocktaking of assets within the time periods specified in Article 26 of the Accounting Act, reconciled its results and recognised them in the accounting books.

3.2. Additional notes to the financial statements

The data contained in the additional notes to the financial statements, outlining the key accounting principles and other explanatory information are, in all material respects, complete and accurate. The said data is an integral part of the financial statements.

3.3. Report on the operations of the Company

The report on the operations of the Company, in all material respects, takes account of the information referred to in Article 49 of the Accounting Act and Regulation of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions for deeming equivalent the information required by the provisions of the law of a Non-Member State (Journal of Laws of 2014, item 133) and such information is consistent with that presented in the financial statements.

On behalf of the Polska Grupa Audytorska Sp. z o.o. sp.k.
Registration No 3887
Plac Dąbrowskiego 1,
00-057 Warsaw

/illegible signature/
Maciej Kozysa
Key Chartered Accountant
Registration No 12005
General Partner’s Board Member

/illegible signature/
Kamil Walczuk
General Partner’s Board Member

20 March 2015

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-057), Plac Dąbrowskiego 1, tel. + 48 22 115 66 96,
the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424