Annual report of ATM S.A. for the period from 1 January to 31 December 2015

Warsaw, March 2016

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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 the financial statements of 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 2015.

Submission date: 21 March 2016

Information on the Issuer:

Full name of the Issuer: ATM S.A.
Abbreviated name of the Issuer: ATM
Sector according to the Warsaw Stock Exchange classification: Information technology
Postal code: 04-186
City: Warsaw
Street: Grochowska
Number: 21a
Telephone: (22) 51 56 100
Fax: (22) 51 56 600
e-mail: inwestor@atm.com.pl
www: www.atm.com.pl
NIP (Tax ID No): 113-00-59-989
REGON (Statistical ID No): 012677986
Entity authorised 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/Madam,

I hereby present the financial statements for a year which failed to bring satisfactory results. However, the profound transformation undertaken by the company, the company's potential, market opportunities, as well as ambitions and determination of the new management and the entire team at ATM S.A. will certainly create conditions in which the company will reach a growth rate adequate to its unique abilities and investors' expectations.

In 2015, we did not record an improvement in any key business item of ATM S.A. as compared with 2014: revenue and EBITDA declined, while costs and debt increased. This resulted, to a large extent, from a downward trend in one-off sales of telecommunication infrastructure that has been observed for a couple of years. There was also a continued erosion of unit prices of telecommunications services, which was reflected in the sales margin in this segment of services. The efficiency of sales processes was not enough to make up for these developments and the attempts to offset them by launching sales of value-added services (VAS) or entering foreign markets were not effective and resulted in increased costs.

In 2015 and in previous years, ATM S.A. — with the efforts of investors, management and employees of the company — gained an excellent starting position to become a leader, not only in Poland, but also in its region in Europe (e.g. in countries of the CEE (Central & Eastern Europe) region). It is high time this accumulated potential was released. Changes in the Management Board of the company (the President), its senior management team (Chief Financial Officer) and on the operational management level (Directors of certain Departments) commenced in December 2015 are aimed at balancing the company's profile, so that ATM S.A. will built not only on its excellent reputation as a high tech company and its great infrastructure in the Data Center area, as well as extraordinary competences of its engineers. "Active Sales" will now become the second pillar of the company. The time for investments and extension of the Data Center is over. Now it is time for active sales, including intense commercialisation of collocation space. Active sales become the highest priority for the entire organisation. To misquote the words said by Bill Clinton during his victorious presidential campaign in 1992 ("The economy, stupid!"), we ought to say: "THE BUSINESS, STUPID!".

The adverse trends will start to reverse in 2016. As the sales process cycle lasts 3–6 months and the process of implementation of contracted services takes approx. 3 months, the financial effects of the changes being currently implemented will become visible in H2 or, more evidently, in Q4 2016. Therefore, the year 2016 is a time of cautious growth and building solid foundations for a dynamic development of the company in 2017 and thereafter.

This report reaches you 112 days after I took up the position of President of the Management Board of ATM S.A. During this time, the company has undergone a thorough transformation (which does not stop here), enabling the above deep business reorientation. This month, we have completed the implementation of the "100 days plan", which proves that goals associated with the "new ATM" are not only a plan, but also become a reality.

The said "100 days plan" in the first place provides for fundamental changes in the sales process. We are introducing a system for setting and monitoring goals in the Department of Sales, KPI, forecasting, pipeline management; the incentive scheme for sales representatives has been adjusted to this system. This was accompanied by appropriate personnel and organisational changes. The "sales machine" ("sales engine" powering the business of the entire company) built in such a manner is much more effective in generating organic sales. In addition to recurring, increasingly productive organic sales forming the foundation of ATM S.A.'s business activities, the company expects signing larger contracts which may be an additional bonus for the planned level of sales and revenue. A great effort is put into winning such contracts not only by a dedicated team of sales representatives, but also by the company's management. The entire management team of ATM S.A. is involved in generating such "manager deals": from the President and Vice-President of the Management Board, through key directors, to all managers in the company, irrespective of their operational responsibilities.

Given the inertia inherent in the sales process, certain costs have already been reduced in 2016 to improve the level of EBITDA. This applies, in the first place, to remuneration costs — through staff reduction, cuts in salaries or improving the flexibility of salaries by increasing the share of variable remuneration. During the year, we will also reduce other fixed costs, outsourcing this task to a “cost cutter” company. We expect that the outcome will be similar to the one achieved in the case of remuneration. Additionally, we have introduced internal procedures aimed at tightening the control of expenditure (OPEX and CAPEX).

Due to the fact that the above immediate reserves available within the company have a considerable potential, are most obvious and can be released within the shortest time frame, they naturally become a priority for the coming months. However, we are undertaking more forward-looking actions.

The company is entering new markets or more actively exploiting those markets where its presence has been less prominent. We will pay particular attention to the following segments: public, finances and integrators. Please note the following example that quantifies the effectiveness of changes introduced: in 2015, 69 public tenders were conducted in Poland, containing the Telco or DC component and subject to the Public Procurement Law, with the total value exceeding PLN 51 million. ATM participated in proceedings whose value did not exceed 2% of the above amount. In February 2016, after just 48 days of the year, ATM S.A. did more in this area than in the entire 2015, and the company’s activities in the public segment can be objectively assessed as highly efficient.

The company firmly pursues a policy under which we prefer that our key suppliers (ideally — all of them) use ATM’s services. As ATM is a significant customer of, among other entities, banks, IT infrastructure providers or energy companies, such “reversed sales” can become a significant source of new revenue.

Indirect sales (through partners) can be a low-cost driver of additional revenue. The key here is the quality and intensity of ATM’s care for the partners, rather than the number of partner contracts signed.

The momentum that can be given to ATM’s “sales machine” depends on, among other factors, the number and quality of leads, i.e. contracts being won, that our organisation is able to generate. This will be the objective pursued in ATM’s marketing activities in the area of traditional marketing, currently launched Internet marketing and public relations efforts, including participation in conferences, seminars or panels. Our absolute priority will be the generation of leads, followed by building and improving brand awareness.

We will effectively implement the most efficient concepts that were included in ATM’s strategy published in March 2015 but that have not yet brought any noticeable results. This applies in particular to ATM’s expansion into foreign markets and sales of VAS services. It is not the multiplication of further ideas that can make a difference in this respect, but focusing on the priority ones, as well as consistent and effective implementation of the most promising ones.

In a slightly longer business perspective, i.e. in the years 2016–2020, I recognise a very strong potential which, in particular, will enable ATM to consolidate its leading position in the Data Processing Center market, where the strategic goal is the growth of ATM’s value for the investors. My assessment is that in the years 2016–2020 we will have a very favourable combination of business conditions supporting ATM’s operations not only in Poland, but also in the region (CEE and DACH). The company has a potential to exploit this unique market momentum and propose an appropriate strategic response — a business plan — in relation to the trends and developments existing and emerging in its environment. The forthcoming market consolidation (not only in the local, Polish context), transformation of services from a simple collocation towards XaaS, Cloud or BPO, digitisation of the public sector, persistent fragmentation of the market, or technological developments such as the growing significance of IoT or Big Data, create both challenges and huge opportunities for ATM.

In the first place, the key factor should be the construction of a “sales engine” standing out in our industry in terms of effectiveness and driving the business of the entire company, i.e. sales efficiency (measured by, among others, the ability to generate leads, duration of the sales cycle or a quality parameter, i.e. the so-called conversion rate). Other factors should include the ability to quickly adopt new products appearing in the market (plug-in business architecture), transform our product offer towards XaaS, Cloud or BPO, or finally the ability to acquire selected market players (on the “cherry picking” basis), so that ATM will be able to act as a subject, and not only as an object, in the upcoming market consolidation process.

I am convinced that the fundamental transformation of ATM S.A. from a “high-tech” organisation into a company balanced by a second pillar called “Active Sales” will allow us to quickly commercialise the available collocation space. We are a leader of the DC market and a significant telecommunications operator, we have a state-of-the-art “Data Center town” at our disposal, we stand in the face of real and growing market needs in terms of collecting, processing and transferring data and, finally, we operate in a still quite passive competitive environment, in particular with regard to foreign operators who are not particularly engaged in Poland. All this — in the coming months and years — creates a clear window of opportunity for ATM S.A. Now is our time and we are capable of making the most of it.

Sincerely yours,

Dariusz Terlecki
President of the Management Board

SELECTED FINANCIAL DATA

	in PLN thousand		in EUR thousand	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Total sales revenue	131,483	154,464	31,419	36,871
Revenue from core operating segments *	123,815	125,398	29,587	29,933
Sales margin	68,174	73,671	16,291	17,586
EBITDA	35,569	43,386	8,500	10,357
Operating profit	12,272	21,572	2,933	5,149
Profit before tax	8,782	10,300	2,099	2,459
Net profit on continued operations	5,640	8,068	1,348	1,926
Comprehensive income	4,381	2,905	1,047	693
Net cash from operating activities	43,416	44,102	10,375	10,527
Net cash from investing activities	(34,480)	(85,594)	(8,240)	(20,432)
Net cash from financing activities	(10,646)	43,890	(2,544)	10,477
Increase (decrease) in cash	(1,710)	2,398	(409)	572

	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Fixed assets	388,367	372,772	91,134	87,458
Current assets	19,078	26,855	4,477	6,301
Total assets	407,445	399,628	95,611	93,759
Long-term liabilities	102,031	96,044	23,943	22,533
Short-term liabilities	73,615	68,897	17,274	16,164
Equity	231,799	234,686	54,394	55,061
Share capital **	34,723	34,723	8,148	8,147
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.38	6.46	1.50	1.52

**) Data concerning operating segments for 2014 were restated to maintain comparability (the current division into segments was introduced in the Semi-annual Report for the first half of 2015)*

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

The above financial data as at 31 December 2015 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were converted at the average exchange rate of PLN/EUR 4.2615, published by the National Bank of Poland on 31 December 2015;
- individual items of the profit and loss account and the cash flow statement were converted at the exchange rates constituting the arithmetic mean of rates established by the National Bank of Poland on the last day of each month of the financial year (from 1 January to 31 December 2015), amounting to PLN/EUR 4.1848.

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

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

ATM S.A. FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015

INCOME STATEMENT

	NOTE	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Continued operations			
Sales revenue	3	131,483	154,464
of which: Revenue from core operating segments *		123,815	125,398
Cost of sales (variable)	4	63,309	80,794
Sales margin**		**68,174**	**73,671**
Cost of sales (fixed)	4	27,070	25,378
Gross profit (loss) on sales		**41,104**	**48,293**
Other operating revenue	5	1,156	380
General and administrative costs	4	28,593	26,489
Other operating expenses	6	1,395	611
Operating profit (loss)		**12,272**	**21,572**
Share in the financial result of entities valued using the equity method ***		858	(395)
Financial revenue	7	169	40
Financial expenses ****	8	4,517	10,917
Profit (loss) before tax		**8,782**	**10,300**
Income tax	9	3,142	2,232
Net profit (loss) on continued operations		**5,640**	**8,068**
Discontinued operations			
Net profit (loss) on discontinued operations		-	-
Net profit (loss)		**5,640**	**8,068**
Profit (loss) per share			
On continued operations:			
Ordinary		0.16	0.22
Diluted		0.16	0.22
On continued and discontinued operations:			
Ordinary		0.16	0.22
Diluted		0.16	0.22
EBITDA		**35,569**	**43,386**

NOTES:

*) Data concerning operating segments for 2014 were restated to maintain comparability (the current division into segments was introduced in the Semi-annual Report for the first half of 2015).

**) 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 (cost of goods sold, costs of subcontractors in the performance of services, materials 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. ATM S.A.’s share in the remaining part of changes in equity of this company is recognised as “Share in other comprehensive income of associated entities” of the Statement of Comprehensive Income presented below.

****) For 2014, this item includes a potential impairment write-down for shares of the associate — Linx Telecommunications B.V. made in Q4 of 2014 in the amount of PLN 4,937 thousand.

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

STATEMENT OF COMPREHENSIVE INCOME

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Net profit (loss)	**5,640**	**8,068**
Other comprehensive income that will not be reclassified to profit or loss	**(1,259)**	**(5,163)**
Results of revaluation of fixed assets	-	-
Actuarial gains or losses	-	-
Share in other comprehensive income of associated entities *	(1,259)	(5,163)
Income tax related to items that will not be reclassified	-	-
Other comprehensive 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 comprehensive income items	-	-
Total comprehensive income	**4,381**	**2,905**

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

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

STATEMENT OF FINANCIAL POSITION — ASSETS

	NOTE	End of period 31/12/2015	End of period 31/12/2014
Fixed assets		**388,367**	**372,772**
Goodwill		-	-
Intangible assets	11	2,939	4,081
Tangible fixed assets	12	331,825	314,711
Investments in associates consolidated using the equity method	13	53,346	53,746
Investments in subsidiaries	13	-	-
Deferred income tax assets	9	-	-
Other fixed assets	14	257	234
Current assets		**19,078**	**26,856**
Inventories	15	1,052	1,352
Financial assets held for trading	13	66	206
Trade and other receivables	16	13,452	18,793
Income tax receivables		57	58
Other current assets	17	2,634	2,920
Other financial receivables	17	-	-
Cash and cash equivalents	18	1,817	3,527
Total assets		**407,445**	**399,628**

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

STATEMENT OF FINANCIAL POSITION — EQUITY AND LIABILITIES

	NOTE	End of period 31/12/2015	End of period 31/12/2014
Equity		**231,799**	**234,686**
Share capital	19	34,723	34,723
Supplementary capital from share premium		123,735	123,735
Revaluation reserve		-	-
Treasury shares		-	-
Reserve capital		55,504	55,504
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	19	17,837	20,724
Long-term liabilities		**102,031**	**96,044**
Long-term loans and borrowings	20	71,473	65,972
Provision for deferred tax	9	3,673	1,252
Provisions for liabilities		-	-
Long-term trade and other liabilities	22	17,116	17,536
Other financial liabilities	24	9,769	11,284
Short-term liabilities		**73,615**	**68,898**
Bank loans and borrowings	20	49,627	48,545
Provisions for liabilities		-	-
Income tax liabilities		267	709
Trade and other liabilities	23	17,479	12,398
Other financial liabilities	24	6,242	7,246
of which: Dividends payable		**-**	**-**
Total equity and liabilities		**407,445**	**399,628**

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2015	**34,723**	**123,735**	**-**	**55,504**	**20,724**	**234,686**
Increases:						
Current period result	-	-	-	-	5,640	5,640
Share in other comprehensive income of associated entities	-	-	-	-	(1,259)	(1,259)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution — increase of the supplementary capital	-	-	-	-	799	799
Decreases:						
Profit distribution to be allocated to supplementary capital	-	-	-	-	799	799
Dividend pay-out	-	-	-	-	7,268	7,268
As at 31 December 2015	**34,723**	**123,735**	**-**	**55,504**	**17,837**	**231,799**

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

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2014	**34,723**	**123,735**	**-**	**55,994**	**21,652**	**236,104**
Increases:						
Current period result	-	-	-	-	8,068	8,068
Share in other comprehensive 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 supplementary capital	-	-	-	-	-	-
Dividend pay-out	-	-	-	489	3,872	4,361
As at 31 December 2014	**34,723**	**123,735**	**-**	**55,504**	**20,724**	**234,686**

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

CASH FLOW STATEMENT

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Operating activities	**43,416**	**44,102**
Profit (loss) before tax	8,782	10,300
Adjustments by items:	34,634	33,801
Share in the financial result of undertakings accounted for using the equity method	(858)	395
Amortisation and depreciation	23,297	21,814
Foreign exchange differences	(47)	57
Interest received	(2)	(3)
Interest paid	4,074	4,803
Dividends received	-	-
(Profit) loss on investing activities	117	5,243
Change in inventories	301	159
Change in receivables	5,341	10,500
Change in liabilities and provisions *	4,851	(9,235)
Change in other assets	286	1,407
Income tax paid	(1,164)	203
Other	(1,562)	(1,542)
Investing activities	**(34,480)**	**(85,594)**
Expenses on tangible fixed assets purchases	(39,507)	(90,278)
Expenses on financial assets purchases	-	-
Revenue from sale of tangible fixed assets	4,902	4,523
Repayments of long-term borrowings granted	139	247
Borrowings granted	-	-
Revenue from sales of financial assets	-	-
Interest received	-	-
Dividends received	-	-
Foreign exchange differences	(14)	(86)
Other	-	-
Financing activities	**(10,646)**	**43,890**
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	1,570	10,185
Proceeds from loans and borrowings	22,526	62,710
Repayments of loans and borrowings	(15,942)	(9,837)
Purchase of treasury shares	-	-
Payment of liabilities arising from finance leases	(7,520)	(10,035)
Dividends paid	(7,269)	(4,361)
Interest received	2	3
Interest paid	(4,074)	(4,803)
Other profit-sharing	-	-
Foreign exchange differences	61	29
Other (division adjustment)	-	-
Change in cash	**(1,710)**	**2,398**
Opening balance of cash	3,527	1,129
Closing balance of cash	**1,817**	**3,527**

* The item “Change in liabilities and provisions” does not comprise a change in liabilities in respect of investment purchases; the change in such liabilities is reported in the item “Expenses on tangible fixed assets purchases”.

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

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 Company's core business falls within the sector “Information Technology”. In the period covered by these financial statements, ATM S.A. provided data center and data transmission services for corporate clients.

As at 31 December 2015, the composition of the Management Board was as follows:

- Dariusz Terlecki — President of the Management Board
- Jacek Krupa — Vice-President of the Management Board.

As at 31 December 2015, the composition of the Supervisory Board was as follows:

- Mirosław Panek — Chairman of the Supervisory Board
- Kinga Stanisławska — Deputy Chairperson of the Supervisory Board
- Tadeusz Czichon — Member 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 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.
SIGNIFICANT ACCOUNTING POLICIES

The financial year is 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 as a going concern 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.

1. Declaration of compliance

The financial statements of ATM S.A. for the period ending on 31 December 2015 and comparable data for the financial year ending on 31 December 2014 have been prepared in accordance with International Financial Reporting Standards, as approved by the European Union.

2. Adoption of International Financial Reporting Standards

Early application 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 early.

New standards and interpretations that have been published but are not applicable yet

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 2015:

IFRS 9 Financial Instruments (with updates)	Change in classification and measurement – replacing the existing categories of financial instruments with two categories: measured at the amortised 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 2018
IFRS 16 Leases	The standard eliminates the differentiation between the operating lease and the finance lease. All contracts that comply with the definition of lease will be recognised, in principle, as finance lease.	1 January 2019
Amendments to IAS 12	Clarification of the method for the settlement of deferred tax assets on unrealised losses.	1 January 2017
Amendments to IAS 7	Initiative related to changes in the scope of disclosures.	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 IAS 28	Guidelines concerning sale or contribution of assets between an investor and its associate or joint venture.	Not specified
Amendments to IFRS 10, IFRS 12 and IAS 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 IAS 16 and IAS 38	Specification of standards to the effect that the depreciation method must not be based on revenue generated through the use of a given asset.	1 January 2016
Amendments to IAS 16 and IAS 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 defined benefit plans.	1 February 2015

Amendments to IAS 27	Application of the equity method in separate financial statements.	1 January 2016
Annual improvements to IFRS (2010-2012 cycle)	A set 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 (2012-2014 cycle)	A set 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 new IFRS 15 “Revenue from Contracts with Customers” is intended to unify the principles of revenue recognition (except for specific revenues regulated by other IFRS/IAS) and indicate disclosure requirements. Adoption of the standard may cause changes in the Company’s revenue recognition. Analysis of the impact of IFRS 15 has not been completed yet, nonetheless preliminary evaluation indicates that the standard should not have significant influence on the Company’s future financial statements.

The new IFRS 16 “Leases” changes the principles for the recognition of contracts which meet the criteria of a lease. The main change is to eliminate the classification of leases as either operating leases or finance leases. All contracts that comply with the definition of lease will be recognised, in principle, as finance lease. Adoption of the standard will have the following effect:

- in the statement of financial position: increase of non-financial fixed assets and financial liabilities,
- in the statement of comprehensive income: decrease of operating expenses (other than depreciation/amortisation), increase of depreciation/amortisation and financial expenses.

Amendments to standards and interpretations of the IFRS that entered into force in the period from 1 January 2015 to the date of approval of these separate financial statements for publication did not have a significant influence on these separate financial statements.

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 finalised 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 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 recognised in the period in which they have been changed, if they concern this period only, or also in subsequent periods.

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

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.

Moreover, the Company — in accordance with IAS 28, 36 and 39 — conducts periodical verification whether there are any indications of possible impairment of the investment in shares of an associate. If such indications exists, the Company conducts an impairment test (the value in use of the Issuer's shares in the associate is estimated).

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 recognised at acquisition price or cost of production.

Intangible assets created as a result of development works are recognised 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 recognised as cost in the profit and loss account on the date it is incurred, under general and administrative costs.

Expenditure incurred in order to obtain perpetual land usufruct rights is also included in intangible assets. Perpetual usufruct of land is 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 recognised as intangible assets and are amortised over the contractual period during which the entity can use such rights.

Rates adopted for amortisation 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 amortised using the diminishing balance method. Useful lives for individual intangible assets are as follows:

obtained perpetual usufruct rights	100 years
software licenses	2 years
development work	3–5 years

trademarks	5 years
copyrights	5 years

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

As at the balance sheet date, intangibles are valued at cost less amortisation 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 construction of fixed assets (advance payments).

Fixed assets and fixed assets under construction are initially recognised 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 recognised as separate fixed asset items.

Fixed assets under construction for production, rental or administrative purposes, as well as for purposes not yet specified are recognised in the financial statements at cost of production less impairment write-downs. Production cost includes charges and, for specific assets, borrowing costs capitalised 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 on an annual basis. Fixed assets are depreciated using the diminishing 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 in the secondary market, they are recognised 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 recognised 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. Reclassification in and out of financial assets measured at fair value through profit and loss 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 recognised at fair value, while transaction costs are recognised directly in the profit and loss account. Gains and losses resulting from changes the in fair value are recognised in the profit and loss account in the period in which they occurred.

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 amortised cost with the effective interest rate method.

Receivables are initially recognised 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 recognised.

As at the balance sheet date, trade receivables are measured at their amortised 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 for which 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 recognised in accounting records and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section.

Receivables whose maturity exceeds 12 months are recognised 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 amortised 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 recognised in the profit and loss account using the effective interest rate method. Dividends related to financial assets available for sale are recognised in the profit and loss account on the date when the Company's rights to receive payment are established. All other fair value movements are recognised in equity. On the sale or expiry of these assets, the valuation effects included in equity are recognised in the profit and loss account.

All financial assets are derecognised 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 recognised as current assets unless their maturity exceeds 12 months from the balance sheet date; in this case, they are recognised as fixed assets.

Financial instruments and hedges

Financial instruments are recognised and measured at fair value on the balance sheet date. Methods for recognising gains and losses 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 lower of the purchase price or realisable sales price.

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 years10%
    - goods remaining in warehouse from 2 to 3 years 30%
    - goods remaining in warehouse from 3 to 4 years 50%
    - goods remaining in warehouse for more than 5 years100%
- materials inventories:
    - the value of materials is recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised at amortised cost using the effective interest rate method. Authorised 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 recognised 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 recognised 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 recognised. On the balance sheet date, liabilities are measured at amortised cost and recognised 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 recognised in books and valued on the balance sheet date according to the principles described in the “Foreign Currency Transactions” section.

Provisions

Provisions are established where the Company is under a legal or constructive obligation resulting from past events and where it is probable that the settlement of this obligation will necessitate an outflow of resources constituting economic benefits and where the amount of this obligation can be reliably estimated, but the amount of this obligation or the date when it becomes due are not certain. Where the effect of the value of money in time is material, the amount of provision is determined through the discounting of forecast future cash flows to present value, with the use of a 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 recognised as borrowing costs.

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

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

As 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 labour 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 recognised in the financial statements.

Foreign currency transactions

Economic operations expressed in foreign currencies are recognised 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 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 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 core (operating) activity are recognised 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 2015
EUR	4.2623	4.2615
USD	3.5072	3.9011

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 recognised as financial expenses in the profit and loss account.

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

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

Goodwill and intangibles in the development process are tested for impairment on an annual basis.

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 recognised in previous periods. Impairment reversal is recognised as an 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 recognised at fair value of consideration received or due and represents amounts due for products, goods and services provided under ordinary business activities after the deduction of rebates, VAT and other sales-related taxes.

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

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

Revenue from the provision of services is recognised based on the stage of completion. Where the result of the service cannot be determined reliably, the revenue arising from it is recognised 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 recognised in the profit and loss account in the periods when the services in question are provided.

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

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

Borrowing costs

Borrowing costs directly related to the acquisition or production of assets which require more time in order to commission them for use are recognised 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 capitalisation.

Government subsidies

Subsidies are not recognised 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 recognised in the statement of financial position as financial liabilities and systematically recognised in the profit and loss account during the expected useful lives of these assets.

Other subsidies are systematically recognised in the revenue, in the period necessary to compensate the expenses which the subsidies were supposed 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 recognised in the profit and loss account in the period in which they are due.

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

Costs of employee benefits

Short-term employee benefits, including contributions to particular pension schemes, are recognised in the period in which the Company 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 such obligation can be made.

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

Liabilities for employee benefits are recognised 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 (tax base) for a given fiscal 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 carrying amount 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 recognised to the extent that it is probable that the future taxable profit will be decreased by the recognised negative temporary differences and tax losses or tax credits that can be utilised by the Company. The deferred tax asset or deferred tax provisions are not recognised where the temporary difference arises from the initial recognition of goodwill or from the initial recognition of another asset or liability in a transaction that does not affect either the taxable or the accounting profit.

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

Deferred tax is calculated using tax rates that will be applicable at the time when the asset is realised or the liability becomes due. Deferred tax is recognised in the profit and loss account, except for cases where it is related to items recognised 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 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 01/01–31/12/2015	For the period 01/01–31/12/2014
Revenue from sales of products	130,674	146,328
Revenue from sales of goods and materials	808	8,137
Total sales revenue	**131,483**	**154,464**
of which:		
- to related entities	323	811

Main products

For detailed description of products and revenue earned from such products, see item 1 of "Other information" in the Management Board's report on the Issuer's activities.

Operating segments

The operations of the Issuer are divided into two operating segments, which group together the basic categories of services provided by the Issuer:

- The Data Center Services Segment, including collocation services and other services relating to data center infrastructure (such as the leasing of dedicated servers, cloud computing services and backup office services);
- The Telecommunications Services Segment, including broadband data transmission services, telecommunications connection leasing services, Internet access services and voice services (ISDN and VoIP).

The column marked "Other" shows revenue obtained outside the core operating segments, including from the sale of services of an administrative nature. In 2014 this category included, among other things, revenue from the OST112 contract. The revenue in this category makes only a small (and decreasing) contribution to the overall profit on sales and does not represent a significant burden on the Company's fixed costs.

The allocation of fixed assets is based on identification of their actual use. For assets used by both segments, allocation is made based on indices. The value of the Issuer's shares in its associated company is shown in the column marked "Other".

Variable costs of sales, costs of depreciation and amortisation, as well as remuneration of employees in the organisational units responsible for the performance of services are allocated to segments according to their direct relationship. Other operating costs are allocated to the appropriate segments proportionally to revenue or to costs of remuneration.

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

Company's results broken down by operating segment in the period from 1 January 2015 to 31 December 2015:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**168,336**	**165,218**	**54,813**	**388,367**
Sales revenue	49,240	74,575	7,668	131,483
of which: sales associated with data center services		21,120		21,120
Cost of sales (variable)	16,005	40,455	6,848	63,308
Sales margin	33,234	34,120	820	68,174
Fixed costs	23,329	31,050	1,285	55,663
of which: depreciation and amortisation	11,583	10,443	1,271	23,297
Other net operating revenue and costs	662	(503)	(397)	(238)
Operating profit (loss)	**10,569**	**2,567**	**(862)**	**12,272**
EBITDA	**22,152**	**13,009**	**408**	**35,569**
Net financial revenue and expenses				(3,491)
Profit (loss) before tax				**8,782**
Income tax				3,142
Net profit (loss)				**5,640**

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

Company's results broken down by operating segment in the period from 1 January 2014 to 31 December 2014 (data restated to maintain comparability):

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**146,888**	**169,623**	**56,261**	**372,772**
Sales revenue	43,238	82,160	29,066	154,464
of which: sales associated with data center services		20,318		20,318
Cost of sales (variable)	13,655	40,048	27,090	80,794
Sales margin	29,583	42,111	1,975	73,670
Fixed costs	20,060	31,163	644	51,867
of which: depreciation and amortisation	10,450	10,730	634	21,814
Other net operating revenue and costs	(78)	(153)		(231)
Operating profit (loss)	**9,447**	**10,795**	**1,331**	**21,572**
EBITDA	**19,897**	**21,525**	**1,964**	**43,386**
Net financial revenue and expenses				(11,272)
Profit (loss) before tax				**10,300**
Income tax				2,232
Net profit (loss)				**8,068**

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

Geographical segments as at 31 December 2015 and 2014

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Domestic customers	117,536	142,610
Foreign customers	13,946	11,854
Total sales revenue	**131,483**	**154,464**

In the above table, the item “foreign customers” includes only sales to customers registered outside Poland. This category does not include sales to foreign users for whom services are provided through a Polish-registered entity.

NOTE 4.
OPERATING COSTS

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Cost of sales (fixed)	27,070	25,378
Cost of sales (variable)	63,308	80,794
Selling costs	-	-
General and administrative costs	28,593	26,489
Total costs related to core business	**118,972**	**132,661**
of which:		
Amortisation and depreciation	23,297	21,814
Adjustment by received subsidies to fixed assets	(1,550)	(1,542)
Materials and energy consumption	13,612	12,085
External services	55,169	76,111
Taxes and fees	1,239	941
Payroll	21,132	17,375
Employee benefits	4,192	3,265
Other	1,610	1,693
Value of goods and materials sold	272	918
	118,972	**132,661**
Change in products	-	-
	118,972	**132,661**

The depreciation of tangible fixed assets is based on the principles described in Note 2. Write-downs on 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 recognised in the profit and loss account as part of the cost of goods sold.

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

Employee expenses

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Payroll	20,592	17,359
Social security costs	4,138	2,815
Costs of retirement benefits	-	2
Other post-employment benefits	36	14
Contributions to the Company Social Benefits Fund (ZFŚS)	53	61
Other employee benefits	504	389
	25,323	**20,640**

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 security 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 2015 and 2014, those contributions amounted to 19.48% and 19.74%, respectively, of the contribution calculation base determined pursuant to applicable laws.

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

ATM S.A. is obliged to establish the Company Social Benefit Fund (ZFŚS). Contributions to this fund are recognised as the Company's operating expenses and cash allocated to this fund has to be blocked in a separate bank account. In the financial statements, the fund's 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 2015 and 31 December 2014, the Company Social Benefit Fund amounted to PLN 50 thousand and PLN 76 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 01/01–31/12/2015	For the period 01/01–31/12/2014
Costs included directly in costs related to core business	-	-
Amortisation costs related to deferred costs of development works	1,352	966
	1,352	**966**

Costs of development works are recognised as intangible assets upon fulfilling the conditions and principles described in Note 2. Amortisation of capitalised costs of development works is included in general and administrative costs. Costs incurred in the research work stage and expenditure that does not meet the conditions required in order to be recognised as assets are directly charged to Company operating expenses as general and administrative costs.

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

NOTE 5.
OTHER OPERATING REVENUE

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Gain on disposal of fixed assets	-	-
Reversal of receivables revaluation write-downs	111	20
Compensations received	1,021	28
Subsidies received (not related to fixed assets)	-	-
Other	25	331
Total	**1,157**	**380**

Revenue and gains that are not directly related to the Company operations are classified as other operating revenue. This category includes subsidies received, gain on disposal of tangible fixed assets, compensation received as reimbursement of court fees, overpaid tax liabilities (except for corporate income tax) and compensation received for losses regarding the Company's insured property.

Other operating revenue also includes reversals of revaluation write-downs on receivables and inventories, as well as write-downs related to tangible fixed assets impairment.

NOTE 6.
OTHER OPERATING EXPENSES

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Loss on disposal and liquidation of fixed assets	7	43
Revaluation write-downs on receivables	825	209
Revaluation write-downs on fixed assets	92	107
Donations given	8	8
Fines and penalties paid	-	-
Litigation expenses	-	-
Valuation of the incentive scheme	-	38
Other	463	205
Total	**1,395**	**611**

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 disposal 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.

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

NOTE 7.
FINANCIAL REVENUE

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Dividends received and other revenue from shares in profits of legal persons	-	-
Interest on bank deposits	8	19
Interest on deferred and overdue payments	36	18
Interest on borrowings	2	3
Gain on disposal of investments	-	-
Other	123	-
Total	**168**	**40**

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 01/01–31/12/2015	For the period 01/01–31/12/2014
Interest and fees on bank loans	3,083	2,384
Interest on instalment purchases	57	1,121
Interest on overdue payments	20	125
FX losses	42	57
Finance lease costs	934	1,298
Revaluation of financial assets	-	4,937
Valuation of financial instruments	156	902
Other	225	93
Total	**4,517**	**10,917**

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 detail in Note 13.

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

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

For the period 01/01–31/12/2015	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						(156)		(156)
Income/expenses under fair value measurement transferred from equity								-
Interest income/expenses					45		(3,159)	(3,114)
Interest income concerning impaired assets								-
Reversal of revaluation write-downs								-
FX gains/losses							(42)	(42)
Gains/losses on disposal of financial instruments								-
Costs of derivatives execution								-
Other: including finance lease costs					123		(1,159)	(1,036)
Total gain/loss					**168**	**(156)**	**(4,361)**	**(4,349)**

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

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)
Reversal of revaluation write-downs								-
FX gains/losses							(57)	(57)
Gains/losses on disposal of financial instruments								-
Costs of derivatives execution								-
Other: including finance lease costs							(1,391)	(1,391)
Total gain/loss	**(4,937)**				**40**	**(902)**	**(5,078)**	**(10,877)**

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

NOTE 9.
INCOME TAX

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Statutory tax rate	19%	19%
Current income tax	**722**	**2,509**
Current tax expense	722	2,509
Adjustments concerning previous years	-	-
Deferred income tax	**2,420**	**(277)**
Relating to the occurrence and reversal of temporary differences	2,420	(277)
Relating to change in the tax rate	**-**	**-**
Tax expense reported in the profit and loss account	**3,142**	**2,232**

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.

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 01/01–31/12/2015	For the period 01/01–31/12/2014
Gross result before taxation	8,782	10,300
Statutory tax rate	19%	19%
Tax at the tax rate	**1,669**	**1,957**
Permanent and other differences	**1,473**	**275**
Tax according to the income statement	**3,142**	**2,232**

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 2015 and 31 December 2014 results from the items shown in the table below.

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

	Statement of financial position		Statement of comprehensive income	
	End of period 31/12/2015	End of period 31/12/2014	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Deferred tax provision				
Difference between the carrying amount and tax value of tangible fixed assets	6,642	4,166	2,476	1,490
Recognised service revenue	12	52	(40)	(349)
Receivable compensation	-	-	-	1
Accrued interest	6	6	-	-
Valuation of financial instruments	-	-	-	-
Subsidies received — settlement	-	-	-	(4)
FX gains	-	-	-	-
Provision for deferred tax acquired as a result of a business combination	-	-	-	-
Gross deferred tax provision	**6,660**	**4,224**	**2,436**	**1,138**
Deferred tax assets				
Valuation of financial instruments	-	-	-	-
Difference between the carrying amount and tax value of tangible fixed assets	-	-	-	-
Deferred payment revenue	-	-	-	-
Revenue settled over time	-	-	-	-
Inventories write-downs	487	150	(337)	8
Receivables write-downs	225	126	(99)	1
Write-downs on financial assets	1,928	1,851	(77)	(1,851)
Provisions for service expenses	-	185	185	105
Provisions for employee benefits	-	-	-	-
FX losses	-	-	-	-
Liabilities to the Social Insurance Institution (ZUS)	-	-	-	-
Liabilities to employees	-	-	-	-
Deferred income/expenses and accruals	200	-	(200)	-
Subsidies received	-	-	-	-
Effects of IRS valuation	147	281	134	(43)
Recognised interest	-	11	11	-
Tax losses to be deducted	-	367	367	367
Deferred tax assets acquired through a business combination	-	-	-	-
Gross deferred tax assets	**2,987**	**2,971**	**(16)**	**(1,413)**
Net tax assets (tax provision)	**(3,673)**	**(1,253)**		
Deferred income tax charge against profit			**2,420**	**(275)**

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

NOTE 10.
EARNINGS PER SHARE AND DIVIDENDS

	For the period 01/01–31/12/2015	For the period 01/01–31/12/2014
Weighted average number of shares	36,343,344	36,343,344
Net profit for 12 months (in PLN thousand)	5,640	8,068
Net earnings per share (PLN)	0.16	0.22
Diluted net earnings per share (PLN)	0.16	0.22

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

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

Dividends paid and declared

On 21 May 2015, the Ordinary General Meeting of the Company adopted a resolution, in accordance with the Management Board's recommendation, allocating the amount of PLN 7,268,668.80 to the payment of dividend (corresponding to PLN 0.20 per share). At the same time, the General Meeting set the dividend date at 15 July 2015, and also set the following dividend payment dates:

- 30 July 2015 — the amount of PLN 1,817,167.20, i.e. PLN 0.05 per share,
- 15 December 2015 — the amount of PLN 5,451,501.60, i.e. PLN 0.15 per share.

The above instalments were paid on the indicated dates.

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 2015.

NOTE 11.
INTANGIBLE ASSETS

	End of period 31/12/2015	End of period 31/12/2014
Goodwill	-	-
Costs of completed development works	88	1,440
Concessions and licenses	2,851	2,641
Perpetual usufruct rights	-	-
Other intangible assets	-	-
	2,939	**4,081**

Development works are recognised as assets and amortised based on the principles described in Note 2.

In 2015, 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 2015, there were no impairment write-downs concerning intangibles.

There were no intangible assets whose legal ownership is subject to restrictions or pledged as collateral.

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

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

Changes in the amount of intangible assets during the period from 1 January to 31 December 2015

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
As at 1 January 2015	**7,499**	**8,950**	**-**	**-**	**16,449**
Increases:					
- acquisition	-	1,257	-	-	1,257
Decreases:					
- sales	-	-	-	-	-
- liquidation	-	16	-	-	16
- transfers	-	-	-	-	-
- transfer between companies	-	-	-	-	-
As at 31 December 2015	**7,499**	**10,191**	**-**	**-**	**17,690**
Accumulated amortisation					
As at 1 January 2015	**6,059**	**6,309**	**-**	**-**	**12,368**
Increases:					
- amortisation	1,352	1,047	-	-	2,399
- acquired in a business combination	-	-	-	-	-
Decreases:					
- sales and liquidation	-	16	-	-	16
- transfers	-	-	-	-	-
- transfer between companies	-	-	-	-	-
As at 31 December 2015	**7,411**	**7,340**	**-**	**-**	**14,751**
Net as at 1 January 2015	**1,440**	**2,641**	**-**	**-**	**4,081**
Net as at 31 December 2015	**88**	**2,851**	**-**	**-**	**2,939**

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**

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

Accumulated amortisation					
As at 1 January 2014	**6,216**	**7,960**	**-**	**-**	**14,176**
Increases:					
- amortisation	966	989	-	-	1,955
- acquired in a business combination	-	-	-	-	-
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**

NOTE 12.
FIXED ASSETS

	End of period 31/12/2015	End of period 31/12/2014
Fixed assets	**327,837**	**282,101**
Land	40,934	40,934
Buildings and structures	210,603	178,558
Machinery and equipment	73,996	60,283
Vehicles	1,958	2,253
Other	346	73
Fixed assets under construction	**3,988**	**32,609**
Advances for fixed assets under construction	**-**	**-**
Total fixed assets	**331,825**	**314,710**
of which:		
Fixed assets used under finance lease agreements	20,763	23,528

In 2015, the amount of fee for the conversion of the right of perpetual usufruct into the ownership of land covered by de minimis aid was recognised in the “Land” item.

The “Buildings and structures” item includes investments in data centers and fibre-optic networks.

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

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

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 leases has been disclosed in Note 25.

As at 31 December 2015, there were no impairment write-downs on 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 393 thousand,

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

- a group of fixed assets, on which registered pledge was established for Bank Millennium S.A. (investment loan) in the amount of PLN 4,570 thousand,

- a group of fixed assets, on which registered pledge was established for BGŻ BNP Paribas S.A. (investment loan) in the amount of PLN 8,213 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 fixed assets from 1 January to 31 December 2015

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross value						
As at 1 January 2015	**40,934**	**221,448**	**124,600**	**4,842**	**176**	**392,000**
Increases:						
- acquisition	-	40,489	21,844	-	321	62,654
- other (including finance lease)	-	88	4,465	261	-	4,814
Decreases:						
- sales	-	56	494	439	-	989
- liquidation	-	-	187	89	2	278
As at 31 December 2015	**40,934**	**261,969**	**150,228**	**4,575**	**495**	**458,201**
Accumulated depreciation						
As at 1 January 2015	**-**	**42,890**	**64,317**	**2,589**	**103**	**109,899**
Increases:						
- depreciation	-	8,489	12,277	314	48	21,128
Decreases:						
- sales and liquidation	-	13	362	286	2	663
As at 31 December 2015	**-**	**51,366**	**76,232**	**2,617**	**149**	**130,364**
Net as at 31 December 2015	**40,934**	**210,603**	**73,996**	**1,958**	**346**	**327,837**

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

Changes in 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**
Accumulated depreciation						
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**

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 31/12/2015	End of period 31/12/2014
Shares in other undertakings	63,487	63,487
(-) impairment write-downs/write-downs due to revaluation using the equity method	(10,141)	(9,741)
	53,346	**53,746**

No	Name	Registered office	Scope of activity of the enterprise	Type of relationship	Consolidation method	Takeover date	Value of shares at acquisition price	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	53,346	21		21.02

as at the end of 2015	Linx Telecommunications B.V.
I. Entity's equity, of which:	**99,762**
1. share capital	558
2. called up share capital	-
3. supplementary capital	239,671
4. other equity, of which:	(140,467)
- profit (loss) from previous years and other comprehensive income of the current period	(144,551)
- net profit (loss)	4,084

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

At the end of 2014, the Issuer concluded that there were grounds specified in IAS 39 indicating the possibility of 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 (PLN 10.5 million less than at the end of 2013).

Due to the continued uncertainty and increased political and economic risk in Russia, which resulted in, among others, fluctuation of the EUR/RUB exchange rate throughout 2015, as well as taking into account the update of financial projections (budget) completed by Linx at the end of 2015, the Issuer carried out another test for the impairment of shares in Linx (in accordance with IAS 36) — this time as at 31 December 2015. The analysis did not indicate any material difference between the value in use of the Issuer's shares in Linx and their carrying amount.

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

- The valuation model is based on discounted income.
- The results forecast of Linx is based on the budget for the years 2016–2017, prepared by the Management Board of Linx, and on forecasts for the company for the years 2018–2020 that assume, in particular (for the most probable, baseline scenario):
    - Average annual revenue growth of 11% for 2016–2020
    - Gradual decrease in sales profitability during the forecast period (from 58% in 2015 to 54% in 2020)
    - Average annual growth of general and administrative costs and selling costs of 5% for 2016–2020
    - Average annual EBITDA growth of 16% for 2016–2020
- The pricing was prepared as at 31 December 2015 using the average EUR/PLN exchange rate at that date, i.e. 4.2615.
- The pricing was prepared on the basis of a detailed 5-year forecast.
- The growth rate in the residual period was determined at 1.7%.
- 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 2015 (projected profits denominated in EUR) 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 11.0%.
- 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 higher results than the valuation 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 may also change due to events related to Linx itself. Results generated by Linx in 2015 were similar to those assumed in the budget prepared by Linx at the end of 2014 and taken into account in the previous impairment test.

FINANCIAL ASSETS HELD FOR TRADING

	End of period 31/12/2015	End of period 31/12/2014
Loans granted to related entities	-	-
Loans granted to other entities	67	206
	67	**206**

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 31/12/2015	End of period 31/12/2014
Guarantee deposits	257	234
Trade receivables	-	-
Prepaid maintenance costs	-	-
Unearned financial income from instalment sales	-	-
	257	**234**

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 31/12/2015	End of period 31/12/2014
Materials	3,594	1,983
Production in progress	-	-
Finished products	-	-
Goods	24	129
Revaluation write-downs	(2,566)	(759)
	1,052	**1,352**

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 31/12/2015	End of period 31/12/2014
Trade receivables from related entities	49	165
Trade receivables from other entities	13,534	16,577
Tax receivables	-	2,006
Advances transferred	-	-
Other receivables	189	184
Receivables under litigation	865	525
Unearned financial income from instalment sales	-	-
Revaluation write-downs	(1,186)	(663)
	13,452	**18,793**

(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 and disputed receivables, including receivables under litigation.

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 31/12/2015	End of period 31/12/2014
current, of which:	**12,479**	**15,440**
from related entities	49	165
from related entities	12,430	15,275
overdue, of which:	**1,104**	**1,301**
from related entities	-	-
up to 180 days	-	-
180–360 days	-	-
over 360 days	-	-
from related entities	1,104	1,301
up to 180 days	537	742
180–360 days	149	230
over 360 days	418	330
Total trade receivables	**13,583**	**16,742**

Analysis of changes in write-downs on receivables

	End of period 31/12/2015	End of period 31/12/2014
Opening balance	663	667
Increases, of which:	695	128
- Recognition	695	128
Decreases, of which:	172	132
- Reversal	123	52
- Utilisation	50	80
Closing balance	**1,186**	**663**

Analysis of the ageing structure of receivables under litigation

	End of period 31/12/2015	End of period 31/12/2014
from related entities		
under 360 days	718	251
over 360 days	118	274
over 720 days	29	-
	865	**525**

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

NOTE 17.
OTHER CURRENT ASSETS

	End of period 31/12/2015	End of period 31/12/2014
Financial lease interest	-	-
Prepaid maintenance costs	484	398
Unrealised FX differences on lease agreements	-	-
Prepaid subscriptions, rent, insurance, etc.	151	444
Services of subcontractors related to future revenue	395	488
Recognised sales revenue	-	-
VAT deductions under bad debt relief	1,604	1,590
	2,634	**2,920**

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 31/12/2015	End of period 31/12/2014
Cash in hand	16	5
Cash at bank	1,222	870
Short-term deposits	578	2,652
	1,817	**3,527**

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 carrying amount.

NOTE 19.
EQUITY

	End of period 31/12/2015	End of period 31/12/2014
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)

Share capital

Registered share 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 the Company's Shareholders of 5 June 2008, an Incentive Scheme for 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 result for 2014 in the part attributable to ATM S.A. employees (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.'s share capital as at 31 December 2015 was as follows:

Shareholder	Number of shares 31/12/2015	%	Number of shares 31/12/2014	%
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych *	9,119,040	25.09%	9,119,040	25.09%
Nationale-Nederlanden **	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%
PKO BP Bankowy PTE *****	1,914,556	5.27%	1,531,771	4.21%
Other shareholders	10,274,849	28.27%	10,657,634	29.32%
	36,343,344	**100%**	**36,343,344**	**100%**

*) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who has been a Member of the Supervisory Board of ATM S.A. since 14 December 2015 (previously he was a Member of the Management Board of ATM S.A. for a number of years)

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

***) number of shares based on the notification dated 17 July 2014

****) jointly with his spouse

*****) number of shares as at 31 December 2015 based on the notification dated 8 May 2015, and as at 31 December 2014 based on the "Annual asset structure"

Reserve capital

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

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

Retained earnings

	End of period 31/12/2015	End of period 31/12/2014
Retained earnings from previous years, of which:		
Statutory supplementary capital	12,366	12,366
From profit distribution (over the statutory amount)	1,089	5,452
IFRS implementation profits (losses)	-	-
Management option scheme profits (losses)	-	-
Total comprehensive income for the current period	4,381	2,905
	17,837	**20,723**

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 31/12/2015	End of period 31/12/2014
Bank loans	120,708	111,834
Borrowings	393	2,682
Total	**121,100**	**114,516**
of which:		
Long-term portion		
Bank loans	71,473	65,972
Loans from shareholders	-	-
Short-term portion		
Bank loans and borrowings	49,628	48,545
Loans from shareholders	-	-
Loans and borrowings due:	**121,100**	**114,516**
up to 1 year	49,628	48,545
from 1 to 2 years	26,502	13,224
from 3 to 5 years	44,970	52,748
over 5 years	-	-

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

Loans and borrowings by currency

	End of period 31/12/2015	End of period 31/12/2014
Loans in PLN	121,100	114,516
Loans in EUR	-	-
	121,100	**114,516**

Average interest rates on loans and borrowings

	End of period 31/12/2015	End of period 31/12/2014
Interest rate on bank loans taken out by an entity:		
Bank overdrafts	2.59%	3.03%
Bank loans in PLN	2.95%	3.34%

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 2015

Lender	Base loan value	Short-term portion	Long-term portion	Interest rate	Due date	Collateral
BGŻ BNP Paribas SA (overdraft facility)	15,000	11,635	-	WIBOR 1M plus bank margin	10.02.2016	- blank promissory note - statement of submission to enforcement proceedings
BGŻ BNP Paribas SA (investment loan)	8,213	1,669	6,544	WIBOR 3M plus bank margin	08.11.2020	- registered pledge on a group of fixed assets
mBank SA (overdraft facility)	8,000	6,281	-	WIBOR ON plus bank margin	30.06.2016	- blank promissory note with promissory note declaration
mBank SA (investment loan)	15,430	2,748	12,682	WIBOR 1M plus bank margin	30.09.2019	- contractual mortgage
Bank Millennium S.A. (investment loan)	4,570	1,443	3,127	WIBOR 1M plus bank margin	27.02.2019	- registered pledge on a group of fixed assets
Bank Millennium S.A. (overdraft facility)	10,000	8,163	-	WIBOR 1M plus bank margin	26.11.2016	- blank promissory note with promissory note declaration
Bank Zachodni WBK S.A. (overdraft facility)	10,000	8,656	-	WIBOR 1M plus bank margin	31.03.2016	- blank promissory note with promissory note declaration
BZ WBK Leasing S.A. (borrowing)	393	393	-	WIBOR 1M plus lender's margin	20.03.2016	- registered pledge on a group of fixed assets
Bank Zachodni WBK SA. (investment loan)	21,560	5,040	16,520	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)	36,200	3,600	32,600	WIBOR 3M plus bank margin	31.08.2019	- contractual mortgage up to the amount of PLN 45 million - transfer of the property insurance policy
	129,366	**49,628**	**71,473**			

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

NOTE 21.
PROVISIONS FOR LIABILITIES

As at 31 December 2015 and 31 December 2014, the Company does not have any provisions for liabilities.

NOTE 22.
LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period 31/12/2015	End of period 31/12/2014
Trade liabilities to related entities	-	-
Trade liabilities to other entities	5,168	5,638
Deferred payment sales interest	-	-
Prepaid unperformed services and maintenance costs	-	-
Subsidies received for fixed asset financing	11,946	11,897
Other	1	1
	17,116	**17,536**
of which payable:		
from 1 to 2 years	1,979	940
from 3 to 5 years	11,843	13,308
over 5 years	3,294	3,281

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

NOTE 23.
SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period 31/12/2015	End of period 31/12/2014
Trade liabilities to related entities	49	49
Trade liabilities to other entities	12,328	7,214
Liabilities arising from taxes and social insurance	1,137	714
Advances received	-	-
Payroll liabilities	3	1
Other liabilities and accruals, including:		
share purchase liabilities	-	-
settlements arising from bonuses	-	-
settlements arising from outstanding leaves	131	127
settlements related to non-invoiced expenses	923	919
subsidies	1,511	1,542
deferred income	544	323
other liabilities	855	1,508
- of which on account of IRS instrument valuation	717	1,478
	17,479	**12,398**

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

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

In 2015, as in previous years, the Company did not rely on a small group of suppliers. There were no cases of transactions with a single counterparty exceeding the threshold of 10% of total purchases.

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 31/12/2015	End of period 31/12/2014
Liabilities arising from dividend pay-outs	-	-
Liabilities arising from finance leases	9,756	11,274
Liabilities arising from financing of receivables	13	10
Total long-term liabilities	**9,769**	**11,284**
Short-term lease liabilities	6,242	7,246
Short-term liabilities arising from financing of receivables	-	-
Total short-term liabilities	**6,242**	**7,246**
Forward contract liabilities	-	-
Other	-	-
Total financial liabilities	**16,011**	**18,530**

	End of period 31/12/2015	End of period 31/12/2014
Value of liabilities arising from finance leases due:	**17,244**	**20,195**
- within one year	6,921	8,045
- within 2 to 5 years	10,323	12,150
- over 5 years	-	-
Future interest expenses (-)	**(1,246)**	**(1,665)**
	-	-
Present value of future liabilities	**15,998**	**18,530**
of which:		
Amounts due within the next 12 months (included in short-term liabilities)	6,242	7,246
Amounts due after more than 12 months:	9,756	11,274
- within 2 to 5 years	9,756	11,274

Finance lease agreements concern machinery and equipment as well as vehicles. As at 31 December 2015, the Company was party to 50 agreements, under which it leased fixed assets with a total net value of PLN 20,763 thousand as at that date.

As at 31 December 2014, the Group 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.

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.

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

NOTE 25.
OPERATING LEASE AND CONTINGENT RECEIVABLES AND LIABILITIES

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

With regard to operating leases, the Company is not a party to any material agreements as a lessor. 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 a 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 a 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:

	End of period 31/12/2015	End of period 31/12/2014
Costs of property operating leases	1,990	2,042
	1,990	**2,042**

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

Minimum lease payments for property lease were as follows:

	End of period 31/12/2015	End of period 31/12/2014
up to 1 year	1,977	2,037
from 1 to 5 years	8,069	10,374
over 5 years	-	-
	10,046	**12,412**

CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables, guarantees and sureties received

There were no contingent receivables.

Contingent liabilities, guarantees and sureties granted

	End of period 31/12/2015	End of period 31/12/2014
To related entities:	**-**	**-**
To other entities:		
1. Bank guarantees received:	-	-
- performance bonds and tender bonds	2,925	2,942
2. Collateral pledge	13,176	8,696
3. Promissory notes:		
- endorsements concerning agreements related to EU project financing	-	-
- bank loan collaterals	31,600	31,600
	47,701	**43,238**

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 of the Issuer. In 2014 and 2015, these entities included:

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

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

- ATP-Invest Sp. z o.o. S.K.A. — related through Mr Tadeusz Czichon, who held 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.

The Company did not carry out any transactions on terms and conditions different from the market ones 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.	2015	85	-	27	-
	2014	189	140	2	-
Linx Telecommunication B.V.	2015	138	21	22	-
	2014	616	-	162	-
Seleris Sp. z o.o.	2015	100	151	-	-
	2014	-	490	-	-
ATP-Investments Sp. z o.o	2015	-	40	-	49
	2014	6	-	1	-
ATP Invest sp. z o.o. Management SKA	2015	-	400	-	-
	2014	-	480	-	49
Total	**2015**	**323**	**612**	**49**	**49**
	2014	**811**	**1,110**	**165**	**49**

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 31/12/2015	End of period 31/12/2014
Short-term employee benefits	4,041	3,555
Post-employment benefits	-	-
Benefits due to termination of the employment relationship	-	-
	4,041	**3,555**

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

The short-term employee benefits referred to above concern:

	End of period 31/12/2015	End of period 31/12/2014
Management Board	1,091	1,101
Supervisory Board	322	273
Directors and managers	2,628	2,180
	4,041	**3,555**

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

The Company did not discontinue any operations in 2015 and does not plan to do so in 2016.

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 a going concern, while at the same time maximising their profitability by optimising 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 liabilities and other liabilities less cash and cash equivalents. Equity includes equity attributable to shareholders of the parent entity less reserve capital concerning unrealised net gains.

The gearing ratio as at 31 December 2015 amounted to 42% and, respectively, as at 31 December 2014 — 40%.

2. Objectives of financial risk management

Principal financial instruments used by the Company include bank loans (Note 20), finance lease agreements (Note 24) as well as cash and deposits (Note 18). The main purposes of these instruments include raising funds for 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 nor was a party to financial guarantee contracts.

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

During 2015 and 2014:

- 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 de-recognition despite their transfer to a third party;
- The Company received no financial or non-financial assets within the framework of enforcement proceedings concerning the collateral 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 liabilities and capital instrument categories has been presented in Note 2 to the financial statements.

4. Categories and classes of financial instruments

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

	End of period 31/12/2015	End of period 31/12/2014
Financial assets		
Measured at fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	15,467	20,475
Financial assets available for sale	-	-
Financial liabilities		
Measured at fair value through profit or loss	717	1,478
Derivatives in hedging relationships	-	-
Financial liabilities	170,989	161,501
Financial guarantee contracts	-	-

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

With regard to the own receivables category

	End of period 31/12/2015	End of period 31/12/2014
Receivables from related entities	49	165
Short-term receivables from other entities	13,534	16,577
Long-term receivables from other entities	-	-
Financial assets held for trading — loans granted	67	206
Cash and cash equivalents	1,817	3,527
Total	**15,467**	**20,475**

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

With regard to financial liabilities

	End of period 31/12/2015	End of period 31/12/2014
Long-term liabilities	17,116	17,536
Liabilities arising from loans	121,100	114,516
Liabilities to related entities	49	49
Short-term liabilities to other entities	17,430	12,349
Liabilities arising from finance leases	15,998	18,520
Other financial liabilities	13	10
Total	**171,706**	**162,980**

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 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 ongoing basis, the Company's exposure to risks of receivables becoming uncollectible is insignificant.

As concerns the Company's financial assets including cash, deposits and investments in assets available for sale, the Company's risk is directly related to the other 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 2015, financial asset impairment write-downs came to PLN 1,186 thousand (as at 31 December 2014, they amounted to PLN 663 thousand). As at 31 December 2015 and 31 December 2014, no financial assets whose repayment terms had been renegotiated were present.

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

7. Foreign exchange risk

As far as 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 not concluded any forward hedging transactions.

The carrying amount 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:

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

	Trade liabilities		Lease liabilities		Trade receivables	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Currency – EUR	229	85	-	39	587	592
Currency – USD	556	675	-	-	639	381
Currency – PLN	11,592	6,503	16,011	18,491	12,357	15,769
Total	**12,377**	**7,263**	**16,011**	**18,530**	**13,583**	**16,742**

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, ATM S.A.'s gross result for the 12-month period ended on 31 December 2015 would have been higher by PLN 44 thousand (of which PLN 36 thousand would have been due to financial assets and liabilities denominated in EUR and PLN 8 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 have caused 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 projected and actual cash flows on an ongoing basis and by analysing 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 ongoing basis, the Company's exposure to risks of receivables becoming uncollectible is insignificant. As concerns other financial assets of the Company, 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 2015, 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 technique:

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

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

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised 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 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 particular input data for the fair value measurement in its entirety requires judgement considering factors specific to the asset or liability.

FINANCIAL INSTRUMENTS	31/12/2015		31/12/2014	
	carrying amount	fair value	carrying amount	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	717	717	1,478	1,478
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	fair value hierarchy level	31/12/2015
Derivative financial instruments — option spread hedging the interest rate risk in respect of the investment loan	level 2	56
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the investment loan	level 2	661
Total		**717**

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 2015, 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 21 May 2015, the Ordinary General Meeting of the Company increased the number of members of ATM S.A.'s Supervisory Board to six, and appointed Ms Kinga Stanisławska to the Supervisory Board.
- On 9 November 2015, in connection with the Supervisory Board's selection of a new candidate for the position of the President of the Management Board of ATM S.A., Mr Tadeusz Czichon submitted his resignation from his position on the Management Board. The resignation was submitted with effect from 30 November 2015. Also on 9 November 2015, the Company's Supervisory Board appointed Mr Dariusz Terlecki as President of the Management Board (setting the start date of his service at 1 December 2015).
- On 14 December 2015, the Extraordinary General Meeting of the Company dismissed Mr Tomasz Tuchołka from the Supervisory Board. At the same time, the Extraordinary General Meeting appointed Mr Tadeusz Czichon to the Supervisory Board.

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

NOTE 31.
EVENTS AFTER THE BALANCE SHEET DATE

- On 4 March 2016, Mr Mirosław Panek submitted his resignation from his position on the Supervisory Board of ATM S.A. The reason for his resignation was the appointment of Mr Mirosław Panek to a different position.

NOTE 32.
REMUNERATION OF CHARTERED ACCOUNTANTS

	End of period 31/12/2015	End of period 31/12/2014
Audit of the financial statements	26	23
Other certification services	13	13
Other services	-	-
	39	**36**

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

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Dariusz Terlecki	President of the Management Board	21 March 2016	....
Jacek Krupa	Vice-President of the Management Board	21 March 2016	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	21 March 2016	....

THE MANAGEMENT BOARD'S REPORT ON THE ISSUER'S OPERATIONS IN 2015

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.

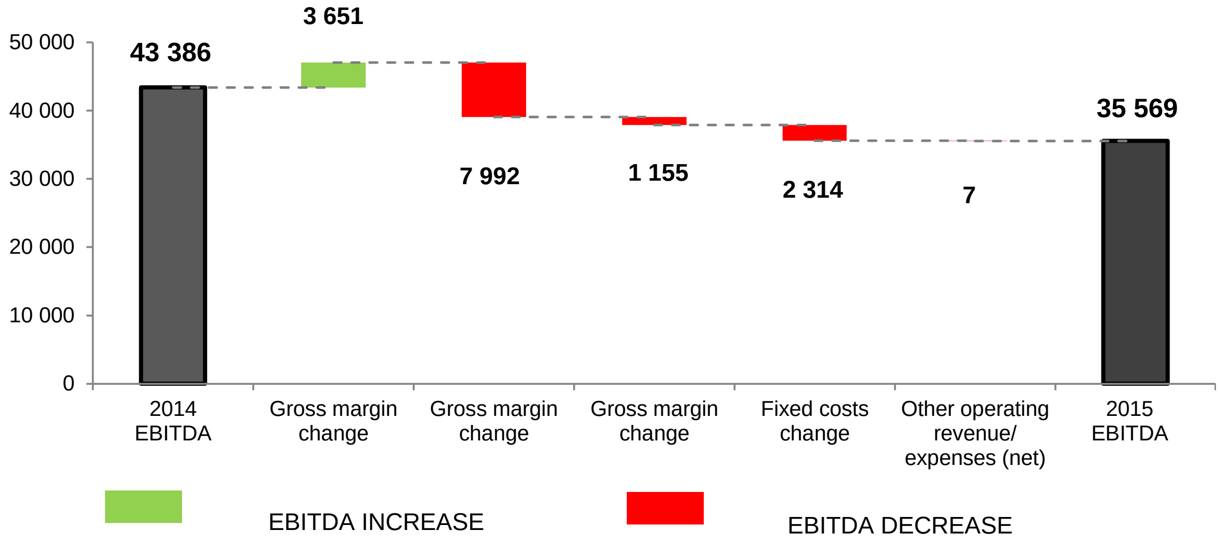
Operating and financial results

In the fourth quarter of 2015, the Issuer's operating results followed the trend observed since the beginning of 2015. In both core operating segments, total subscription revenue increased by approx. 2% y/y (to PLN 30.7 million) — which means a fourth quarter of growth in a row. The subscription margin from core segments increased by 4% y/y (to PLN 16.7 million) which means that the profitability of subscription sales was also improved (by 1 percentage point y/y — to 54%). This situation was affected by maintenance of the upward trend in the Data Center Services Segment (a nearly 13% revenue growth y/y in the fourth quarter of 2015 with return on sales maintained at approx. 70%) and still observed — although slowing down — declines in the Telecommunications Services Segment (drop in subscriptions by nearly 3% y/y in the fourth quarter of 2015, deepened additionally by a decrease in the return on sales by approx. 2 percentage points). The main difference between results for the fourth quarter 2014 and results for the last quarter of last year is the fact that the latter do not include significant non-subscription revenue (PLN 0.2 million in Q4 2015 vs PLN 4.6 million in Q4 2014).

One of the sources the Company's revenue that was important in recent years, i.e. one-time sales of fibre-optic lines, has been significantly limited. As a consequence, in 2015 the structure of the Issuer's revenue and profits was based practically only on recurring subscription revenue, and will probably be based on this type of revenue in future periods. In 2015, one-time transactions did not exceed PLN 2 million (PLN 7 million in each of the previous years), which was directly reflected in the company's operating profits and net profit (in the past, such sales were realised with a high sales margin of up to 70–80%). The above development results from changes in preferences of participants of the telecommunications market — in most cases, the customers now select the long-term line lease model (the Company informed about this in previous periodical reports).

When analysing the results for the entire 2015, the issue described in the previous paragraph should be taken into account. The chart below provides a synthetic summary of reasons for the change in EBITDA in 2015 as compared to 2014:

EBITDA Bridge Analysis in PLN thousand



It follows from the above data that the decrease in EBITDA in 2015 resulted from the following key factors:

- decrease in margin related to non-subscription sales in the TELCO segment (PLN -4.5 million y/y),

- decrease in subscription revenue in the TELCO segment (by 2.5% y/y to PLN 72.9 million), accompanied by a drop in its profitability (by approx. 3.5 percentage points, to 45%) — jointly, this lead to the decline in the subscription margin of the TELCO segment by PLN 3.4 million y/y,

- decrease in the margin of the Other Segment, resulting from the completion of the OST 112 contract in mid-2014,

- increase in fixed costs (excluding amortisation and depreciation), including in particular an increase in costs of salaries related to the implementation of the strategy outlined in the first half of 2015 (providing for, among other things, increased expenditure on foreign and automated sales).

A positive development, partially offsetting the above declines in EBITDA, was the increase in margin in the Data Center Services Segment (+12.5% y/y) which resulted from:

- increased sales revenue of the DC segment (+14% y/y, to PLN 49.2 million),

- maintaining high profitability of the DC segment (approx. 67–68%).

As can be seen from the above information, the results achieved by the Issuer in 2015 are nearly entirely based on the recurring stream of revenue which means that they should be improved regularly in subsequent periods. The dynamics of this growth will substantially depend on 2 factors:

- the EBITDA growth rate in the Data Center Services Segment which, in turn, will be closely correlated with the rate of commercialisation of the collocation space and sales of products based on the data center infrastructure (e.g. dedicated servers, cloud, backup offices),

- situation in the Telecommunications Services Segment where the main challenge is to halt the decline in revenue/profitability and maximise the utilisation of potential of the network infrastructure developed over the recent years.

The discussion on the income statement for 2015 must be supplemented with the following observations:

- sales revenue in core segments decreased by 1% y/y (by PLN 1.6 million in total, the main reason here was the drop in non-subscription revenue in the TELCO segment by PLN 5.6 million),

- sales margin declined by 7.5% y/y (by PLN 5.5 million in total, the main reason is the same as above),

- fixed costs increased by 7% y/y (by PLN 3.8 million in total), the main reason here was the increase in salary costs (including contracts) by 8% y/y (PLN +1.8 million) and amortisation/depreciation by 7% y/y (PLN +1.5 million),

- due to the above adverse changes, the operating profit and EBITDA declined, respectively, by 43% y/y (PLN -9.3 million) and 18% y/y (PLN -7.8 million),

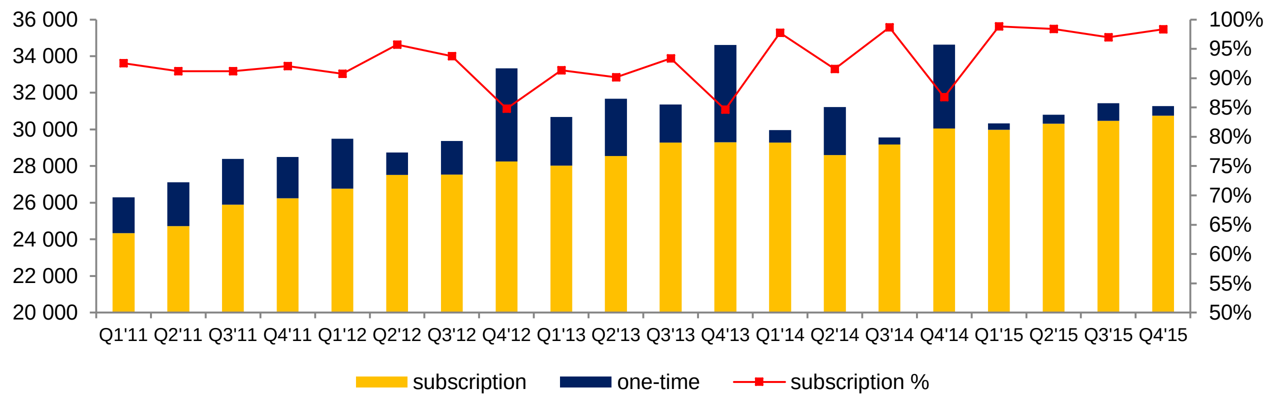
- financial costs related to the servicing of debt have significantly declined (decrease in market interest rates) and, additionally, the impact of results achieved by the associated entity, Linx Telecommunications B.V., was definitely more favourable for the Company. In 2014, a write-down for potential impairment of this entity was recognised (the final balance of financial revenue and costs improved by PLN 7.8 million y/y),

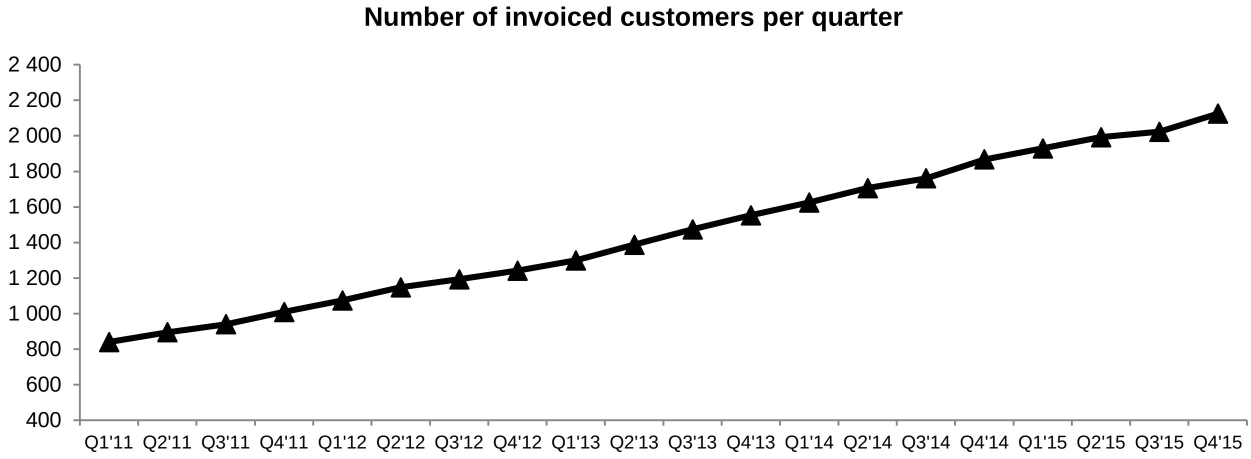
- net profit declined by 30% y/y (by PLN 2.4 million to PLN 5.6 million).

The results achieved in 2015 are materially lower than assumed by the Issuer, mainly due to a significantly lower margin realised in the Telecommunications Services Segment. During the discussed period, the Issuer was taking remedial actions aimed primarily at improving the profitability of the above segment (e.g. improving the effectiveness of the procurement department). Additionally, the budget of fixed costs was revised downwards, owing to which the difference between the planned and realised value of operating cash flows was reduced eventually. The plan for investment expenditure was fully implemented in the most important part covering the completion of the ATM Innovation Center Project. Thereby, the investment project, whose implementation was started in 2008 and which amounted to over PLN 100 million, has been closed. Owing to this investment, the Company has achieved and consolidated its leading position in the domestic data center market (with a total capacity of nearly 10 thousand m^2 of collocation space), as well as the position of an important player in the CEE region. The implementation of planned investment expenditure in a situation when the assumed profits have not been fully achieved has translated into the need to increase the financial leverage slightly above the assumed level. In the current situation, the Issuer's priority is to carry out, as quickly as possible, the commercialisation of the developed infrastructure (while minimising additional investment expenditure) which will allow for reducing the level of debt and, subsequently, for the regular distribution of profits to shareholders.

The following diagrams provide a good illustration of the consistent growth of parameters that are fundamental for the Company and describe its operating activities:

Main operating segments revenue structure in PLN thousand

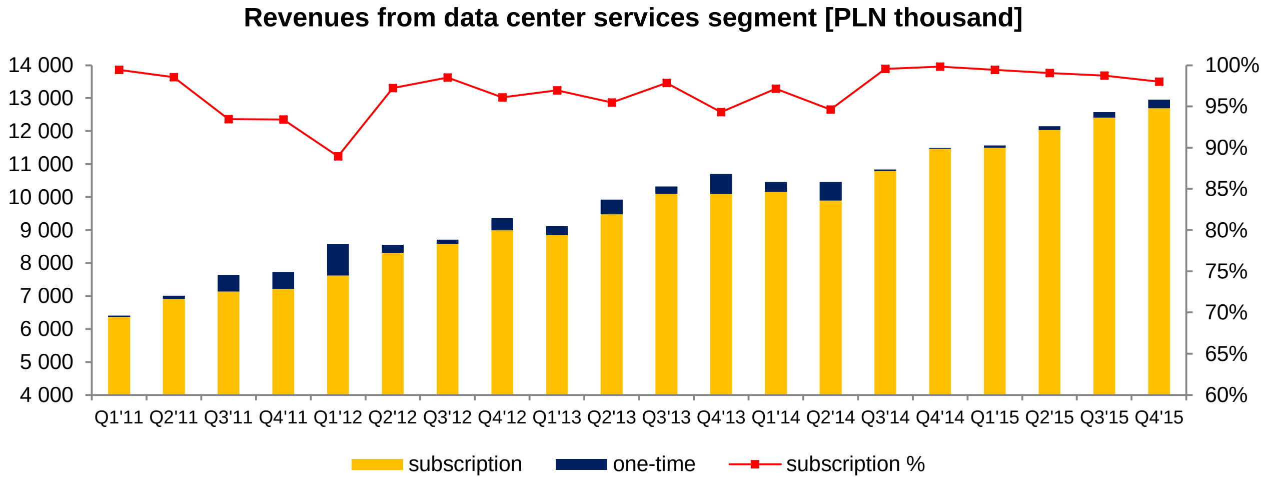




Data Center Services Segment

Starting from the report for the first half of 2015, the Issuer, implementing one of the goals specified in the strategy announced in 2015, has decided to present the data relating to operating segments in such a way that the revenue and costs of the Data Center Services Segment do not include the revenue and costs of telecommunications services associated with data center services, which are now shown in full under the Telecommunications Services Segment. The Issuer also shows, as a separate item, the value of revenue from the Telecommunications Services Segment, which is correlated with data center services (e.g. sale of Internet access service as an add-on to a collocation service). To enable comparability and further analysis of the results, the results for the Data Center Services Segment are shown below with past figures recalculated in accordance with the methodology described above
:

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Revenue from the Data Center Services Segment	10,459	10,458	10,834	11,487	11,567	12,147	12,574	12,951
Revenue from the Telecommunications Services Segment associated with data center services	4,845	4,953	5,253	5,268	5,181	5,207	5,545	5,187
total	**15,304**	**15,410**	**16,088**	**16,755**	**16,748**	**17,355**	**18,119**	**18,138**



Revenue from data center services increased in the fourth quarter of this year to nearly PLN 13 million (+13% y/y and +3% q/q), while in the entire 2015, it amounted to PLN 49.2 million (+14% y/y). As can be seen on the above chart, they comprise virtually only subscription revenue (contracts concluded for the periods of more than 10 months up to 10 years — in the case of the largest contracts). In 2015, the increase in revenue in the discussed segment resulted mainly from:

- expansion and establishment of cooperation with several customers concerning large and medium collocation space (ATMAN.Data Room and ATMAN.Box services),
- systematically growing revenue from the lease of dedicated ATMAN EcoServer servers and other products based on the data center infrastructure offered in online (automatic) sales — increase by 31% y/y (PLN +2 million y/y),
- a nearly 50% increase in revenue from backup office services, including virtualised backup office services which are a pioneering solution offered in the domestic market.

In accordance with the nature of the Issuer's operations in the Data Center Services Segment, along with increased filling (commercialisation) of the collocation space, certain functions related to handling and maintenance of the server rooms may be performed at a relatively stable level of costs (economies of scale), which is translated into a growing profitability of this segment over the long period. Over the last 5 years, the profitability of sales in this segment has increased by approx. 6 percentage points and currently fluctuates at approx. 67–68%. In subsequent periods, a stabilisation of/further gradual increase in the profitability of this segment should be expected; however, it should also be taken into account that certain cost items may change rapidly.

During the entire 2015, the sales margin of the DC segment increased by more than 12% y/y, and the segment's EBITDA grew at a similar rate — which translated into a slightly higher than 60% share of this segment in the Company's EBITDA.

At the end of 2015, commercialised (invoiced and sold) net collocation space amounted to more than 3,850 m^2 (increase by nearly 300 m^2 and 8% y/y). Thereby, the ratio of utilisation of the entire currently available space (i.e. space that requires only investments related to equipment and arrangement in line with specific needs of the customers) amounted to 50%. As has already been mentioned above, in accordance with the plan, the construction of the last stage of the ATM Innovation Center Project — the F5 data center building — has been completed (approx. 1,400 m^2 of total net collocation space). The building was introduced to ATM's offer in mid-2015. Moreover, the building intended for the provision of services complementary to collocation services (backup office and colo.office services) was commissioned already in the first half of 2015. At present, approx. 60% of this building is commercialised.

The sectoral structure of data center service customers did not change significantly in 2015 and is still based on customers from the financial and telecommunications sectors (jointly approx. 60% of the segment's revenue). The share of entities from the IT sector has been systematically increasing. These entities use the Issuer's data centers as a base for providing the so-called higher-level services to their customers (in 2015, this share increased 15%). The number of customers handled by the DC segment increased by 20% in 2015.

In the strategy adopted in the recent year, the Company assumed the implementation of several basic goals in the data center area. The consistently implemented goals most definitely include:

- maintaining the growth rate of sales of dedicated servers and full implementation of a new department in ATM's organisational structure, responsible for the sales of products in the Internet channel;

- introduction of new (more complex) products, e.g. cloud solutions, virtual backup offices, firewall services or antiDDoS services. Some of them have achieved a growth in sales that provides an optimistic outlook on subsequent phases of the lifecycle of these services;

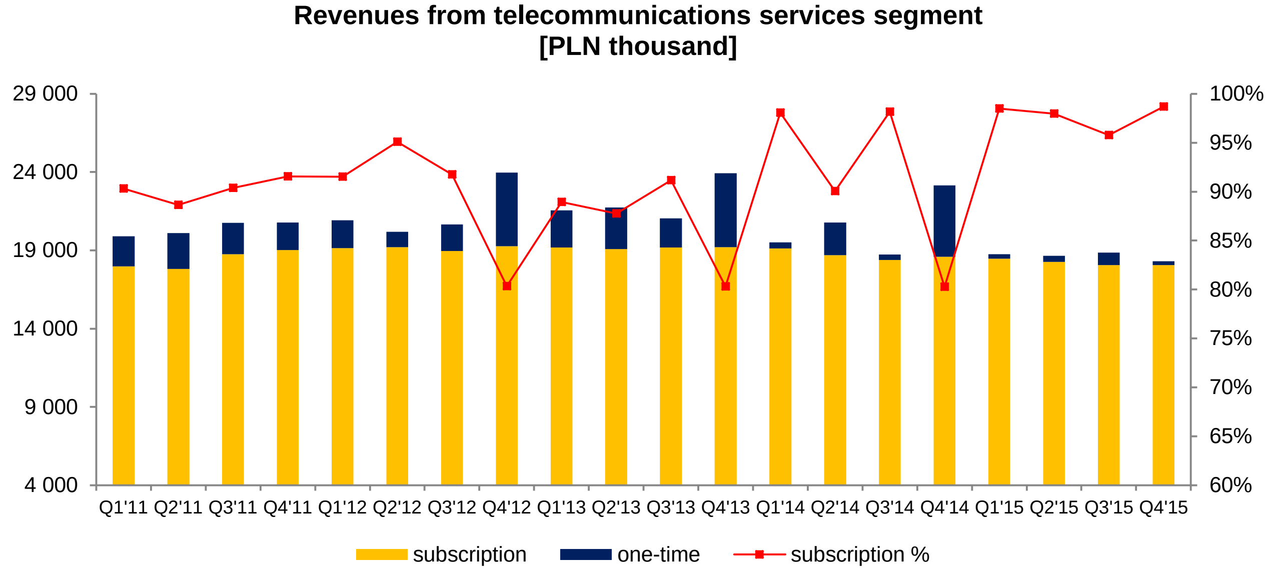
- participation in advanced stages of negotiations concerning large collocation spaces (>300 m^2) whose successful completion may potentially take place in the coming quarters.

Irrespective of the above, certain elements of the adopted strategy has not been effectively implemented yet. This applies in particular to expansion into foreign markets (the attempts to establish cooperation with partners have failed to bring the expected results — this applies also to the Internet channel), as well as even more effective and efficient introduction and sales of new solutions and products. As a consequence, the pace of commercialisation of data center space should also be assessed as failing to meet the Issuer's expectations. In subsequent periods, speeding up this process will be an absolute priority for the Company, to which all key resources will be subordinated.

Telecommunications Services Segment

Presented below are the results of the Telecommunications Services Segment, with past figures recalculated according to the methodology described in the section on the Data Center Services Segment (see the previous section):

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15
Revenue from the Telecommunications Services Segment	19,505	20,772	18,734	23,148	18,762	18,650	18,860	18,302
of which: subscription revenue	19,131	18,704	18,388	18,584	18,476	18,274	18,064	18,061



The analysis of the Telecommunication Services Segment's results in 2015 should start with the aforementioned drop in non-subscription revenue (as compared to 2014 and previous years) — it is clearly indicated on the above chart. The absence of such revenue at the level achieved in previous years has, unfortunately, been clearly reflected in individual items of the Issuer's income statement. On the other hand, it should be noted that the results achieved in 2015 are nearly entirely based on a stable and recurring stream of revenue which clearly translates into their higher "value" for the Company and its stakeholders.

In the subscription-based part of the TELCO segment's revenue, slightly negative or zero dynamics on a quarter to quarter basis could be observed throughout 2015, and the final result for the year has decreased by 2.5% y/y. The Issuer is constantly struggling in this business area with issues that are common for the entire sector — i.e. pressure to reduce unit prices of services sold, which is also applicable to renewed (renegotiated) contracts with current customers. However, it appears that in certain areas of telecommunications operations the market has reached price levels below which further decline in prices is clearly slower. Additionally, the Issuer is fighting off the aforesaid adverse trend by maintaining a high growth rate of the number of customers that exceeds 10%.

Another important challenge faced by the Company in the discussed segment is to halt the drop in the profitability of services provided, which has partially been achieved already in the second half of the past year (between the second and fourth quarter, profitability decreased only by 0.6 percentage points, while in the entire 2015 — by 3.5 percentage points). The first positive results were achieved mainly owing to the effective implementation of actions aimed at increasing the efficiency of the procurement department. Additionally, control over the process of sale and performance of services in terms of maintaining their desired profitability was improved. Further works in the above and related areas constitute one of the Company's priorities in the discussed segment, as a necessary supplement to pro-sales activities. Another potential remedy for drops in revenue and margin in the telecommunications segment is increased activity in the area of launching new services/products (with higher profitability). As regards the ended year 2015, the Issuer has, unfortunately, failed to achieve the assumed results in the area of expanding the product portfolio. However, further works in this direction are still being continued. The Company has a vast fibre-optic infrastructure whose coverage is systematically expanded with access to foreign access nodes (in the past year and at the beginning of the current year, these included nodes in Ukraine, Czech Republic and Austria). The key task for the coming quarters/months will be to increase the utilisation of the potential offered by these assets.

In the sectoral structure of customers, the share of telecommunications operators has been systematically decreasing (in 2015 it fell below 50%). On the other hand, the Company acquires customers from the broadly understood business sector, usually with smaller needs in terms of services volume. This contributes to the decrease in the average revenue per user (ARPU) in the segment, observed for a number of quarters.

Change in the Issuer's Management Board and actions taken

At the beginning of December last year, there was a change in the position of the President of the Management Board of the Issuer. One of the absolute priorities of the new Management Board is an abrupt increase of the Company's sales capacities to commercialise the developed data center infrastructure as quickly as possible, and thus to generate a satisfactory return on the invested capital. The Management Board of the Issuer plans to present the most important strategic assumptions in a broader manner within a few weeks after the publication of this report. However, immediately after the new President of the Management Board had taken up his duties, the "100 Days Plan" was adopted, including actions that have been taken, and in some cases — completed, and covering, among others, the following areas:

- sales — introduction of modern management methods (KPI, targets, pipeline management), personnel changes at the management level, new approach to the so-called territory management, bonus system adapted to new tools and tasks — all these tasks have already been completed;

- reduction of costs — optimisation of employment (including changes in key management positions), reorganisation of the procurement department and introduction of KPI and a bonus system in this area, tightening procurement and controlling procedures, cooperation with an external cost cutting advisor — all these tasks have already been completed;

- modification of parameters related to the CI ATM Project (covered by a EU subsidy), as a result of which the Company has adapted the implementation deadline to relevant indicators and actual business needs;

- reaching settlements favourable for ATM in several legal disputes (repayment of receivables to the Company or agreement on cancelling claims against the Company);

- organisational structure and leadership — the need to strengthen leadership competences in the company, including de-centralising decision-making processes;

- mitigation of threats related to high level of the Company's debt by, among others, adapting the debt maturity structure to cash flows generated by the financed assets — action in progress.

2. Expected development of the entity

The results achieved by the Issuer in 2015 are nearly entirely based on the recurring stream of revenue, which means that they should be improved regularly in subsequent periods. The dynamics of this growth will substantially depend on 2 factors:

- the EBITDA growth rate in the Data Center Services Segment which, in turn, will be closely correlated with the rate of commercialisation of the collocation space and sales of products based on the data center infrastructure (e.g. dedicated servers, cloud, backup offices). 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 the data center area of the highest quality which may be offered for collocation services, using global trends and a growing demand for this type of services.

- situation in the Telecommunications Services Segment where the main challenge is to halt the decline in subscription revenue and profitability and maximise the utilisation of potential of the network infrastructure developed over the recent years. 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 stabilisation of revenue from broadband data transmission and traffic exchange on the Internet, while at the same time acting as a catalyst for growth of collocation revenue (proper high quality lines increase the attractiveness of data center offers).

3. Major research and development achievements

In 2015, 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 construction of and provision of equipment to data centers, as well as the provision of collocation and high-level services based on the data center infrastructure. 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 range 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.

The information on financial instruments as regards the risks to which the Company is exposed, as well management of these risks are presented in Note 28.

REVIEW OF KEY ECONOMIC AND FINANCIAL PARAMETERS

The comparison of the results for 2015 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 in PLN thousand]	2015	2014	change %
Sales revenue	131,483	154,464	-15%
- including from core operating segments	123,815	125,398	-1%
Sales margin	68,174	73,670	-7%
Operating profit	12,272	21,572	-43%
EBITDA	35,569	43,386	-18%
Gross profit	8,782	10,300	-15%
Net profit	5,640	8,068	-30%

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 rouble 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 behaviour 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 entails the threat of forecasts underlying the investment decisions on the data center market failing to materialise 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 services in 2 core operating segments: the Data Center Services Segment and the Telecommunications Services Center. All services are offered in the B2B (business-to-business) model.

- In the **Data Center Services Segment**, the Issuer provides services based on the constructed data center infrastructure:
  - **Collocation.** The Company owns properly equipped and protected rooms (data centers) where it provides collocation, i.e. rents out adequately fitted space for telecommunications hardware, e.g. servers, together with uninterrupted power supply and telecommunications networks connection (data transmission and Internet access).
  - **Services based on the data center infrastructure (higher layer) — including dedicated servers, cloud computing, backup offices.** ATM S.A. offers the service of lease of dedicated

servers (ATMAN EcoServer), 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 the cloud computing service — ATMAN Cloud, and backup office services.

- In the **Telecommunication Services Segment**, the Issuer provides the following services:
  - **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 the Company's own metropolitan fibre-optic networks. 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, traffic interchange between the providers and recipients of information and digital Web content takes place. The Company operates interconnect nodes in Warsaw, Amsterdam, Frankfurt, Kiev, London, Moscow, Sofia, Prague and Vienna 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 fibre-optic or radio technology. Additionally, the company offers a solution that ensures a seamless transition from traditional phone services towards an entirely VoIP-based network.

Sales revenue (PLN thousand)	2015	2014
Data Center Services Segment	**49,240**	**43,239**
of which: Collocation	40,417	36,538
of which: Higher layer services	8,823	6,700
Telecommunications Services Segment	**74,575**	**82,160**
of which: Data transmission and voice services	51,655	59,193
of which: Internet access	22,920	22,967
Revenue from core operating segments	**123,815**	**125,398**

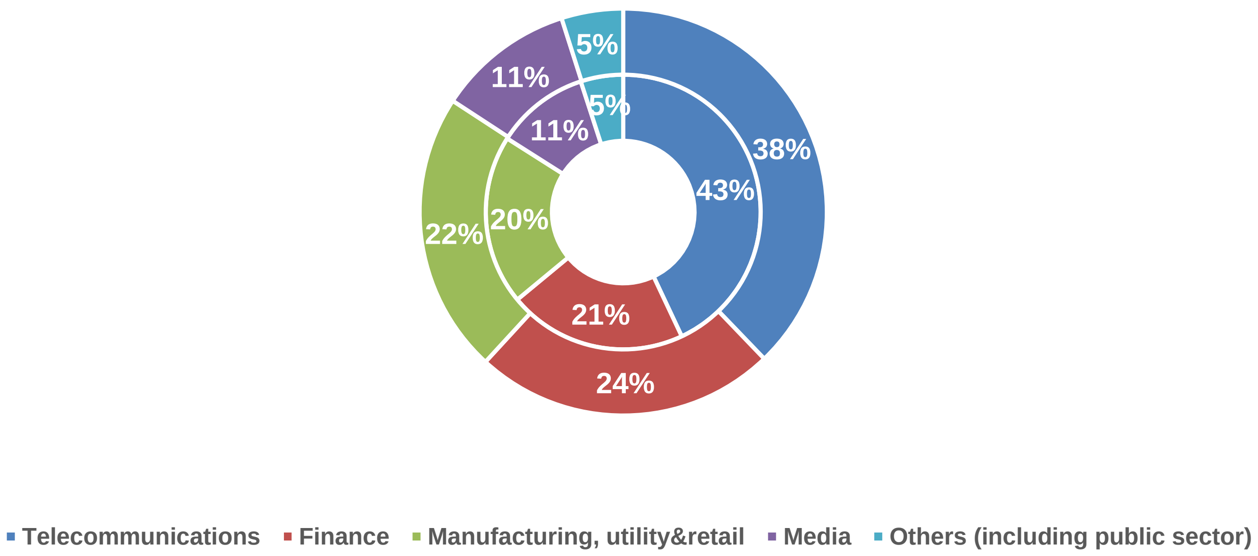
2. Information on sales markets and sources of supply

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 sold in the internet channel). 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 operators),
- banking and finance (including insurance companies),
- industry, commerce and services (including power distribution undertakings),
- media and publishing (both traditional and electronic).

The Issuer's revenue structure in 2014–2015, broken-down by sectors*:



**) includes revenue from core operating segments*

As in previous years, the Company has a highly diversified portfolio of customers, which materially protects the interests of the Issuer. In 2015, none of the customers has exceeded a 10% share in total sales revenue from core operating segments.

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

In 2015, as in previous years, the Company did not rely on a small group of suppliers. There were no cases of transactions with a single counterparty exceeding the threshold of 10% of total purchases.

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

- On 11 May 2015, the Issuer signed an agreement with BNP Paribas Bank Polska S.A., with its registered office in Warsaw, for a non-revolving loan of PLN 15 million (hereinafter: "Agreement No 1"). Before that, on 21 November 2014, the Company signed with the same bank Annex 3 to the PLN 15 million overdraft facility of 14 October 2011 (hereinafter: "Agreement No 2"). The total value of both aforementioned agreements exceeded 10% of the Issuer's equity. Agreement No 1 concerned a loan earmarked for refinancing 90% of the capital expenditures incurred on the purchase of equipment for the ATMAN Data Center in Warsaw. The loan may be disbursed by 27 October 2016. Interest on the loan was set on the basis of WIBOR 1M rate plus the bank's margin. The loan agreement was signed for the period until 27 October 2020. The collaterals include:
    - a registered pledge on the IT equipment dedicated to the server room,
    - an assignment by way of security of moveable property,
    - an assignment of receivables under equipment insurance policy against fire, theft and other random events,
    - the Borrower's statement of submission to enforcement proceedings.

  Agreement No 2 concerned a facility earmarked for financial support of ongoing activities of the Company. Interest on the loan was set on the basis of WIBOR 1M rate plus the bank's margin. The loan agreement was signed for the period until 10 February 2016. The agreements do not include contractual penalties or provisions deviating from arrangements typical for agreements of this type.

4. Information concerning organisational 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 they are, individually or jointly, significant and were concluded on conditions other than market conditions

During the reporting period, the Issuer did not conclude any transactions with related entities which, either individually or jointly, were significant and concluded on conditions other than market conditions.

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 and in information presented in item 3 above.

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 31/12/2015	End of period 31/12/2014
To related entities:	**-**	**-**
To other entities:		
1. Bank guarantees received:		
- performance bonds and tender bonds	2,925	2,942
2. Collateral pledge	13,176	8,696
3. Promissory notes:		
- endorsements concerning agreements related to EU project financing	-	-
- bank loan collaterals	31,600	31,600
	47,701	**43,238**

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 2015, tender bonds and performance bonds included guarantees granted by BRE Bank S.A. — amounting to PLN 316 thousand, by Bank DnB NORD Polska S.A. — amounting to PLN 2,232 thousand, and by Bank BZ WBK S.A. — amounting to PLN 377 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 4,570 thousand (investment loan) was established for Bank Millennium S.A., a registered pledge on a group of fixed assets in the amount of PLN 8,213 thousand was established for BGŻ BNP Paribas SA, and a registered pledge on a group of fixed assets in the amount of PLN 393 thousand was established for BZ WBK Leasing S.A.

The company also had a 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 forecasts published

The Issuer did not publish any forecast of 2015 financial results.

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

In recent years, one of the Issuer's most important investment plans was the deployment of infrastructure necessary for the provision of services based on data centers. In this area, the Issuer's main achievement was the expansion of the ATMAN Data Center at Grochowska in Warsaw which, at the same time, was the most extensive project in the history of the Issuer's operations (ATM's Innovation Center Project). This project was completed in 2015. Additionally, the Company expanded the Thinx Poland Data Center (at Konstruktorska in Warsaw) by systematically equipping and commissioning new server room modules.

After the investment projects completed in 2015, the Company currently has over 8 thousand m^2 of net collocation space, 50% of which is utilised by customers. In addition, the Company can relatively quickly increase the supply of space with additional 1.5 thousand m^2 net, by expanding the DC localised at Konstruktorska in Warsaw.

Over the next few years, the Company plans to decrease capital expenditures related to the Data Center Services Segment — they will be earmarked primarily for finishing server rooms in line with specific needs of the customers, as well as for purchasing equipment necessary for further development of the EcoServer and Cloud services. The schedule these expenditures will be contingent upon the demand for data center services and the pace of acquiring customers.

Within the scope of telecommunications activities, the Company primarily plans to modernise the networks in order to maintain/improve its quality parameters and — to a lesser extent — extend the existing fibre-optic connections.

All Issuer's investments will be financed from the Issuer's own funds supported with a loan/leases. 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 any material investments other than those discussed above in the near future.

13. Assessment of factors and unusual circumstances which materially affected financial results for 2015

A factor that was atypical for the Issuer's activities in the last quarter of the past year was the absence of material revenue and margin from the sale of fibre-optic lines, i.e. non-subscription revenue. In previous years, such transactions generated significantly higher revenue and profits, as discussed in detail in the section: "Events significantly affecting the entity's activity which occurred during the financial year and later — until the approval of the financial statements" above.

14. Description of external and internal factors important for the development of the Issuer's Company and development prospects until the end of 2016

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 (collocation) services.

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

- digitisation 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 increasing amounts of data (content delivery),
- increasing popularity of services generating large volumes of data: video transmission, social media, online games, e-commerce, the Internet of Things,
- tangible benefits of locating own equipment in close proximity of the equipment and connection lines of business partners and customers — such possibilities are offered only by data centers, concentrating 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 digitalisation of the public sector (e.g. health care),
- IT outsourcing — increased inclination to place own data processing equipment at the premises of specialised 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 also operate based on the infrastructure offered by specialised data center providers.

In view of the above, the Issuer implements the adopted strategy by preparing further modules of the ATMAN and Thinx Poland data centers for sale, including through the ATM Innovation Center Project finalised in 2015. The high pace of sales of the collocation space offered 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.

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

In 2015 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 2015

On 21 May 2015, the Ordinary General Meeting of the Company increased the number of members of ATM S.A.'s Supervisory Board to six, and appointed Ms Kinga Stanisławska to the Supervisory Board.

On 9 November 2015, in connection with the Supervisory Board's selection of a new candidate for the position of the President of the Management Board of ATM S.A., Mr Tadeusz Czichon submitted his resignation from his position on the Management Board. The resignation was submitted with effect from 30 November 2015. Also on 9 November 2015, the Company's Supervisory Board appointed Mr Dariusz Terlecki as President of the Management Board (setting the start date of his service at 1 December 2015).

On 14 December 2015, the Extraordinary General Meeting of the Company dismissed Mr Tomasz Tuchołka from the Supervisory Board. At the same time, the Extraordinary General Meeting appointed Mr Tadeusz Czichon to the Supervisory Board.

On 21 December 2015, Mr Mirosław Panek submitted his resignation from the position of the Chairman of the Supervisory Board. Mr Mirosław Panek was re-appointed as Chairman of the Supervisory Board and Ms Kinga Stanisławska was appointed the new Deputy Chairperson 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

The amount of severance pay due to Members of the Management Board and managing staff relates to the compensation for the non-competition clause after the end of the employment period and provides for severance pays amounting to 1–3 months' remuneration payable to a given employee.

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 2015, 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 204,000.00
Tadeusz Czichon *	PLN 480,000.00
Jacek Krupa	PLN 364,686.90
Dariusz Terlecki	PLN 42,500.00

Supervisory Board of ATM S.A.:

Sławomir Kamiński	PLN 48,555.72
Tomasz Tuchołka (until 14 December 2015)	PLN 46,295.26
Grzegorz Domagała	PLN 48,555.72
Mirosław Panek	PLN 97,934.90
Jacek Osowski	PLN 48,555.72
Kinga Stanisławska (from 21 May 2015)	PLN 30,036.71
Tadeusz Czichon (from 14 December 2015)	PLN 2,260.46

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

19. The Issuer's remuneration policy

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. The remuneration policy concerning key managers results from a long-standing practice of the Company (it has not been formally laid down in the form of internal regulations or procedures). This policy was not significantly modified in the past year. The effects of applying the said policy, from the Management Board's point of view, are satisfactory — the Company operates in a stable manner and its staff is characterised by a low staff rotation ratio.

Information on conditions and amounts of remuneration of the Management Board members and managing staff

Remuneration of the Management Board Members and managing staff comprises fixed and variable components of remuneration. In accordance with provisions of the contracts, the variable part is settled in a transparent manner that ensures its effective implementation. The fixed to variable remuneration ratio has been determined in a manner that ensures pursuing a flexible remuneration policy, taking into account stable and prudent management of the Company.

The variable remuneration is determined based on the performance of managers, for a period of at least 1 year, financial result of a given organisational unit and the Company's financial results. The performance is assessed based on both financial and non-financial criteria. Financial criteria include in particular:

- reaching by the entity of a specified level of the net profit and/or sales and/or operating costs assumed in the financial plan for a given financial year approved by the Supervisory Board.

In turn, non-financial criteria include in particular:

- periodical employee performance appraisal;

- participation in projects of significant importance for the Company.

	Summary information for 2015 concerning remuneration of Management Board Members and persons holding managerial positions				
	Number of persons	Total remuneration [PLN thousand]			
		fixed	variable	cash	financial instruments
Members of the Management Board	4	1,091	-	1,091	-
Persons holding managerial positions	12	2,576	52	2,628	-

Non-financial components of remuneration due to Members of the Management Board and managing staff

Under an agreement between employees and the employer, as well as procedures introduced by the Company's management, additional benefits due to Management Board Members and managing staff include in particular:

- mobile phone,

- provision of a company car and coverage of the costs of using it,

- access to additional medical insurance,

- access to courses and trainings.

20. Specification of the total number and face value of all of 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 *	Supervisory Board Member	9,119,040	8,663,088
Jacek Krupa	Vice-President of the Management Board	21,700	20,615
Dariusz Terlecki	President of the Management Board**	0	0

**) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who has been a Member of the Supervisory Board of ATM S.A. since 14 December 2015 (previously he was a Member of the Management Board of ATM S.A. for a number of years)*

***) Dariusz Terlecki has held the function of the President of the Management Board since 1 December 2015*

21. 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%
Nationale-Nederlanden 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%
PKO BP Bankowy PTE *****	1,914,556	5.27%

**) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who has been a Member of the Supervisory Board of ATM S.A. since 14 December 2015 (previously he was a Member of the Management Board of ATM S.A. for a number of years)*

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

****) number of shares based on the notification dated 17 July 2014*

*****) jointly with his spouse*

******) number of shares based on the notification dated 8 May 2015*

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. Information concerning the entity authorised to audit the financial statements

On 22 June 2015, the Issuer concluded audit contracts with the entity authorised to audit financial statements — Polska Grupa Audytorska Sp. z o.o. sp.k.

Subject matter of the agreement:

- a review of the condensed separate financial statements of the Issuer for the period from 1 January to 30 June 2015 (due date of the service is 21 August 2015);
- an audit of the separate financial statements of the Issuer for the period from 1 January to 31 December 2015 (due date of the service is 18 March 2016).

The remuneration under the contract for a review of the condensed separate financial statements for the period from 1 January to 30 June 2015 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 2015 amounted to PLN 26,000 net.

In 2014, the remuneration amounted to:

- PLN 13,000 net for a review of the condensed separate financial statements for the period from 1 January to 30 June 2014;
- PLN 23,000 net for an audit of the separate financial statements for the period from 1 January to 31 December 2014.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Dariusz Terlecki	President of the Management Board	21 March 2016	....
Jacek Krupa	Vice-President of the Management Board	21 March 2016	....

STATEMENT OF THE MANAGEMENT BOARD

The ATM S.A. Management Board declares that according to its best knowledge, the annual 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, 21 March 2016

Name and surname	**Position/function**	**Date**	**Signature**
Dariusz Terlecki	President of the Management Board	21 March 2016	....
Jacek Krupa	Vice-President of the Management Board	21 March 2016	....

ATM S.A. Management Board declares that according to its best knowledge, the entity authorised 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, 21 March 2016

Name and surname	Position/function	Date	Signature
Dariusz Terlecki	President of the Management Board	21 March 2016	....
Jacek Krupa	Vice-President of the Management Board	21 March 2016	....

STATEMENT OF THE MANAGEMENT BOARD OF ATM S.A. ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES IN 2015

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

In 2015, ATM S.A. followed the corporate governance principles specified in the "Code of Best Practice for WSE Listed Companies" introduced by way of Resolution No 12/1170/2007 of the Supervisory Board of the Warsaw Stock Exchange 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 2015, is available on-line at:

https://static.gpw.pl/pub/files/PDF/dobre_praktyki/dobre_praktyki_16_11_2012.pdf

As of the beginning of 2016, the Issuer is subject to the new corporate governance principles specified in the document "Best Practices of WSE Listed Companies 2016", introduced by way of Resolution No 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13 October 2015. The text of these principles is available at the following address:
https://static.gpw.pl/pub/files/PDF/RG/DPSN2016__GPW.pdf

B) Extent to which the Issuer departed from application of the 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 the following corporate governance principles were not applied in 2015 (this applies to principles applicable in 2015):

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.

12. A company should enable its shareholders to exercise, personally or via an authorised 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 chartered 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 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	Interest in 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%
Nationale-Nederlanden 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%
PKO BP Bankowy PTE *****	1,914,556	5.27%	1,914,556	5.27%

**) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who has been a Member of the Supervisory Board of ATM S.A. since 14 December 2015 (previously he was a Member of the Management Board of ATM S.A. for a number of years)*

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

****) number of shares based on the notification dated 17 July 2014*

*****) jointly with his spouse*

******) number of shares based on the notification dated 8 May 2015*

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

In 2015, the Management Board acted 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 dismissed by the Supervisory Board, which also appoints the President of the Management Board. If a Member of the Management Board is dismissed, 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 the Company's 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 dismiss commercial proxies and attorneys;
- adopt resolutions on the organisational 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 the period of 4 years from the day of appointing the Members of the Management Board for a given term has lapsed. 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 minimise the negative effects of such a decision for the Company.

Currently, the Management Board has no authority to decide about the issue of shares. Moreover, the Management Board has 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 requires 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 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 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 no 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 no later than twenty-six days before the date of the General Meeting. The announcement shall state the date, time and venue of the General Meeting and a detailed agenda. Draft resolutions included in the agenda of the General Meeting with grounds for adopting them as well as other available materials 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 authorised 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 dematerialised 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, no earlier than upon the announcement of the convening of the Ordinary General Meeting and no 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 2/3 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 Chairman of the Supervisory Board or a person indicated by the Chairman shall open the General Meeting. Should the Chairman 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 chair 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 exercise 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 9 November 2015, in connection with the Supervisory Board's selection of a new candidate for the position of the President of the Management Board of ATM S.A., Mr Tadeusz Czichon submitted his resignation from his position on the Management Board. The resignation was submitted with effect from 30 November 2015. Also on 9 November 2015, the Company's Supervisory Board appointed Mr Dariusz Terlecki as President of the Management Board (setting the start date of his service at 1 December 2015).

Consequently, as at the end of 2015 the Issuer's Management Board was composed of the following members:

- Dariusz Terlecki — President of the Management Board,
- Jacek Krupa — 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 being formally convened 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 21 May 2015, the Ordinary General Meeting of the Company increased the number of members of ATM S.A.'s Supervisory Board to six, and appointed Ms Kinga Stanisławska to the Supervisory Board.

On 14 December 2015, the Extraordinary General Meeting of the Company dismissed Mr Tomasz Tuchołka from the Supervisory Board. At the same time, the Extraordinary General Meeting appointed Mr Tadeusz Czichon to the Supervisory Board.

On 21 December 2015, Mr Mirosław Panek submitted his resignation from the position of the Chairman of the Supervisory Board. Mr Mirosław Panek was re-appointed as Chairman of the Supervisory Board and Ms Kinga Stanisławska was appointed the new Deputy Chairperson of the Supervisory Board.

Consequently, as at the end of 2015 the Issuer's Supervisory Board was composed of the following members:

- Mirosław Panek — Chairman of the Supervisory Board,
- Kinga Stanisławska — Deputy Chairperson of the Supervisory Board,
- Tadeusz Czichon — Member 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 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 the period of 4 years from the day of appointing the Supervisory Board Members for a given term has lapsed. 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 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 Chairperson, 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 e-mail, no 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. Upon a justified request of at least one Supervisory Board Member or in the 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 an event, the minutes are kept by the person chairing the meeting. The minutes should be taken on an ongoing basis during the proceedings and signed by the minutes secretary and all the attending Members immediately 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 a 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, 21 March 2016

Dariusz Terlecki — President of the Management Board ....

Jacek Krupa — Vice-President of the Management Board ....

ATM S.A.

Opinion and Report

of an Independent Chartered

Accountant

For the financial year ended

31 December 2015

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 2015

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-764), at Jana III Sobieskiego 104, apt. 49, tel. + 48 22 115 66 96, District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424

OPINION OF INDEPENDENT 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, at Grochowska 21a (hereinafter referred to as the "Company") consisting of the statement on the financial position as at 31 December 2015; the income statement, the statement of comprehensive income, 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 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 wilful misconduct or error.

In accordance with the Accounting Act of 29 September 1994 (Journal of Laws of 2013 No 47 item 330) (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 statements 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 require 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 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 wilful 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.

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-764), at Jana III Sobieskiego 104, apt. 49, tel. + 48 22 115 66 96, District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424

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 2015, its financial performance and its cash flows for the financial year then ended; they were prepared in all material aspects in accordance with International Financial Reporting Standards approved by the European Union, 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.

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 Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.

Registration No 3887

Jana III Sobieskiego 104, apt. 49,

00-764 Warsaw

/illegible signature/

Maciej Kozysa

Key Chartered Accountant

Registration No 12005

General Partner's Management Board Member

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Kamil Walczuk

General Partner's Management Board Member

21 March 2016

ATM S.A.

Supplementary report on the audit of the financial statements

for the financial year ended 31 December 2015

The supplementary report contains 11 pages

The supplementary report on the audit of the financial statements for the financial year ended 31 December 2015

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-764), at Jana III Sobieskiego 104, apt. 49, tel. + 48 22 115 66 96, District Court for the Capital City of Warsaw, 12th 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

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 2015, the Management Board of the Company was composed of:

- Dariusz Terlecki — President of the Management Board,
- Jacek Krupa — Vice-President of the Management Board.

On 9 November 2015, Mr Tadeusz Czichon submitted his resignation from his position of President of the Management Board of the Company as of 30 November 2015. According to the resolution of the Supervisory Board of 9 November 2015, Mr Dariusz Terlecki was appointed to perform the function of President of the Management Board as of 1 December 2015.

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:	Jana III Sobieskiego 104, apt. 49, 00-764 Warsaw
Registry Number:	KRS 0000484251
Registry court:	District Court for the Capital City of Warsaw in Warsaw, 12th 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 2014 were audited by Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k., an entity authorised to audit financial statements No 3887, and received an unqualified opinion of the chartered accountant.

On 21 May 2015, the financial statements were approved by the General Meeting, which decided that the profit for the previous financial year amounting to PLN 8,067,991.25 would be allocated to dividend payment in the amount of PLN 7,268,668.80 and to supplementary capital in the amount of PLN 799,322.45.

The financial statements were filed with the Registry Court on 28 May 2015.

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 2015, the income statement, the statement of comprehensive income, 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 22 June 2015, concluded on the basis of a resolution of the Supervisory Board dated 15 June 2015 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) ("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 4 to 8 December 2015, in the period from 15 to 19 February 2016 and on 23 February 2016.

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 statements 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 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	31.12.2015 PLN thousand	% of assets	31.12.2014 PLN thousand	% of assets
Fixed assets				
Tangible fixed assets	331,825	81.4	314,711	78.8
Intangible assets	2,939	0.7	4,081	1.0
Investments in associates consolidated using the equity method	53,346	13.1	53,746	13.4
Other fixed assets	257	0.1	234	0.1
Total fixed assets	388,367	95.3	372,772	93.3
Current assets				
Inventories	1,052	0.3	1,352	0.3
Financial assets held for trading	66	-	206	0.1
Income tax receivables	57	-	58	-
Trade and other receivables	13,452	3.3	18,793	4.7
Cash and cash equivalents	1,817	0.4	3,527	0.9
Other current assets	2,634	0.7	2,920	0.7
Total current assets	19,078	4.7	26,856	6.7
TOTAL ASSETS	407,445	100.0	399,628	100.0

EQUITY AND LIABILITIES	31.12.2015 PLN thousand	% of assets	31.12.2014 PLN thousand	% of assets
Equity				
Share capital	34,723	8.5	34,723	8.7
Supplementary capital from share premium	123,735	30.4	123,735	30.9
Reserve capital	55,504	13.6	55,504	13.9
Retained earnings	17,837	4.4	20,724	5.2
Total equity	231,799	56.9	234,686	58.7
Liabilities				
Long-term loans and borrowings	71,473	17.5	65,972	16.5
Long-term trade and other liabilities	17,116	4.2	17,536	4.4
Other financial liabilities	9,769	2.4	11,284	2.8
Provision for deferred tax	3,673	0.9	1,252	0.3
Total long-term liabilities	102,031	25.0	96,044	24.0
Bank loans and borrowings	49,627	12.2	48,545	12.1
Income tax liabilities	267	0.1	709	0.2

Trade and other liabilities	17,479	4.3	12,398	3.1
Other financial liabilities	6,242	1.5	7,246	1.8
Total short-term liabilities	73,615	18.1	68,898	17.3
Total liabilities	175,646	43.1	164,942	41.3
TOTAL EQUITY AND LIABILITIES	407,445	100.0	399,628	100.0

2.1.2 Income statement, statement of comprehensive income

	1.01.2015 – 31.12.2015 PLN thousand	**% of sales revenue**	**1.01.2014 – 31.12.2014 PLN thousand**	**% of sales revenue**
CONTINUED OPERATIONS Sales revenue	131,483	100.0	154,464	100.0
Cost of sales (variable)	(63,309)	48.1	(80,793)	52.3
Sales margin	68,174	51.9	73,671	47.7
Cost of sales (fixed)	(27,070)	20.6	(25,378)	16.4
Gross profit on sales	41,104	31.3	48,293	31.3
Other operating revenue	1,156	0.9	380	0.2
General and administrative costs	(28,593)	21.7	(26,489)	17.1
Other operating expenses	(1,395)	1.1	(612)	0.4
Operating profit	12,272	9.3	21,572	14.0
Financial revenue	169	0.1	40	0.0
Financial expenses	(4,517)	3.4	(10,917)	7.1
Share in the financial result of undertakings valued using the equity method	858	0.7	(395)	0.3
Profit before tax	*8,782*	6.7	*10,300*	6.7
Income tax	*(3,142)*	2.4	*(2,232)*	1.4
Net profit on continued operations	*5,640*	4.3	*8,068*	5.2
Net profit for the financial year	*5,640*	4.3	*8,068*	5.2

Net profit per share on continued operations		
Basic (PLN)	0.16	0.22
Diluted (PLN)	0.16	0.22
Continuing and discontinued operations		
Basic profit (loss) per share (in PLN)	0.16	0.22
Diluted profit (loss) per share (in PLN)	0.16	0.22

Statement of comprehensive income

	1.01.2015 – 31.12.2015 PLN thousand	% of net profit	1.01.2014 – 31.12.2014 PLN thousand	% of net profit
Profit/ (Loss) for the financial year	*5,640.0*	*100.0*	*8,068.0*	*100.0*
OTHER COMPREHENSIVE INCOME				
Share in other comprehensive income of subordinated entities valued using the equity method	(1,259.0)	22.3	(5,163.0)	64.0
Other net comprehensive income for the financial year	***(1,259.0)***	22.3	***(5,163.0)***	64.0
Total comprehensive income	***4,381.0***	***77.7***	***2,905.0***	***36.0***

Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k. with the registered office in Warsaw (00-764), at Jana III Sobieskiego 104, apt. 49, tel. + 48 22 115 66 96, District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, KRS number 0000484251, Tax ID No (NIP) 9512373424

2.2. Selected financial ratios

	2015	2014	2013
1. Net return on sales			
net profit x 100% / sales revenue	4.3%	5.2%	0.8%
2. Return on equity			
net profit x 100% / equity – net profit	2.5%	3.6%	0.6%
3. Receivables turnover			
average balance of trade receivables × 365 days / sales revenue	42 days	54 days	57 days
4. Debt ratio			
liabilities x 100% / total equity and liabilities	43.1%	41.3%	36.4%
5. Liquidity ratio			
current assets / short-term liabilities	0.3	0.4	0.6

- Sales revenue includes sales of products, goods and materials.
- Average gross trade receivables represent an arithmetic mean of trade receivables as at the beginning and end of the reporting period, less revaluation write-downs.

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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 correctness of functioning of the accounting system.

In the course of the audit activities, we did not find 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 are 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 Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.

Registration No 3887

Jana III Sobieskiego 104, apt. 49,

00-764 Warsaw

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Maciej Kozysa

Key Chartered Accountant

Registration No 12005

General Partner's Management Board Member

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Kamil Walczuk

General Partner's Management Board Member

21 March 2016