ATM S.A. GROUP

CONSOLIDATED ANNUAL REPORT AS AT DECEMBER 31, 2008

(figures in PLN thousand)

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LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD TO THE SUPERVISORY BOARD, THE SHAREHOLDERS AND PROSPECTIVE INVESTORS

Dear Sirs,

On behalf of the ATM Management Board, it is my pleasure to provide you with this consolidated financial report for the ATM S.A. Group, along with the Management Board's report on the Group, for 2008. The report presents the financial results, the opinion of a certified auditor along with crucial information about the activities of the Group and the events of the preceding year.

Last year, the Company has successfully completed major investments in development of the infrastructure for providing telecommunications services, investments in development of new products, and in growing a strong group, scheduled for years 2007-2008. The effects of these recent investments were not yet observed in the revenues for the closing quarters of 2008 – on the contrary – they were a source of additional financial burden for the Company. The investments were financed from the 2007 issue of shares for the amount of over PLN 154 million. Our investment strategy for 2008 has significantly strengthened our potential in telecommunications infrastructure, and enabled developing innovative technologies that will be a key element in building our competitive advantage in the years to come.

Consolidated sales revenue for 2008 amounted to PLN 267.45 million (PLN 260.06 million in 2007,) with a net profit of PLN 8.94 million (PLN 21.6 in 2007.)

Main causes of lower profits in 2008 include:

- The lack of major integration contracts in the parent company, due to the worsening economic climate in the field of telecommunications investments in Q4 2008.
- Losses on foreign exchange rates at the end of the year (approx. PLN 7 million) related to the supply of goods imported from the USA for the integration projects implemented in this period.
- Significant overheads of mPay companies, whose purpose is to promote and deploy in Poland a universal mobile phone payments system (approx. PLN 7 million in 2008.)

Estimates show that, despite the decreasing investments of the Group's business partners in 2008, and the failure to implement the planned major integration contracts (in 2007 ATM S.A.'s total revenues from such contracts exceeded PLN 40 million,) the ATM S.A. Group would have achieved greater profits in 2008 than in 2007, were it not for one-off occurrences, such as the losses on F/X rates or the "voluntary" costs related to investments in the innovative mPay mobile payments system.

Therefore, during the present transitory market slump, particularly significant are the real ability of the Company to generate profits, and the value of its assets that can directly contribute to profits achievable in the near future.

In the last year, the Company has invested in expanding its optical network, including 300 km of new fiber lines in the largest Polish cities. At present, ATM S.A. has one of the largest optical metropolitan networks in Poland (a total of ca. 580 km in 7 conurbations.) Another important investment objective of 2008 was (and continues to be) the expansion of the server centre in the ATMAN Data Centre. Those activities are driven mainly by the increasing demand for collocation and hosting services, reflected by actual customer orders, which in the case of our Company systematically exceed supply.

The Company's increasing ability to generate profits has been confirmed by the consistent growth in revenues from the most desirable subscription-based and recurring types of activities, such as telecommunications services, which are partly based on the recent investments in infrastructure – which is yet another proof that the investment decisions were right. These revenues have been consistently growing quarter-to-quarter, and their growth in Q4 2008 by PLN 3.3 million in comparison to the preceding quarter was the best result in the history of the Company.

The strategy of increasing activity effectiveness, launched by ATM S.A.'s Management Board in 2008, will also be reflected in the near future in:

- developing and separating individual competences in the form of dedicated organizational structures within the ATM S.A. Group (increased independence of individual organizational units, enabling optimizing management processes, reducing costs, and establishing cooperation with other players in the industry – including financial cooperation.)

- Continuing investments in the infrastructure necessary to provide services that prove to resist changes in the economic climate owing to their renewable nature – this applies in particular to telecommunications services based of the Company's extensive optical networks infrastructure and the ATMAN data centers.
- Making further internal organizational changes that will directly translate into a stronger focus on products providing higher profit margins.

ATM S.A., being the dominant company in the Group, will focus on telecommunications and value-added services that guarantee predictable revenues and profit increase. The business of providing IT systems for various market segments is continued and will be developed by independent companies within the Group that, owing to greater freedom in their operations, are better suited to adjust their structure to market needs, and engage in beneficial alliances, also financial ones.

The ATM Management Board shall make all efforts to align the further development of the company with improvements in its efficiency, and to create stable growth of the company's value for shareholders, even in those difficult times.

Yours sincerely,

Roman Szwed
President of the Management Board

FINANCIAL HIGHLIGHTS

	2008	2007	2008	2007
	PLN thousands		EUR thousands	
Total sales revenues	267,448	260,066	75,719	68,859
Operating profit (loss)	14,308	22,808	4,051	6,039
Profit before tax	10,246	25,746	2,901	6,817
Net profit of parent undertaking shareholders	9,832	21,068	2,784	5,578
Net cash from operating activities	16,305	26,017	4,616	6,889
Net cash from financial activities	(15,697)	127,398	(4,444)	33,732
Net cash from investment activities	(66,378)	(93,166)	(18,793)	(24,668)
Increase (decrease) in cash	(65,771)	60,249	(18,621)	15,952
	31/12/2008	**31/12/2007**	**31/12/2008**	**31/12/2007**
Fixed assets	261,951	205,390	62,782	57,339
Current assets	123,622	163,702	29,629	45,701
Total assets	385,573	369,092	92,410	103,041
Long-term liabilities	30,634	20,522	7,342	5,729
Short-term liabilities	113,172	91,439	27,124	25,527
Equity	241,767	257,131	57,944	71,784
Share capital*	34,397	34,397	8,244	9,603
Parent undertaking shareholders' equity	235,697	251,469	56,490	70,203
Number of shares	36,000,000	4,500,000	36,000,000	4,500,000
Book value per share (PLN/EUR)	6.55	55.88	1.57	15.60
Diluted book value per share (in PLN/EUR)	6.55	55.88	1.57	15.60

- Shareholders' equity revaluated pursuant to IAS 29.

*** Number of shares as at December 31, 2007, after split on January 10, 2008.*

The above financial data as at 31.12.08 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at December 31, 2008 (PLN 4.1724 for EUR 1.00);
- individual items of the consolidated P&L account and consolidated cash flow statement were calculated using the rate being an arithmetic mean of the rates of the National Bank of Poland as at the last day of each month of the fiscal year (between January 1 and December 31, 2008) at PLN 3.5321 for EUR 1.00.

The above financial data as at December 31, 2007 have been converted into EUR according to the following principles:

- individual items of assets and liabilities were calculated using the average FX rate of the National Bank of Poland as at December 31, 2007 (PLN 3.5820 for EUR 1.00);
- individual items of the consolidated P&L account and consolidated cash flow statement were calculated using the rate being an arithmetic mean of the rates of the National Bank of Poland as at the last day of each month of the fiscal year (between January 1 and December 31, 2007) at PLN 3.7768 for EUR 1.00.

CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2008

KEY CONSOLIDATED ANNUAL REPORT DATA

This consolidated annual report contains information drawn up pursuant to Article 86, section 2 and Article 87, section 1 of the Regulation of the Minister of Finance of October 19, 2005, and includes consolidated financial statements of the ATM S.A. Group of Companies made in accordance with the International Financial Reporting Standards as approved by the European Union for the period between January 1 and December 31, 2008.
Submission date: April 30, 2009

Key Issuer details:

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

CONSOLIDATED PROFIT AND LOSS STATEMENT

	NOTE	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Continued operations			
Sales revenues	3	267,448	260,066
Cost of goods sold (variable)	4	163,919	169,977
Cost of goods sold (fixed)	4	25,566	23,438
Gross profit (loss) on sales		**77,963**	**66,651**
Other operating revenues	5	673	1,124
Cost of sales	4	1,133	1,126
General and administrative costs	4	62,235	42,304
Other operating expenses	6	960	1,537
Restructuring costs		-	-
Operating profit (loss)		**14,308**	**22,808**
Share in profit (loss) of undertakings valued using the equity method		648	516
Financial revenues	7	2,383	3,774
Financial expenses	8	7,093	1,352
Profit (loss) before tax		**10,246**	**25,746**
Income tax	9	1,308	4,164
Net profit (loss) on continued operations		**8,938**	**21,582**
Discontinued operations			
Net profit (loss) on discontinued operations		-	-
Net profit (loss)		**8,938**	**21,582**
Net profit (loss) for the Group's shareholders		9,832	21,068
Net profit (loss) for minority shareholders		(894)	514
Profit (loss) per share *)			
From continued operations:	***10***		
Ordinary		0.25	5.89
Diluted		0.25	5.89
From continued and discontinued operations:			
Ordinary		0.25	5.89
Diluted		0.25	5.89

CONSOLIDATED BALANCE SHEET – ASSETS

	NOTE	End of period, December 31, 2008	End of period, December 31, 2007
Fixed assets			
Goodwill	11	16,588	15,677
Intangible assets	12	31,721	25,712
Property, plant and equipment	13	137,447	86,794
Investment in associates consolidated according to the equity method		64,650	61,908
Other financial assets	14	80	80
Deferred income tax assets	9	1,635	1,256
Other fixed assets	15	9,830	13,963
		261,951	**205,390**
Current assets			
Stock	16	14,505	8,326
Financial assets held for trading		-	2,133
Trade and other receivables	17	94,735	81,231
Income tax receivables		26	38
Other current assets	18	10,312	2,218
Other financial receivables	18	62	-
Cash and cash equivalents	19	3,982	69,756
		123,622	**163,702**
Fixed assets classified as held for sale		-	-
Total assets		**385,573**	**369,092**

CONSOLIDATED BALANCE SHEET – LIABILITIES

	NOTE	End of period, December 31, 2008	End of period, December 31, 2007
Equity			
Share capital	20	34,397	34,397
Share premium reserve		157,252	157,252
Revaluation reserve	20	-	-
Treasury shares		-1,984	-
Capital reserves		21,320	25,073
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	20	24,712	34,747
Total Group shareholders' equity		**235,697**	**251,469**
Minority share	21	6,070	5,662
Total shareholders' equity		**241,767**	**257,131**
Long-term liabilities			
Long-term bank and other loans	22	3,490	2,283
Provisions for deferred tax	9	-	-
Provisions for liabilities	23	85	183
Long-term trade and other liabilities	24	2,904	3,244
Other financial liabilities	26	24,155	14,812
		30,634	**20,522**
Short-term liabilities			
Bank and other loans	22	15,648	246
Provisions for liabilities	23	766	544
Income tax liabilities		1,116	4,419
Trade and other liabilities	25	82,961	80,629
Other financial liabilities	26	12,681	5,601
		113,172	**91,439**
Liabilities related directly to fixed assets classified as held for sale		-	-
Total liabilities		**385,573**	**369,092**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Share premium	Treasury shares	Capital reserve	Retained earnings	Total Group shareholders' equity	Minority share	Total shareholders' equity
As at January, 1 2007	**24,572**	**4,558**	**-**	**23,362**	**40,431**	**92,923**	**2,613**	**95,535**
Increases:								
Issue of shares	9,674	154,893	-	-	-	164,567	-	164,567
Current period results	-	-	-	-	21,953	21,953	514	22,467
Shares taken up under share option plan	151	-	-	-	-	151	-	151
Valuation of management options	-	-	-	-	-	-	-	-
Changes to the Group's structure	-	-	-	-	3	3	2,773	2,776
Profit distribution	-	-	-	1,711	-	1,711	-	1,711
Decreases:								
Share issue costs	-	2,200	-	-	-	2,200	-	2,200
Current period results	-	-	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	1,711	1,711	-	1,711
Dividend payout	-	-	-	-	25,929	25,929	238	26,167
As at December 31, 2007	**34,397**	**157,252**	**-**	**25,073**	**34,747**	**251,469**	**5,662**	**257,130**
As at January 1, 2008	**34,397**	**157,252**	**-**	**25,073**	**34,747**	**251,469**	**5,662**	**257,130**
Increases:								
Capital increase	-	-	-	-	-	-	996	996
Current period results	-	-	-	-	9,832	9,832	-	9,832
Acquisition of shares under share option plan	-	-	3,322	-	-	3,322	-	3,322
Valuation of management options	-	-	-	-	-	-	-	-
Changes to the Group's structure	-	-	-	-	-254	-254	306	52
Profit distribution	-	-	-	22	-33	-11	-	-11
Decreases:								
Purchase of treasury shares under share option plan	-	-	5,306	-	-	5,306	-	5,306
Adjustment of performance in previous years	-	-	-	-	655	655	-	655
Current period results	-	-		-	-	-	894	894
Profit distribution to be allocated to capital reserve	-	-	-	-	18,925	18,925	-	18,925
Dividend payout	-	-	-	871	-	871	-	871
Incentive plan financing	-	-	-	2,904	-	2,904	-	2,904
As at December 31, 2008	**34,397**	**157,252**	**-1,984**	**21,320**	**24,712**	**235,697**	**6,070**	**241,767**

CONSOLIDATED CASH FLOW STATEMENT

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Operating activities		
Profit (loss) before tax	10,246	25,746
Adjustment (items):	6,059	271
Share in net profit (loss) of entities valuated using the equity method	647	-516
Amortization and depreciation	16,269	8,947
FX gains/losses	-135	-378
Interest received	-46	-
Interest paid	1,878	-
Dividends received	-	-16
Profit (loss) on investment activities	43	-2,174
Movements in inventories	-6,178	-2,929
Movements in receivables	-13,891	-21,778
Movements in liabilities and provisions	11,075	20,050
Movements in other assets	2,178	5,425
Income tax paid	-4,717	-6,210
Other	-1,068	-150
	16,305	**26,017**
Investment activities		
Expenses on property, plant and equipment purchases	-80,379	-57,862
Expenses on financial asset purchases	205	-66,301
Revenues from property, plant and equipment sale	13,735	30,348
Repayment of long-term loans granted	-	-
Long-term loans granted	-	-
Revenues from financial asset sale	-	210
Interest received	-	223
Dividends received	-	-
FX gains/losses	-39	216
Other	100	-
	-66,378	**-93,166**
Financial activities		
Net proceeds from issue of shares and other capital contributions	204	160,180
Subsidies received	976	-
Proceeds from loans	17,210	6,586
Repayment of loans	-1,799	-10,975
Purchase of treasury shares	-4,888	-
Payment of liabilities arising from finance leases	-6,004	-4,619
Dividends paid	-19,569	-25,599
Interest received	-134	
Interest paid	-1,830	-1,174
Other payments from profit	-	-
FX gains/losses	75	-103
Other	62	3,102
	-15,697	**127,398**
Movements in cash	**-65,771**	**60,249**
Opening balance of cash	69,756	9,507
Closing balance of cash	**3,982**	**69,756**

ADDITIONAL NOTES

NOTE 1.
BASIC INFORMATION

.1 Information concerning the parent undertaking

ATM S.A. is a joint stock company. The Company launched its operations in 1993 as ATM sp. z o.o. On July 10, 1997, ATM sp. z o.o. was transformed into a joint stock company pursuant to the notarial deed drawn up at the Notarial Office in Raszyn on May 16, 1997 (Repertory No. 3243/97).

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

ATM S.A. is listed on the Warsaw Stock Exchange. The ownership structure as at December 31, 2008 and December 31, 2007 has been presented in Note 19.

According to the Warsaw Stock Exchange classification, the core business of the Group concerns the IT sector. The Group's core business includes ICT services combining skills and resources related to ICT systems integration and telecommunications as well as software development and deployment. The services provided by the Group cannot be clearly classified as "IT" or "telecommunications" services, so its business has not been divided into separate segments for accounting purposes. ATM S.A. provides services related to the following core areas:

- integrated ICT infrastructure systems, including the integration of computer networks and data storage and processing systems;
- telecommunications and value added services, including Internet access for telecommunications providers and corporate customers, the lease of transmission lines, telecommunications outsourcing, collocation and other value added services;
- business security solutions and services, including technical information security solutions, backup center and office services as well as IT support for business continuity procedures;
- application solutions based on proprietary and third party software;
- multimedia solutions and services including an interactive television platform incorporating video on demand services and a point of sales advertising television platform.

As at December 31, 2008, the Management Board of the parent undertaking included:

- Roman Szwed – Management Board President

Tadeusz Czichon – Member of the Management Board The Supervisory Board as at December 31, 2008, included:

- Jan Wojtyński – Chairman
- Tomasz Tuchołka – Deputy Chairman
- Sławomir Kamiński – Member
- Jan Madey – Member
- Zbigniew Mazur – Member

.2 Information about undertakings included in the Group of Companies

In 2008, the following changes occurred with respect to the ATM S.A. Group of Companies:

- On March 8, 2008, by resolution of the Extraordinary General Meeting of Shareholders, capital in Impulsy Sp. z o.o. was increased by PLN 30 thousand by establishment of 15 new shares. All the new shares were taken up by ATM S.A. As a result, the Issuer's stake in the company increased from 72% to 78.47%.
- On March 26, 2008, ATM S.A. took up all shares in the newly established company named Centrum Innowacji ATM sp. z o.o. with its registered office in Warsaw. The share capital of the newly established company amounts to PLN 50,000. ATM S.A. took up 1,000 shares with a face

value of PLN 50 each, for the total amount of PLN 50,000, which constitutes 99.9% of the company's share capital. Centrum Innowacji ATM sp. z o.o. was established with a view to the intended commencement of activity of ATM S.A. in the Łódź Special Economic Zone, Warsaw subzone, Grochowska complex.

- On April 10, 2008, share capital increase was recorded at mPay International Sp. z o.o. The capital was increased pursuant to the resolution of the Extraordinary Partners' Meeting adopted on January 22, 2008. The capital was increased by PLN 2,000 thousand, i.e. from PLN 7,250 thousand to PLN 9,250 thousand by establishing 4,000 new shares at PLN 500 each. 2,400 shares were taken up by ATM S.A., and 1,600 by Henryk Kułakowski. Pursuant to the resolution of February 7, 2008, the newly established shares were paid up by March 31, 2008.
- On May 14, 2008, capital increase was recorded at mPay S.A. The capital was increased pursuant to the resolution of the Extraordinary General Meeting of Shareholders adopted on March 6, 2008, by way of private placement. The share capital was increased to PLN 6,900 thousand (by PLN 1,400 thousand) through the issue of 2,800,000 series B shares with a face value of PLN 0.50 each. All shares from the new issue were offered to the mPay International Sp. z o.o. company.
- In the second quarter of 2008, the Issuer purchased 4,612 shares from Linx Telecommunications B.V. employees under the option plan. Following the transaction, the number of shares held by ATM S.A. is 2,754,612, amounting to 21.67% of the Linx Telecommunications B.V share capital.
- On June 23, 2008, the Partners' Meeting decided to increase the capital of the Cineman sp. z o.o. company by PLN 400 thousand, i.e. from PLN 600 thousand to PLN 1,000 thousand, by establishing 800 shares at PLN 500 each. 408 shares were taken up by ATM S.A. and 392 by Monolith Films Sp. z o.o.
- Capital increase for Cineman sp. z o.o. by PLN 400 thousand, i.e. from PLN 600 thousand to PLN 1,000 thousand, by establishing 800 shares at PLN 500 each, was registered on July 30, 2008. 408 shares were taken up by ATM S.A. and 392 by Monolith Films Sp. z o.o..
- On October 30, 2008, ATM Services Sp. z o.o. was transformed into inONE S.A. On January 8, 2009, the Issuer was notified about entering this change in the Court Register. The Company will henceforth operate under the new name, which is an important change owing to the fact that the new brand has been gaining recognition in the market.
- On December 17, 2008, capital was increased in mPay S.A. by PLN 7,200 thousand, i.e. from PLN 6,900 thousand to PLN 14,100 thousand, by establishing 14,400,000 C series shares at PLN 0.50 each. 14,112,000 shares of the total value of PLN 7,056 thousand were taken up by ATM S.A., and 288,000 shares of the total value of PLN 144 thousand were taken up by Konrad Łuczak. Increasing the capital was primarily aimed at repaying the loan granted by ATM S.A. to mPay S.A. and mPay International Sp. z o.o.
- On December 17, 2008, pursuant to a share sale agreement, ATM S.A. purchased 1 share in CBR ATM-Lab Sp. z o.o. for PLN 50.00 from mPay International. After the purchase, ATM S.A. holds 1001 shares, which accounts for a 100% stake in the company and for 100% votes.
- On December 19, 2008, KLK Sp. z o.o. was transformed into KLK S.A.

After the end of the year, the following formal and equity changes occurred in the Issuer's group of companies:

- On February 6, 2009, in line with the provisions of Articles of Association of Rec-order sp. z o.o., the shareholders decided to increase the share capital by PLN 15 thousand, that is from PLN 100 thousand to the amount of PLN 115 thousand, by issuing 150 shares with a par value of PLN 100.00 per share. The new shares were taken up by ATM S.A. In the near future, the company will not perform operational activities and the increase of capital was aimed at settling the obligations assumed by the company in the past.
- On February 6, 2009, in line with provisions of the share sale agreement, ATM S.A. purchased 999 shares from mPay International for the amount of PLN 9,227.40. After the purchase, ATM S.A. holds 1000 shares, which accounts for a 100% stake in the company and for 100% votes.
- On February 11, 2009, in line with the provisions of Articles of Association, the Management Board of mPay S.A. decided to increase the share capital by PLN 500 thousand, that is from PLN 14,100 thousand to the amount of PLN 14,600 thousand, by issuing 1,000,000 shares with a par value of PLN 0.50 per share. 980,000 of the new shares were taken up by ATM S.A., which gives the total of 15,093,000 shares with the value of PLN 7,546 thousand accounting for 51.69% of all shares and votes at the General Meeting of Shareholders.
- On February 12, 2009, ATM S.A. received a copy of the decision of the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, with regard to registering on 2 February 2009 an increase in the share capital of the Issuer's subsidiary, mPay S.A., by PLN

7,200 thousand. Increasing the capital within the target capital was aimed at providing the company with a source of current financing for its activities involving promoting the mobile payments system in Poland in cooperation with business partners.

As at April 30, 2009, the Group of Companies included the following subsidiaries apart from the Issuer:

Company name	Core business	Dependence	Stake in share capital	Share in the overall number of votes
inONE S.A.	IT services	Subsidiary	60%	60%
iloggo sp. z o.o.	Web services	Subsidiary	60%	60%
Cineman sp. z o.o.	Web multimedia services	Subsidiary	51%	51%
mPay International Sp. z o.o. (previously ATM Mobile sp. z o.o.)	Intellectual property management	Subsidiary	60%	60%
mPay S.A.	Mobile payment settlement	Subsidiary	52%	52%
rec-order sp. z o.o.	Online sales	Subsidiary	100%	100%
KLK S.A.	Integration of ICT systems	Subsidiary	79%	79%
Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o.	Programming services	Subsidiary	100%	100%
Impulsy Sp. z o.o.	Software for medical institutions	Subsidiary	78%	78%
Sputnik Software Sp. z o.o.	IT services for public sector	Subsidiary	60%	60%
CI ATM Sp. z o.o.	Establishing of the ATM Innovation Center	Subsidiary	100%	100%
Linx Telecommunications B.V.	Independent telecommunications operator	Associate	22%	22%

.3 Grounds for the drawing up of consolidated financial statements

The present consolidated financial statements have been drawn up in accordance with the requirements of International Financial Reporting Standards (“IFRS”) as approved by the European Union, and with respect to matters not regulated in the said standards in accordance with the requirements of the Accounting Act of September 29, 1994 (Journal of Laws [Dz.U.] No. 76/2002 item 694 as amended) and the secondary legislation issued pursuant to this Act and in accordance with the requirements stipulated in the Regulation of the Minister of Finance of February 19, 2009 regarding current and periodical information submitted by issuers of securities (Journal of Laws [Dz.U.] No. 33/2009 item 259).

As of January 1, 2005, amendments to the Accounting Act (Article 45, sections 1a through 1c of the Accounting Act) have imposed an obligation on the Group to draw up consolidated financial statements in accordance with IFRS as approved by the European Union. As at the publication date of the present consolidated financial statements, taking into account the adaptation process of IFRS by the European Union, there are no differences between the accounting principles adopted by the Group according to IFRS and IFRS as approved by the European Union.

NOTE 2. MATERIAL ACCOUNTING POLICIES

The financial year for the Issuer and the companies included in the Group is a calendar year.

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

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

.1 Compliance statement

The consolidated financial statements of the ATM S.A. Group for the period ending on December 31, 2008 and comparable data for the financial year ending on December 31, 2007 have been drawn up in accordance with International Financial Reporting Standards as approved by the European Union.

.2 Adoption of International Financial Reporting Standards

Standards and interpretations implemented for the first time in 2008

The following changes in the existing standards issued by the International Accounting Standards Board as approved by the EU come into force in 2008:

- Amendments to IAS 39 "Financial instruments: recognition and valuation" and IAS 7 "Financial instruments: Disclosures" – Reclassifications of financial assets – approved by the EU on October 15, 2008 (applicable to reclassifications taking place on July 1, 2008, and later.)

The abovementioned amendments to standards would not have significant impact on financial statements, should they had been applied by the entity as at the balance sheet date.

Standards and interpretations that have been published but have not come into force yet

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

- IFRS 8 "Operating Segments" – approved by the EU on November 21, 2007 (applicable to annual periods beginning on January 1, 2009, or later);
- Amendments to IFRS 1 "First-Time Application of IFRS" and IAS 27 "Consolidated and Separate Financial Statements" – costs of investments in subsidiaries, jointly controlled entities and associates, approved by the EU on January 23, 2009 (applicable to annual periods beginning on January 1, 2009, or later.)
- IFRS (2008) "Amendments to International Financial Reporting Standards" – performed under the procedures of annual revisions to the Standards (IAS 1, IFRS 5, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41) targeted mainly at resolving discrepancies and enhancing the precision of terminology, approved by the EU on January 23, 2009 (most amendments are effective for annual periods beginning from January 1, 2009, or later);
- Amendments to IAS 32 "Financial instruments: Presentation" and IAS 1 „Presentation of financial statements" – Puttable Instruments and Obligations Arising on Liquidation, approved by the EU on January 21, 2009 (effective for annual periods beginning from January 1, 2009, or later);
- IAS 1 (revised) "Presentation of financial statements" – Revised Presentation, approved by the EU on December 17, 2008 (effective for annual periods beginning from January 1, 2009, or later);
- IAS 23 (amended) "Borrowing costs" – approved by the EU on December 10, 2008 (effective for annual periods beginning from January 1, 2009, or later);
- Amendments to IFRS 2 "Share based payment" – Vesting Conditions and Cancellations, approved by the EU on December 16, 2008 (effective for annual periods beginning from January 1, 2009, or later);
- IFRIC Interpretation 11 "IFRS 2: Group and Treasury Share Transactions" approved by the EU on June 1, 2007 (effective for annual periods beginning from March 1, 2008, or later);
- IFRIC Interpretation 12 "Service Concession Arrangements" approved by the EU on March 25, 2009 (effective for annual periods beginning from March 30, 2009, or later);
- IFRIC Interpretation 13 "Customer Loyalty Programmes" – approved by the EU on December 16, 2008 (effective for annual periods beginning from January 1, 2009, or later);

- IFRIC Interpretation 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” – approved by the EU on December 16, 2008 (effective for annual periods beginning from January 1, 2009, or later.)

The Group decided not to apply the standards, amendments to standards and interpretations mentioned above earlier than required. According to the Group’s estimates, application of the standards, interpretations and amendments to standards on the balance sheet date would have no significant impact on consolidated financial statements.

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

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

- IFRS 3 (revised) “Business Combinations” (effective for annual periods beginning from July 1, 2009, or later);
- IFRS 1 (revised) ”First-time Adoption of International Financial Reporting Standards” (effective for annual periods beginning from July 1, 2009, or later);
- Amendments to IFRS 7 “Financial Instruments:: Disclosures” – Improving Disclosures about Financial Instruments (effective for annual periods beginning from January 1, 2009, or later);
- Amendments to IAS 27 „Consolidated and Separate Financial Statements” (effective for annual periods beginning from Ju”y 1, 2009, or later);
- Amendments to IAS 39 “Financial instruments: Recognition and Measurement” – Eligible hedged items (effective for annual periods beginning from July 1, 2009, or later);
- Amendments to IAS 39 “Reclassification of Financial Assets” and IFRS 7 “Financial Instruments: Disclosures” – Reclassification of Financial Assets – Effective Date and Transition (effective from July 1, 2008);
- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” and to IAS 39 “Financial Instruments: Recognition and Measurement” – Embedded Derivatives (effective for annual periods ending on June 30, 2009, or later);
- IFRIC Interpretation 15 “Agreements for the Construction of Real Estate” (effective for annual periods beginning from January 1, 2009, or later);
- IFRIC Interpretation 16 “Hedges of a Net Investment in a Foreign Operation” (effective for annual periods beginning from October 1, 2008, or later);
- IFRIC Interpretation 17 “Distributions of Non-cash Assets to Owners” (effective for annual periods beginning from July 1, 2009, or later);
- IFRIC Interpretation 18 “Transfers of Assets from Customers” (effective for transactions taking place after June 30, 2009.)

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

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

.3 Management Board estimates

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

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

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

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

Estimates and assumptions involving significant risk include:

a) provisions for employee benefits

As concerns employee benefits, the Group is not party to any wage bargaining agreements or collective employment agreements. The Group does not participate in any pension schemes managed directly by the Group or by external funds. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of pension benefits (retirement severance pay) payable to employees pursuant to Labor Code provisions at the end of their employment period. Short-term employee benefit liabilities are valuated according to general principles. Long-term benefits are estimated using actuarial methods. Due to the immaterial nature of these provisions, based on the materiality principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the consolidated financial statements.

b) estimates related to annual goodwill impairment testing

At the end of each financial year, the Group conducts an annual goodwill impairment test as per its accounting policy. In order to test for possible goodwill impairment, goodwill is allocated to cash generating units. The recoverable amount is determined based on value in use calculations. These calculations require the use of estimates concerning the projections of cash flows in the next financial year and the predicted development of the Polish market in subsequent years. Due to the significant volatility of the business climate in the IT industry in which the Group operates, actual cash flows may differ from those forecast by the Group.

c) long-term contracts

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

d) Other

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

.4 Accounting principles

Consolidation – subsidiaries

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

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and non-realized gains on transactions between Group Companies are eliminated. Non-realized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

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

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

Consolidation – Associates

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

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

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

Intangible assets

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

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

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

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

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

The Group also includes the expenditure incurred in order to obtain 99-year land lease right in intangible assets. 99-year lease of land is considered operating lease, and so the subject of lease is not included in the Group's assets. However, the expenses incurred in order to obtain such rights in the secondary market (from other undertakings) and the expenses related to the granting of such rights by competent state authorities are recognized as intangible assets and are amortized over the contractual period during which the Group can use such rights.

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

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

copyrights	5 years

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

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

Property, plant and equipment

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

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

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

The rates adopted for the depreciation of fixed assets, including components and specialist replacement parts, reflect their predicted period of useful life. Fixed assets are depreciated using the straight-line method. The useful lives for individual fixed asset items are as follows:

buildings and structures	from 10 to 40 years
machinery and equipment	from 3 to 10 years
means of transportation	from 3 to 7 years
other fixed assets	from 3 to 10 years

Own land is not subject to depreciation. The group treats 99-year land lease rights granted as operating lease. Where such rights are purchased in the secondary market, they are recognized as intangible assets and amortized over their predicted period of useful life.

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

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

Financial assets

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

e) Financial assets at fair value through profit or loss

This category includes financial assets held for trading and financial assets designated on initial recognition to be measured at fair value. Financial assets are classified to this category where they are held for the purpose of selling in the short term. Financial instruments are also classified to the held for trading financial asset category.

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

f) Loans granted and own receivables

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

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

g) Financial assets held to maturity

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

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

h) Financial assets available for sale

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

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

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

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

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

Financial instruments and hedges

Financial instruments are recognized and measured at fair value on the balance sheet date. The methods for recognizing profit and loss related to these instruments depend on whether the instrument in question was designated as a hedge and the nature of this hedge. A given instrument may be designated as a fair value hedge, cash flow hedge or a foreign investment hedge. During the periods included in the consolidated financial statements, the Group did not use hedge accounting.

Inventories

Inventories are assets held for sale in the ordinary course of business, assets in the production process for sale and materials and supplies that are consumed in production or during the provision of services. Inventories include materials, goods, finished products and work in process. Materials and goods are initially valuated at acquisition price. On the balance sheet date, materials and goods are valuated in a conservative manner, i.e. these categories are valuated at the lower of acquisition price or possible sales value.

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

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

- goods inventories:
    - goods remaining in warehouse from 6 months to 1 year 5%
    - goods remaining in warehouse from 1 year to 2 years 10%

    - goods remaining in warehouse from 2 to 3 years 30%
    - goods remaining in warehouse from 3 to 5 years 50%
    - goods remaining in warehouse more than 5 years 100%
- materials inventories:
    - the value of materials is recognized in the cost of goods sold over 5 years on a straight line basis.

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

Trade and other receivables

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

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

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

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

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

Other current and fixed assets

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

Cash and cash equivalents

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

Bank loans

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

Trade and other liabilities

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

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

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

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

Provisions

Provisions are established where the Group is under a legal or constructive obligation resulting from past events, and where it is probable that the settlement of this obligation will necessitate an outflow of resources constituting economic benefits and where the amount of this obligation can be reliably estimated, but the amount of this obligation or the date when it becomes due are not certain. Where the effect of the time value of money is significant, the amount of provision is determined by discounting expected cash outflows to their present values using the discount rate that reflects the current market assessments of the time value of money, and the risks specific to the liability in question. Increases in provisions based on the discounting method over time are recognized as borrowing costs.

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

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

As concerns employee benefits, the Group is not party to any wage bargaining agreements or collective employment agreements. The Group does not participate in any pension schemes managed directly by the Group or by external funds. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees, and the costs of pension benefits (retirement severance pay) payable to employees pursuant to Labor Code provisions at the end of their employment period. Short-term employee benefit liabilities are valuated according to general principles. Long-term benefits are estimated using actuarial methods. Due to the intangible nature of these provisions, based on the significance principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the consolidated financial statement.

Incentives Scheme Management Options

Employees, persons collaborating with the Issuer, as well as members of the Management Boards, employees and persons collaborating with the ATM S.A. Group companies participate in an incentive scheme, under which they are entitled to purchase ATM S.A. Company shares upon meeting the conditions specified in the Incentive Scheme Regulations approved on June 5, 2008 by the Ordinary General Meeting of ATM S.A. Shareholders.

As part of this program, in 2008-2010, the Company Management Board will grant share purchase options to selected employees. Based on these options, the authorized persons will be able to purchase Company shares at the face value.

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

The incentive scheme is recognized according to IFRS 2 “Share-Based Payment" principles. The fair value of options was determined at the starting date for the scheme.

The fair value of options for a given period is charged to salary costs for the period and recognized in retained earnings.

The shares held by the sub-issuer which were not included in the incentives scheme as at the balance sheet date decrease the share capital registered.

Foreign currency transactions

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

- the buying or selling rate applied by the bank whose services the Group uses – for foreign exchange sale or purchase transactions and receivables or liabilities payments;
- the average exchange rate determined for the currency in question by the National Bank of Poland on the date in question, unless another exchange rate was specified in the customs declaration or another document which is binding for the unit – for other operations.

Assets and liabilities items expressed in foreign currencies are valuated as at the balance sheet date according to the average exchange rate for the currency in question published by the National Bank of Poland for the balance sheet date. Foreign exchange differences arising from the settlement of transactions expressed in foreign currencies as well as arising from the balance sheet valuation of assets and liabilities items expressed in foreign currencies and concerning the Group's core business (operations) are recognized as financial expenses and revenues. Foreign exchange gains and losses are offset before presentation in financial statements.

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

Currency	NBP average exchange rate as at December 31, 2008	NBP average exchange rate as at December 31, 2007
EUR	4.1724	3.5820
USD	2.9618	2.4350
JPY 100	3.2812	2.1728

Pursuant to IAS 1 *Presentation of Financial Statements*, Art. 17, the Management Board of the Issuer decided that the application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* to the valuation of liabilities arising from lease agreements in foreign currencies will be misleading, and consequently the financial statement will not fulfill its objectives specified in Conceptual Assumptions. As a result, the Group refrains from fully implementing this requirement and applies the modifications described below instead.

Pursuant to IAS 21.28, FX gains/losses on revaluation of leasing liabilities as a result of exchange rate differences should be recognized in the financial profit/loss of the current reporting period. Due to an extraordinary, sudden, and, according to analysts, temporary and speculative increase in foreign exchange rates in relation to the Polish zloty in the last quarter, this would result in considerable reduction of Company's profit that would not reflect the actual picture of the Group's business operations. Only a minor part of exchange rate differences arising on leasing liabilities, that is those that refer to installments paid in a given reporting period, refers to the current reporting period, whereas majority of them refer to precisely specified future periods, in which subsequent leasing installments shall be due. This cost will be actually incurred by the Group in future periods, unless exchange rates will not fall in relation to the Polish zloty.

Therefore, pursuant to IAS 1.17, in the current financial statements, the Group has partially departed from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in particular quarters, in which leasing installments will be paid. Prepayments and accruals will be modified by exchange rate differences arising on leasing liabilities (positive and negative) in future periods. Departure from IAS 21 will be applied by the Group until the foreign exchange rates stabilize at the level corresponding to the actual purchasing power of the Polish zloty.

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

Leases

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

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

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

Impairment

At each balance sheet date, the Group reviews the balance sheet value of fixed assets to look for any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then the asset’s recoverable amount is estimated in order to determine the potential write-down. Where 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 usable value, which corresponds to the current value of estimated future cash flows discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset (if any.)

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

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

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

Revenues

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

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

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

Revenues from services provided is recognized based on the stage of completion. Where the result of the service cannot be determined reliably, the revenues arising from it are only recognized to the extent of the expenses incurred which the Group expects to recover. Where the sale price of the service in question includes the identifiable value of maintenance services that will be rendered in the future, the amount corresponding to this part of revenues is deferred and recognized in the profit and loss account in the periods when the services in question are rendered.

Interest income is recognized on a cumulative basis relative to the principal amount outstanding using the effective interest rate method.

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

Borrowing costs

Borrowing costs are recognized as financial expenses on the date they are incurred. The Group does not capitalize borrowing costs related to assets.

Taxation

Mandatory charges on the financial result include: current tax (CIT) and deferred tax.
Current tax expense is calculated on the basis of the taxable profit (tax base) for a given financial year. Tax profit (loss) differs from accounting net profit (loss) due to the exclusion of taxable revenues and costs that are not tax-deductible, as well as cost and revenue items that will never be subject to tax. Tax expense is calculated based on the tax rates applicable to the financial year in question.

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

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

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

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

NOTE 3. SALES REVENUES

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Revenues from sales of products	165,990	142,724
Revenues from sales of goods and materials	101,458	117,342
Total sales revenues	**267,448**	**260,066**
of which:		
- - to affiliates and subsidiaries	482	20

Main products

ATM S.A. with its Group of Companies provides ICT services related to the following areas:

- integrated ICT infrastructure systems;
- telecommunications and value-added services;
- business security solutions and services;
- application solutions;
- multimedia solutions and services;
- other services (which do not fit in the classification provided above, such as the financial services provided by mPay S.A.)

Within the areas listed, the Group offers the products described below.

Integrated ICT infrastructure systems

ATM S.A. develops integrated information and communication technology (ICT) infrastructure systems including:

- **Transmission networks.** The Company provides comprehensive services including auditing existing customer infrastructure, analyzing current and projected transmission requirements, planning network functionality and building as well as designing, developing and deploying corporate and carrier networks. Integration projects often involve developing data transmission security systems and ICT resource management systems.
- **Computer systems integration.** These services involve the design, hardware and software development and deployment of computer systems, including end-to-end data center development. The services include integrating all required infrastructure components, from power supply systems and transmission cabling, through physical security (fire extinguishers, access control, alarms, video surveillance) systems, to servers, data storage, operating systems and utility software. Our particular field of expertise is the construction of supercomputing installations based on state-of-the-art cluster and grid parallel processing architectures.

ATMAN – telecommunications and value-added services

Next generation telecommunications services provided by ATM S.A. include:

- **Internet access services.** Configuring and supervising broadband Internet lines for telecommunications providers, Internet and Application Service Providers 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 and Frankfurt.
- **Digital line lease services.** These are data transmission services provided in the entire territory of Poland, with very high transmission quality parameters. In Warsaw and six other conurbations, broadband data transmission services are provided with no bandwidth limitations via the Company’s own fiber optic network. Within the framework of these services, the Company enables data transmission through points of interconnection with networks belonging to major regional and international data carriers.
- **Telecommunications outsourcing.** Designing and configuring complete telecommunications and IT networks based on the Company's own lines, as well as lines leased from other providers. This also includes operational support for the customer’s entire ICT infrastructure or part thereof (including hardware support,) pursuant to service level agreements. Telecommunications outsourcing services are provided, among others, through 24-hour Network Management Center monitoring of the customer’s ICT infrastructure.
- **Collocation and hosting.** The Issuer has properly equipped and protected rooms, which are being constantly expanded owing to the growing demand, where it provides collocation (i.e. renting space for hardware together with uninterruptible power supply and communications networks connection) and hosting services (i.e. renting the Company’s own servers, e.g. for the provision of Web services.)

Next generation telecommunication services are often offered in conjunction with ICT system integration services, in particular in connection with developing network management systems, traffic billing, ensuring the security of transmitted data, developing applications supporting business operations by means of a network and telecommunications infrastructure.

Business security solutions and services

ATM S.A. develops integrated solutions based on proprietary or third-party software, mainly in the following areas:

- **Data Protection Center.** The Company has created an environment consisting of separate rooms, appropriate technical infrastructure and procedures. This is offered under the common Data Protection Center (*Centrum Ochrony Danych*) brand. Data Security Center services include renting backup front-office and back-office environments. Pursuant to the agreement signed, the customer (e.g. a bank) may re-launch the operation of key services interrupted in the main office due to sudden, unforeseen events (an extensive failure, vandalism, or an act of terror,) at the Data Protection Center within a guaranteed, short time. The Company also provides outsourcing services related to operating technical information protection systems (including ongoing software updates and protection rules, as well as responding to incidents.)

- **Technical information security solutions.** The Company delivers and integrates state-of-the-art technical IT security systems: firewalls, Intrusion Prevention Systems, antivirus and antispam systems, and systems preventing access to undesirable web content. Those systems may be additionally equipped with software for analyzing threats on the basis of information collected from individual devices.
- **Atmeus.** The company develops and deploys systems that support Business Continuity Planning. The system was developed on the basis of proprietary software, formerly offered under the ATM BCP brand. Major users of such systems include banks, for which the mitigation of operational risk constitutes an important factor, allowing them to limit the capital requirements stipulated in the New Capital Accord (Basel II.) Thanks to increasing BCP awareness in organizations, the system is also generating interest outside the banking sector.

Application solutions

ATM S.A. develops integrated application solutions based on proprietary and third party software. As regards solutions based on third-party software, ATM S.A. deploys third-party IT systems aligned to the needs of its customers. In this respect, the Issuer has a strong relationship with Microsoft – the Company is Microsoft's Gold Certified Partner.

The Company successfully develops applications, based on proprietary software, which are beginning to gain market recognition, including:

- **Atmosfera.** Atmosfera is ATM's proprietary application development platform. It is designed for rapid application development purposes with a wide range of applications, such as: transactional database systems, workflow management systems, service desk and CRM systems. The platform has been used as the basis for several systems dedicated to specific applications. Individual features of these solutions reflect the experience of thousands of users. The most widely known application is Atmosfera Service Desk, used for service management. Atmosfera Service Desk is the only Polish ITSM (IT Service Management) system awarded by the Canadian company Pink Elephant with the prestigious PinkVerify certificate. The certificate acknowledges compliance with ITIL guidelines.
- **SMaCS** (*Service Management and Charging System*) is a system for managing and billing operator services in IP networks. The system gives telecommunications providers, including traditional telephone network, cable TV network, and mobile network operators additional revenues from digital data transmission services (file download, video on demand, and other value-added services) delivered to subscribers. The solution guarantees that the services can only be used by authorized users and that each user is billed according to the rules set by the provider. SMaCS – just like Atmosfera – is a convenient platform for the development of applications tailored to the operators' specific needs.

Multimedia solutions and services

As a result of several years of research and development work, the Company has designed and is developing proprietary technology platforms used for the provision of various multimedia services. Currently, the Company offers the following services:

- **ATM IndoorTV.** The service consists in the development and operation of a complete POS (Point of Sales) TV system. The service was awarded the 2006 Złota Antena (Golden Antenna) by the "Świat Telekomunikacji" monthly.
- **ATM InternetTV.** The service is based on the multimodule ATM InteractiveTV platform, which was awarded the 2008 Złota Antena (Golden Antenna) by the "Świat Telekomunikacji" monthly and includes:
  - the subsystem for storing large quantities of multimedia data together with descriptions offering presentation and search capabilities;
  - the subsystem for adapting content format to transmission system requirements (encoding translation, protection of licensing rights) and the subsystem for managing the offer for subscribers, in particular the presentation of the content offered for download and service packages;
  - the transmission management subsystem and the content billing subsystem enabling various billing schemes – flat rate, for service usage time, for data volume downloaded, for playing a specific movie, etc.

ATM S.A. offers the aforementioned platform both to digital multimedia content (e.g. movies or music) providers and to operators of subscriber communications networks.

The Company offers to deliver and integrate a fully functional multimedia content distribution system for the customer's sole use as well as to make its proprietary technology platform available. The functionality of the solution delivered may be tailored to specific requirements and ATM also offers to integrate the solution with customer's other systems. Customers may also use multimedia content distribution related services provided by the Company using platforms developed for their own needs. The services may concern the full scope of technical distribution support (e.g. the comprehensive provision of video on demand services,) or just the scope selected by the customer – e.g. only data format translation or the collection and provision of encoded material.

Solutions and services offered by companies belonging to the Group

The subsidiaries provide ICT services in accordance with the classification presented above, however these services often have particular characteristics or are targeted at a particular market. Such product strategy increases the competitive advantages of the Group's offering. In particular:

- KLK sp. z o.o. deploys integrated ICT infrastructure systems with particular emphasis on uninterruptible power supply systems, and on equipping buildings with advanced infrastructure;
- Sputnik Software Sp. z o.o. develops software targeted primarily at public administration, and in particular local government administration;
- inOne S.A. (formerly ATM Services Sp. z o.o.) provides IT outsourcing services to small and medium enterprises;
- Linx Telecommunication BV offers telecommunications solutions (wholesale data transmission and data centre services) mainly in Central and Eastern Europe, in particular in Russia;
- Impulsy Sp. z o.o. offers advanced IT systems and solutions for the health care sector;
- mPay S.A. deploys a universal mobile payment system – the company has the status of a billing agent and provides financial services in this area, unique in the Polish market;
- iloggo Sp. z o.o. maintains a community Web 2.0 site facilitating the use of bookmarks leading to popular websites;
- Cineman sp. z o.o. offers video on demand services for subscriber network operators and online cinema services;
- Centrum Badawczo Rozwojowe ATM-Lab Sp. z o.o. develops multimedia services software and offers research and development services.

Industry segments

In the opinion of the Management Board of the parent undertaking, despite the fact that it is possible to identify different product lines with regard to sales revenues, the types of production processes and the distribution and service provision methods are closely linked and exhibit similar risks and returns on investment. Moreover, no transactions between individual product lines are conducted. As a consequence, when assessing the possibility of dividing the Group's operations into segments in a reliable manner, the Management Board decided that the Group's entire operations fall into the ICT services segment and therefore no segments have been distinguished.

Revenue from major products sales is as follows:

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Integrated ICT infrastructure systems	169,422	160,792
Telecommunications and value-added services	72,008	52,736
Business security solutions and services	10,497	32,376
Application solutions	10,504	11,409
Multimedia solutions and services	4,055	2,677
Other services	960	76
Total sales revenues	**267,448**	**260,066**

Geographical operation segments as at December 31, 2008 and 2007:

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Domestic sales	264,925	257,372
Exports	2,523	2,694
Total sales revenues	**267,448**	**260,066**

NOTE 4. OPERATING EXPENSES

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Cost of goods sold (variable)	163,919	169,997
Cost of goods sold (fixed)	25,566	23,438
Cost of sales	1,133	1,126
General and administrative costs	62,235	42,304
Total costs related to core operations	**252,853**	**236,844**
of which:		
Amortization and depreciation	15,752	9,153
Consumption of materials and energy	55,343	50,741
Outsourcing	54,215	61,119
Taxes and other charges	3,032	1,556
Salaries	37,823	31,909
Employee benefits	8,977	6,354
Other	-1,029	-6,199
Value of goods and materials sold	81,800	82,273
	255,912	**236,906**
Change in stock position	-3,060	-62
	252,853	**236,844**

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

Employee costs

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Salary from employment contracts	36,933	31,900
Salary from fixed amount contracts	1,671	
Social insurance costs	5,185	4,817
Pension benefit costs	352	7
Other benefits after the employment period	3	2

Charges to Enterprise Social Benefit Fund	216	102
Other employee benefits	2,440	1,435
	46,800	38,263

Salaries

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

Employee benefits

Social insurance costs for the Group's undertakings include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (*Fundusz Gwarantowanych Świadczeń*) and Labor Fund (*Fundusz Pracy*). In 2008 and 2007, those contributions amounted to 17.77% and 19.77% of the contribution calculation base determined pursuant to applicable laws, respectively.

Pension benefit costs include retirement severance paid to employees pursuant to the Labor Code. Group units are not parties to any pension schemes or collective employment agreements that would entail other regulations in this regard. Long-term benefits are estimated using actuarial methods. Due to the intangible nature of these provisions, based on the significance principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the consolidated financial statement. In the periods presented, the Group paid no such benefits.

Some of the Group units situated in Poland are under the obligation to establish the Enterprise Social Benefit Fund (*Zakładowy Fundusz Świadczeń Socjalnych* – ZFŚS.) Charges to this fund are recognized as Group operating expenses and the money allocated to the fund has to be blocked in a separate bank account. In the financial statements, fund assets and liabilities are presented in net terms. Due to the nature of the fund's operations, the fund's assets equal its liabilities. The amounts of funds in the Enterprise Social Benefit Fund as at December 31, 2008 and 2007 were PLN 123 thousand and PLN 96.3 thousand respectively.

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

Costs of research and development

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Costs included directly in costs related to core operations	-	-
Amortization costs related to deferred development work costs	1,659	462
	1,659	**462**

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

NOTE 5. OTHER REVENUES

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007

Profit from the sale of fixed assets	85	486
Reversal of receivable write-downs	30	42
Reversal of inventory write-downs	-	58
Damages received	132	148
Expired liabilities written off	9	-
Subsidies received	107	-
Other	310	390
	673	**1,124**

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

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

NOTE 6. OTHER COSTS

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Loss from sales and liquidation of fixed assets	60	131
Receivable write-downs	158	115
Inventory write-downs	-	209
Impairment write-downs	2	6
Donations given	46	175
Fines and penalties paid	136	6
Accident repair costs	64	59
Other	494	836
	960	**1,537**

Costs and losses related to the Group's operations, but not directly related to main types of operating expenses, are classified as other operating expenses. This category includes losses on sale of property, plant and equipment, donations (both in cash and in kind) to other entities, including public benefit entities, and the costs related to receivable write-downs and impairment write-downs.

NOTE 7. FINANCIAL REVENUES

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Dividends received	-	-
Interest on bank deposits	1,410	1,468
Interest on overdue payments	900	1
Interest on securities	-	-
Interest on loans	3	
FX gains	-	1,425
Other	70	880
	2,383	**3,774**

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

NOTE 8. FINANCIAL EXPENSES

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Interest on bank loans	499	346
Interest on loans	-	53
Budget interest	2	10
Interest on overdue payments	-	5
FX losses	4,744	
Finance lease costs	1,387	762
Other	461	176
	7,093	**1,352**

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

The terms and conditions pursuant to which the Group has used external sources of funding (bank loans) have been presented in Note 22. Financial operations also include foreign exchange losses.

NOTE 9. INCOME TAX

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Statutory tax rate	19%	19%
Current income tax		
Current tax expense	1,687	4,735
Adjustments concerning previous years	-	-
	1,687	**4,735**
Deferred income tax		
Related to the origination and reversal of temporary differences	-379	-571
Related to change in the tax rate	-	-
	-379	**-571**
Tax expense shown in the profit and loss account	**1,308**	**4,164**

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

With respect to income tax, the Group is subject to general regulations. The Group does not have a tax group status and does not operate in a Special Economic Zone, which would cause the principles for determining tax expense to differ from general regulations in this respect. However, according to the information included in Current Report No. 69/2007, the Council of Ministers issued a regulation enabling the extension of the Łódź Special Economic Zone to include the Warsaw subzone, Grochowska complex, where the Issuer operates. Both the tax and balance sheet years coincide with calendar years.

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

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Pre-tax earnings	10,246	25,746
Effective tax rate	0	0
Tax at the effective rate	**1,687**	**4,735**
Tax at the statutory rate	1,947	4,892
Tax impact related to the different dates on which costs are considered tax-deductible	-2,058	-157
Tax impact related to the different manners according to which revenues are recognized for tax purposes	236	
Tax impact of tax losses deducted during the period	-	
Tax impact of tax losses incurred during the period	1,562	
Tax at the effective rate	**1,687**	**4,735**

Due to temporary differences between the tax base and the profit (loss) shown in the financial statements, deferred tax is established. The deferred income tax as at December 31, 2007 and December 31, 2008 results from the items shown in the table below.

	Balance sheet		Profit and loss account	
	End of period, December 31, 2008	End of period, December 31, 2007	For period from January 1 to December 12, 2008	For period from January 1 to December 31, 2007
Deferred tax provision				
Difference between the balance sheet and tax value of property, plant and equipment	2,112	878	1,234	241
Recognized service revenues	10	776	-766	776
Damages receivable	-	2	-2	2
Interest accrued	28	15	13	15
Financial instrument valuation	14	-	14	-
Foreign exchange gains	-	4	-4	-
Deferred tax provisions acquired as a result of business combination	-	-	-	-
Gross deferred tax provision	**2,164**	**1,675**	**489**	**1,034**
Deferred tax assets				
Difference between the balance sheet and tax value of property, plant and equipment	1	-	-1	-
Deferred payment revenues	255	504	249	-60
Revenues calculated in time	1	-	-1	-
Inventory write-downs	392	267	-125	-116
Receivable write-downs	95	110	15	-7
Written-off financial assets under litigation	55	55	-	-
Provisions for service expenses	137	245	108	156
Provisions for employee benefits	99	-	-99	-
Foreign exchange losses	72	-	-72	-
Liabilities due to employees	110	65	-45	-65
Accruals	589	1,003	414	-1,003
Subsidies received	26	11	-15	-7
Recognized interest	-	-	-	-
Tax losses that may be deducted	1,967	671	-1,296	-503
Deferred tax assets acquired as a result of business combination	-	-	-	-
Gross deferred tax assets	**3,799**	**2,931**	**-868**	**-1,605**
Net tax assets (tax provision)	**1,635**	**1,256**		
Deferred income tax charge on profit			**-379**	**-571**

The deferred tax was established for all positive and negative temporary differences, including tax losses present as at December 31, 2008 at all companies of the Group.

NOTE 10. EARNINGS PER SHARE AND DIVIDENDS

Earnings per share

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Weighted average number of shares	36,000,000	36,000,000
Net profit for 12 months (PLN thousand)	8,938	21,582
Net earnings per share (PLN)	0.25	0.60
Diluted net earnings per share (PLN)	0.25	0.60

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

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

Dividends paid and declared

The Management Board of ATM S.A. disclosed its dividend policy in the current business report No. 25/2006 of 8 June 2006. Namely, it recommends annually that the General Assembly pay a dividend in an amount depending on prices of shares in the last month of the year upon applying EURIBOR plus 0.5%. The current financial condition of the Company enables it to follow such dividend policy with respect to the profit generated in 2008. However, the current economic situation characterized by problems with obtaining capital and high costs related thereto, as well as the high demand for financing required in order to deliver current investments, the Management Board proposes to allocate the entire profit for the year 2008 to the Company's reserve capital. The Management Board will recommend to the General Assembly to pass a suitable resolution. It also believes that the General Assembly should consider passing a resolution on allocating a part of the reserve capital to paying the postponed dividend for 2008 next year, if the economic situation gets back to normal.

The dividend for 2007 was paid by ATM S.A. on September 19, 2008 in the amount of PLN 0.54 per share, pursuant to the resolution of the General Meeting of the Company of June 5, 2008.

By the resolution of April 24, 2008, the KLK sp. z o.o. Partner's Meeting distributed profit for 2007 with the amount of PLN 2,192,000.00 being allocated to the Company's shareholders. The dividends were paid by December 31, 2008.

NOTE 11. GOODWILL

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

	End of period, December 31, 2008	End of period, December 31, 2007
mPay Group	131	131
iloggo sp. z o.o.	54	54
KLK S.A.	10,743	10,743
Sputnik Software Sp. z o.o.	3,078	2,586
Impulsy Sp. z o.o.	2,582	2,163
	16,588	**15,677**

The entire goodwill was generated as a result of the consolidation of undertakings in which the Issuer acquired shares in the years 2006-2008.

NOTE 12. INTANGIBLE ASSETS

	End of period, December 31, 2008	End of period, December 31, 2007
Goodwill		
Costs of completed development work	19,373	15,636
Concessions and licenses	7,472	8,796
99-year lease rights	308	317
Other intangible assets	4,568	963
	31,721	**25,712**
of which:		
Intangible assets used under finance lease agreements	-	-

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

As at December 31, 2008, development work includes the following projects developed in-house:

PC TV Platform under the ATM InternetTV brand

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

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

POS TV Platform under the ATM IndoorTV brand

From August 2005 to May 2006, the Company developed an in-house project called the SSM (Spread Screens Manager.) Under this project, an ATM IndoorTV technology platform was developed for remote management of point-of-sales advertising content broadcasting (POS-TV – Point of Sales Television.) ATM S.A. installs terminals (computers with LCD screens and wireless links) at locations agreed with the customer, e.g. near checkout counters at stores or at travel agencies. Subsequently, ATM S.A. receives video content as well as other information from the customer, and agrees the broadcasting scenarios. The content is distributed to terminals via a mobile communications network (GPRS/EDGE/UMTS) or through Internet lines. The terminals are controlled and the proper execution of scenarios is supervised in the same manner. It is a comprehensive service covering the lease of terminals (screens), communications network operation and access to the SSM platform.

Atmeus

Within the framework of another in-house project that was underway from June to December 2005, ATM S.A. developed the Atmosfera BCP product, later renamed as ATM BCP. The current version is sold and deployed under the Atmeus brand. The functionality of the product is being extended depending on the customers' needs. The product addresses business continuity planning by supporting threat analysis and developing, updating and implementing contingency plans. It meets the demand of the banking sector, assisting banks in satisfying the requirements of banking supervision recommendations related to the so-called New Capital Accord (Basel II).

Telearchiwum

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

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

Voice over IP

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

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

Atmosfera Service Desk

Since 2000, the Issuer has consistently developed the Atmosfera business process support system. The system enables the streamlined organization and enhancement of user support processes, as well as the implementation of the service-oriented approach in the IT industry. In December 2006, the Atmosfera Service Desk v. 5.0 system was certified by the Canadian Pink Elephant company as ITIL compliant in the Service Support area as the only Polish solution to date. ITIL, which stands for IT Infrastructure Library, is the most important IT service provision methodology. This certification allows the Issuer to effectively compete with global suppliers for major deployment projects concerning such systems.

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

mPay mobile payments system

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

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

	End of period, December 31, 2008	End of period, December 31, 2007
Impulsy software	1,633	579
Sputnik software	1,674	830
mPay platform – integration module	1,240	-
ATM Services software	-	4

	End of period, December 31, 2008	End of period, December 31, 2007
iloggo patents	40	-
PC-TV platform	-	3,118
mPay platform	-	2,220
Atmosfera platform	-	624
SmaCS platform	-	323
Network monitoring	-	178
	4,587	**7,856**

The costs of the aforementioned projects were tested for impairment as at the balance sheet date. No impairment concerning these expenditures was identified as per the procedures followed.

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

As at December 31, 2008, there were no impairment write-downs concerning intangibles.

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

Movements in the amount of intangible assets during the period from January 1 to December 31, 2008

	Costs of completed development work	Concessions and licenses	99-year lease rights	Other intangible assets	Total
Gross value					
As at January 1, 2008	**8,404**	**11,288**	**321**	**1,210**	**21,223**
Increases:					
- acquisition	1,948	796	-	2,519	5,263
- developed in-house	7,625	-	-	2,857	10,482
- acquired as a result of business combination	-	-	-	-	-
Decreases:	-		-		
- sale	-	12	-	1,107	1,119
- liquidation	-	14	-	18	32
- transfers	418	-	-	-	418
As at December 31, 2008	**17,559**	**12,058**	**321**	**5,461**	**35,399**
Write-offs					
As at January 1, 2008	**719**	**2,396**	**4**	**248**	**3,368**
Increases:			-		
- depreciation	2,054	2,215	9	760	5,038
- impairment	-	-	-	-	-
- acquired as a result of business combination	-	-	-	-	-
Decreases:					
- sale and liquidation	-	25	-	116	141
As at December 31, 2008	**2,773**	**4,586**	**13**	**893**	**8,265**
Net as at January 1, 2008	7,685	8,892	316	962	17,855
Net as at December 31, 2008	**14,786**	**7,472**	**308**	**4,568**	**27,134**

Movements in the amount of intangible assets during the period from January 1 to December 31, 2007

	Costs of completed development work	Concessions and licenses	99-year lease rights	Other intangible assets	Total
Gross value					
As at January 1, 2007	**3,753**	**5,437**	**-**	**-**	**9,190**
Increases:					
- acquisition	14,704	6,228	-	912	21,844
- developed in-house	-	-	-	-	-
- acquired as a result of business combination	-	11	321	340	672
Decreases:					
- sale	-	6	-	42	48
- liquidation	1	382	-	-	383
- transfers	10,052	-	-	-	10,052
As at December 31, 2007	**8,404**	**11,288**	**321**	**1,210**	**21,223**
Write-offs					
As at January 1, 2007	**172**	**1,664**	**-**	**-**	**1,836**
Increases:					
- depreciation	452	1,215	-	67	1,734
- impairment	-	-	-	-	-
- acquired as a result of business combination	-	-	4	191	195
Decreases:					
- sale and liquidation	1	387	-	10	398
As at December 31, 2007	**623**	**2,492**	**4**	**248**	**3,367**
Net as at December 31, 2007	**7,781**	**8,796**	**317**	**962**	**17,856**

NOTE 13. FIXED ASSETS

	End of period, December 31, 2008	End of period, December 31, 2007
Fixed assets		
Land	341	341
Buildings and structures	71,238	41,199
Machinery and equipment	36,645	25,943
Means of transportation	6,287	5,687
Other	211	140
Fixed assets under construction	22,725	13,484
Advances for fixed assets under construction	-	-
	137,447	**86,794**
of which:		
Fixed assets used under finance lease agreements	28,541	17,454

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

Finance lease liabilities are recognized in the balance sheet as other financial liabilities, and divided into short- and long-term liabilities. Detailed information on material finance lease agreements has been included in Note 26.

In 2005, the Group sold a property situated in ul. Grochowska 21a to Fortis Lease sp. z o.o. under a sale-and-lease-back agreement. This lease agreement was classified as operating lease. Detailed information on operating lease agreements has been disclosed in Note 27.

As at December 31, 2008, there were no impairment write-downs concerning fixed assets.

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

Movements in the amount of fixed assets during the period from January 1 to December 31, 2008

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	Total
Gross value						
As at January 1, 2008	**341**	**45,996**	**37,043**	**7,612**	**253**	**91,245**
Increases:						
- acquisition	-	32,568	6,449	285	67	39,369
- acquisition as a result of business combination	-	-	-	-	-	-
- other (including finance lease)	-	-	11,880	1,739	97	13,716
Decreases:						
- sale	-	-	564	384	-	948
- liquidation	-	-	143	-	22	165
- finance lease expiry	-	-	33	127	-	160
- donations	-	-	-	-	-	-
- other	-	-	6	5	-	11
As at December 31, 2008	**341**	**78,564**	**54,626**	**9,119**	**395**	**143,045**
Write-offs						
As at January 1, 2008	**-**	**4,797**	**11,101**	**1,925**	**113**	**17,936**
Increases:						
- depreciation	-	2,530	7,291	1,313	92	11,226
- impairment	-	-	-	-	-	-
- acquisition as a result of business combination	-	-	-	-	-	-
Decreases:			-			
- sale and liquidation	-	1	411	406	21	839
- donations	-	-	-	-	-	-
- other	-	-	-	-	-	-
As at December 31, 2008	**-**	**7,326**	**17,981**	**2,832**	**184**	**28,323**
Net as at January 1, 2008	341	41,199	25,942	5,687	140	73,309
Net as at December 31, 2008	**341**	**71,238**	**36,645**	**6,287**	**211**	**114,722**

Movements in the amount of fixed assets during the period from January 1 to December 31, 2007

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	Total
Gross value						
As at January 1, 2007	**341**	**24,042**	**26,185**	**4,234**	**200**	**55,002**
Increases:						
- acquisition	321	22,565	2,327	696	54	25,963
- acquisition as a result of business combination	-	-	8,436	1,591	6	10,033
- other	-	-	550	1,351	-	1,901
Decreases:						
- sale	-	611	341	184	-	1,136
- liquidation	-	-	114	-	6	120
- finance lease expiry	-	-	-	76	-	76
- donations	-	-	-	-	-	-
- other	321	-	-	-	-	321
As at December 31, 2007	**341**	**45,996**	**37,043**	**7,612**	**253**	**91,245**
Write-offs						
As at January 1, 2007	**-**	**2,897**	**6,122**	**1,013**	**25**	**10,057**
Increases:						
- depreciation	-	2,004	5,113	965	89	8,171
- impairment	-	-	8	3	0	11
Decreases:			-			
- sale and liquidation	-	104	145	56	1	306
- donations	-	-	-3	-	-	-3
- other	-	-	-	-	-	-
As at December 31, 2007	**-**	**4,797**	**11,101**	**1,925**	**113**	**17,936**
Net as at December 31, 2007	**341**	**41,199**	**25,943**	**5,687**	**140**	**73,310**

NOTE 14. OTHER FINANCIAL ASSETS

	End of period, December 31, 2008	End of period, December 31, 2007
Shares in other undertakings	80	80
(-) Impairment write-downs	-	-
	80	**80**

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

NOTE 15. OTHER FIXED ASSETS

	End of period, December 31, 2008	End of period, December 31, 2007
Guarantee deposits	84	63
Trade receivables	10,244	15,116
Prepaid maintenance costs	202	126
Non-realized financial revenues on installment sales	(700)	(1,342)
	9,830	**13,963**
of which payable within:	-	-
from 1 to 2 years	4,953	5,343
from 3 to 5 years	4,847	8,174
more than 5 years	30	446

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

The receivables recorded as at December 31, 2007 and December 31, 2008 are payable until 2013. They are the result of deferred payment sales whose value has been measured at fair value and is equivalent to the present value of the payment. The installments receivable have been discounted using 12M WIBOR and the market margin based on the parent undertaking's lending margin. Interest is recognized as financial revenues for relevant periods using the effective interest rate method.

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

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

NOTE 16. STOCK

	End of period, December 31, 2008	End of period, December 31, 2007
Materials	3,034	2,641
Work in process	2,368	-
Finished products	-	-
Goods	10,283	5,685
Inventory write-downs	(1,180)	-
	14,505	**8,326**

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

Group inventories serve as collateral for the loans extended to the Group. The amount of inventories constituting collateral under the ownership transfer agreement is presented in the table below:

	End of period, December 31, 2008	End of period, December 31, 2007
Transfer of ownership of inventories	-	-
Pledge on inventories	1,153	1,153
	1,153	**1,153**

NOTE 17. TRADE AND OTHER RECEIVABLES

	End of period, December 31, 2008	End of period, December 31, 2007
Trade receivables from related undertakings	138	4,612
Trade receivables from other undertakings	93,565	76,548
Tax receivables	1,697	953
Payments on account	124	114
Other receivables	212	260
Receivables under litigation	212	304
Non-realized financial revenues on installment sales	-642	-896
Receivable write-downs	-571	-664
	94,735	**81,231**

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

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

Age analysis of trade receivables not subject to write-downs

	End of period, December 31, 2008	End of period, December 31, 2007
Current, of which:	82,850	68,275
From affiliates and subsidiaries	139	4,612
From other undertakings	82,711	63 663
Overdue, of which:	10,853	12,885
From affiliates and subsidiaries	0	0
up to 180	0	0
180 – 360	0	0
above 360	0	0
From other undertakings	10 853	12,885
up to 180	10,333	12,495
180 – 360	198	151
above 360	322	239
	93,703	**81,160**

Analysis of movements in receivable write-downs

	End of period, December 31, 2008	End of period, December 31, 2007
Opening balance	664	635
Increases, of which:		
- Established	158	115
Decreases, of which:		
- Released	16	42
- Used	235	44
Closing balance		
	571	**664**

Age analysis of receivables under litigation

	End of period, December 31, 2008	End of period, December 31, 2007
From other undertakings	212	304
above 360	152	218
above 720	60	86
	212	**304**

NOTE 18th OTHER CURRENT ASSETS AND OTHER FINANCIAL RECEIVABLES

	End of period, December 31, 2008	End of period, December 31, 2007
Prepaid maintenance costs	1,280	1,259
Non-realized foreign exchange gains/losses on lease agreements	6,665	
Prepaid subscriptions, rents, insurance, etc.	2,227	436
Issue costs	-	
Other	140	523
	10,312	**2,218**

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

As it has been stated in section "Accounting Principles – Foreign Currency Transactions", the Group, pursuant to IAS 1.17, in the current financial statements, the Group has partially departed from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in particular quarters, in which leasing installments will be paid. Prepayments and accruals will be modified by exchange rate differences arising on leasing liabilities (positive and negative) in future periods. Departure from IAS 21 will be applied by the Group until the foreign exchange rates stabilize at the level corresponding to the actual purchasing power of the Polish zloty.

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

OTHER FINANCIAL RECEIVABLES	End of period, December 31, 2008	End of period, December 31, 2007
Valuation of forward transactions open at the end of the period	62	-
	62	**-**

As at the balance sheet date, i.e. December 31, 2008, the Group had the following forward transactions open:

- Opening date: November 14, 2008; closing date: February 17, 2009; value: USD 800,000 at the purchase rate of 2.9343 at BRE Bank SA;
- Opening date: November 24, 2008; closing date: February 17, 2009; value: USD 64,000 at the purchase rate of 3.044 at BRE Bank SA;
- Opening date: November 24, 2008; closing date: January 15, 2009; value: USD 400,000 at the purchase rate of 3.0305 at Fortis Bank;
- Opening date: November 25, 2008; closing date: January 26, 2009; value: USD 57,000 at the purchase rate of 2.9461 at BRE Bank SA;
- Opening date: December 8, 2008; closing date: January 5, 2009; value: USD 34,000 at the purchase rate of 3.0220 at BRE Bank SA;
- Opening date: December 11, 2008; closing date: March 2, 2009; value: USD 144,000 at the purchase rate of 3.0374 at BRE Bank SA;
- Opening date: December 11, 2008; closing date: January 15, 2009; value: USD 56,000 at the purchase rate of 3.0245 at Fortis Bank.

The Group decided to enter the contracts listed above as part of its basic activities in order to fulfill its trade obligations. The valuation of the contracts listed above increased the Group's financial result by PLN 62,000.

NOTE 19. CASH AND CASH EQUIVALENTS

	End of period, December 31, 2008	End of period, December 31, 2007
Cash in hand	79	306
Cash in bank	2,355	69,220
Short-term deposits	1,548	230
	3,982	**69,756**

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

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

NOTE 20. EQUITY

Share capital

	End of period, December 31, 2008	End of period, December 31, 2007
Registered share capital	34,200	34,200
Hyperinflationary adjustment	197	197
	34,397	**34,397**

Registered share capital includes:

Series	Number of shares	Face value	Registered date	Dividend rights	Paid for by	Share type
A	36,000,000	34,200,000	December 5, 2007	*)	cash	Ordinary
	Face value per share (PLN):			0.95		

*) all shares have the right for dividend for 2008 in the amount of PLN 0.16 per share.

Application of IAS 29 "Financial Reporting in Hyperinflationary Economies"

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

Incentive Scheme

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

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

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

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

As at December 31, 2008, ATM S.A. held 298,618 treasury shares with the value of PLN 1,984,355.99. These shares are held by the Company pursuant to the guidelines for the Company Incentive Scheme.

In 2008, 439,800 share purchase options were granted under the Incentive Scheme. In subsequent stages the number of share purchase options may not exceed:

- 500,000 in 2009,
- 560,200 in 2010.

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

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

- purchased shares shall be transferred to the investment account of the authorized person carried by the brokerage house indicated by the Company;
- the authorized person shall conclude an agreement with the brokerage house, according to which 80% of the purchased shares will be blocked (not available for sale or security);
- the purchased shares will be unblocked in the amount of 20% each year, starting from the date of their transfer to the investment account of the authorized person.

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

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

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

Ownership structure

The ownership structure of the Issuer's share capital as at December 31, 2007 was as follows:

Shareholder	Number of shares as at December 31, 2008	%	Number of shares* as at December 31, 2007	%
Tadeusz Czichon – Vice-President of the Management Board	5,948,712	16.52%	5,904,000	16.40%
Roman Szwed – President of the Management Board	3,663,073	10,18%	3,635,984	10.10%
Polsat OFE	3,597,172	9.99%	3,580,920	9.95%
ING Nationale-Nederlanden Polska OFE	3,493,844	9.71%	3,505,144	9.74%
AIG TFI	1,860,624	5.17%	1,860,624	5.17%
PKO TFI	1,813,435	5.04%	1,917,896	5.33%
Other shareholders	15,623,140	43.39%	15,595,432	43.31%
	36,000,000	100.00%	36,000,000	100.00%

* the number of shares has been recalculated in accordance with the number of shares held following the split of January 10, 2008.

The figures above concern shares held by individuals as at February 12, 2009.

The data concerning POLSAT OFE and ING-Nationale Nederlanden Polska OFE refer to the number of shares owned by these shareholders on December 31, 2008 based on the "Annual asset structure." The figures concerning AIG TFI (AIG Fund Management Company) refer to the number of shares held by this shareholder as notified in the notice of July 13, 2007, and the number of series H shares allotted on August 9, 2007. The figures concerning PKO TFI come from a notification received by the Company from the Shareholder on January 30, 2009. The Company has no information from other Shareholders regarding any changes to share ownership after the indicated date.

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

Capital reserves

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

Retained earnings

	End of period, December 31, 2008	End of period, December 31, 2007
Retained earnings brought forward, of which:		
Statutory supplementary capital	11,911	10,020
Profit distribution (above the statutory amount)	-	-
IFRS implementation profits (losses)	2,969	2,969
Consolidation profits (losses)		690
Current period profit (loss)	9,832	21,068
	24,712	**34,747**

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

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

NOTE 21. MINORITY CAPITAL

	End of period, December 31, 2008	End of period, December 31, 2007
KLK S.A. (formerly KLK Sp. z o.o.)	3,076	2,298
mPay Group (formerly ATM-Mobile)	822	2,110
Sputnik Software Sp. z o.o.	1,027	624
InOne S.A. (formerly ATM Services sp. z o.o.)	544	260
Impulsy Sp. z o.o.	331	162
Cineman sp. z o.o.	220	149
iloggo sp. z o.o.	50	59
	6,070	**5,662**

NOTE 22. BANK LOANS AND OTHER LOANS

	End of period, December 31, 2008	End of period, December 31, 2007
Bank loans	19,138	2,429
Other loans	-	100
	19,138	**2,529**
of which:	-	-
Long-term portion	*3,490*	*2,283*
Bank loans	3,490	**2,283**
Loans from shareholders	-	
Short-term portion	*15,648*	*246*
Bank loans	15,648	146
Loans from shareholders	-	100
Bank loans and other loans due:		
within one year	15,648	246
from 1 to 2 years	632	1,164
from 3 to 5 years	1,895	1,119
more than 5 years	963	
	19,138	**2,529**

Currency composition of loans

	End of period, December 31, 2008	End of period, December 31, 2007
PLN loans	19,138	2,529
EUR loans	-	-
	19,138	**2,529**

Average loan interest rates

	End of period, December 31, 2008	End of period, December 31, 2007
Interest rate on loans contracted by Group undertakings:		
Authorized overdrafts	6.72%	5.75
PLN bank loans	7.09%	6.30

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

Specification of liabilities arising from bank loans as at December 31, 2008

	Base loan value			Short-term portion		Long-term portion				
Lender	Loan amount in PLN thousand	Loan amount in loan currency	Currency	Loan amount in PLN	Loan amount in loan currency	Loan amount in PLN	Loan amount in loan currency	Interest rate	Repayment date	Security
Fortis Bank Polska SA (authorized overdraft)	15,000	-	-	6,378	-	-	-	1M WIBOR plus bank's margin	28.05.2009	-blank promissory note - statement of submission for enforcement proceedings
BRE Bank SA (authorized overdraft)	10,000	-	-	3,840	-	-	-	ON WIBOR plus bank's margin	28.08.2009	-blank promissory note with a promissory note declaration
BRE Bank SA in Katowice (mortgage loan)	8,000	-	-	105	-	3,490	-	1M WIBOR plus bank's margin	24.06.2022	1/ mortgage amounting to PLN 8,000,000 and capped mortgage up to the amount of PLN 1,760,000; 2/ blank promissory note; 3/ assignment of insurance policy
BRE Bank SA W (authorized overdraft)	5,700			4,502				ON WIBOR plus bank's margin	16.03.2010	1/ joint capped mortgage for an amount of up to PLN 8,300,000; 2/ registered pledge on inventories; 3/ blank promissory note; 4/ assignment of insurance policy
BRE Bank SA in Poznań	545			521				WIBOR plus bank's margin	08.05.2009	promissory note
HandelsBank AB SA in Poznań	500			292				WCM plus bank's margin	30.11.2009	promissory note
	39,745	**-**		**15,638**	**-**	**3,490**	**-**			

NOTE 23. PROVISIONS FOR LIABILITIES

	End of period, December 31, 2008	End of period, December 31, 2007
Provision for warranty repairs	-	127
Provisions for maintenance costs	304	55
Provisions for bank guarantee costs	-	2
Provisions for pension benefits	7	3
Bonus provisions	514	472
General risk provisions	6	5
Provisions for balance sheet audit	20	63
	851	**727**
of which:	-	-
Long-term portion		
Provisions for maintenance costs	85	127
Provisions for bank guarantee costs	-	5
Provisions for pension benefits	-	
Provisions for expenses	-	51
	85	183
Short-term portion	-	
Provisions for maintenance costs	226	55
Provisions for other types of expenses	26	2
Provisions for balance sheet audit	-	15
Bonus provisions	514	472
	766	544

The provision for warranty repairs is established on an annual basis and amounts to 0.1% of sales revenues – this has been the general level of actual costs of repairs over the years, with minor deviations.

NOTE 24th LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period, December 31, 2008	End of period, December 31, 2007
Trade liabilities to related undertakings	-	
Trade liabilities to other undertakings	6	
Deferred payment sales interest	-	
Prepaid undelivered performances and maintenance service costs	-	
Subsidies for fixed asset financing	2,895	3,240
Other	3	4
	2,904	**3,244**
of which payable within:	-	-
from 1 to 2 years	500	15
from 3 to 5 years	1,497	3,228
more than 5 years	907	1

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

NOTE 25th SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period, December 31, 2008	End of period, December 31, 2007
Trade liabilities to related undertakings	3	926
Trade liabilities to other undertakings	66,535	57,146
Liabilities arising from taxes and social insurance	11,905	12,335
Advances received	34	29
Payroll liabilities	493	57
Other liabilities and accruals, including:	3,991	10,136
liabilities arising from the purchase of shares	-	
liabilities arising from bonuses	-	15
liabilities arising from outstanding leaves	285	188
liabilities arising from non-invoiced costs	2,099	7,698
subsidies	761	1,018
deferred income	306	1,217
other liabilities	541	
	82,961	**80,629**

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

In 2007 and 2008, the Company did not rely on a small group of suppliers.

Only one supplier – Cisco Systems – exceeded a 10% threshold of overall purchases (its share of the Group's overall purchases amounted to 28.5% in 2007 and 36.7% in 2008.) Considering the stable position of Cisco as a global leader in the IT technology market, and considering the highly successful progress in cooperation, also supported by certification requirements, this reliance is not considered to pose a significant risk of supplier concentration. As at December 31, 2007, liabilities to this supplier came to PLN 17,786 thousand; as at December 31, 2008, they were PLN 26,698 thousand.

NOTE 26. OTHER FINANCIAL LIABILITIES

	End of period, December 31, 2008	End of period, December 31, 2007
Liabilities arising from finance leases	30,116	20,413
Liabilities arising from financing of receivables (factoring)	6,720	
	36,836	**20,413**

	End of period, December 31, 2008	End of period, December 31, 2007
Long-term liabilities arising from lease agreements	20,878	14,812
Long-term liabilities arising from the financing of receivables	3,277	-
Long-term total	**24,155**	**14,812**
Short-term liabilities arising from lease agreements	9,238	5,601
Short-term liabilities arising from the financing of receivables	3,443	-
Short-term total	**12,681**	**5,601**
Financial liabilities total	**36,836**	**20,413**

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

	End of period, December 31, 2008	End of period, December 31, 2007
Amount of liabilities arising from finance leases due within:		-
- one year	10,352	6,074
- two to five years	21,984	11,913
- more than 5 years	-	4,179
	32,336	22,166
Future interest expenses (-)	-2,220	-1,753
Present value of future liabilities	30,116	20,413
of which:		
Amounts due within the next 12 months (included in short-term liabilities)	9,238	5,601
Amounts due after more than 12 months, within:	20,878	14,812
- two to five years	20,878	10,966
- more than 5 years	-	3,846

Finance lease agreements concern machinery and equipment, means of transportation and software licenses constituting intangible assets. As at December 31, 2008, the Group was party to 171 agreements, under which it leased fixed assets with a total net value of PLN 30,117 thousand as at that date.

As at December 31, 2007, the Issuer was party to 85 agreements, under which it leased fixed assets with a total net value of PLN 16,580 thousand as at that date.

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

The lease agreements were concluded for periods ranging from 36 to 72 months, and are denominated in EUR, JPY or PLN. Concluding agreements denominated in foreign currencies was based on significantly lower interest rates and a – seemingly – stable, strong position of PLN in relation to other currencies in medium term. Owing to lower interest rates and gradual strengthening of zloty from 2004 until the half of 2008, the Company paid smaller leasing installments than in the case of concluded lease agreements denominated in zlotys.

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

In 2008, total exchange rate difference calculated on the basis of revaluation of leasing liabilities amounted to PLN 7,220,437.12. This change translates into an increase in a monthly leasing installment paid by the Company in 2009 by PLN 161,974.64 per month.

In the total amount of exchange rate difference arising from leasing liabilities calculated in 2008, part of this amount, that is PLN 556,459.87 is recognized as leasing installments paid in 2008, and falls into financial costs in the current period. Whereas a majority of this amount, that is PLN 6,663,977.25, is related to the Company's increased expenditure on payment of leasing installments in subsequent periods. In order to demonstrate the impact of costs related to revaluation of leasing liabilities on Company's operations in a reliable and fair manner, ATM S.A. Management Board decided, pursuant to IAS 1.17, to partially depart from IAS 21, in the manner described in section 2: "Grounds for drawing up the consolidated financial statements and the accounting principles (policy)."

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

Year	Quarter	Amount
2 009	1	491,053.31
	2	484,214.06
	3	481,787.48
	4	486,121.30
2 010	1	483,363.17
	2	479,287.19
	3	479,716.67
	4	485,620.32
2 011	1	486,892.43
	2	481,959.45
	3	464,364.19
	4	416,447.38
2 012	1	169,534.62
	2	172,299.21
	3	171,111.01
	4	167,646.99
2 013	1	135,280.81
	2	94,951.54
	3	32,326.11
	4	0.00
TOTAL		**6,663,977.25**

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

NOTE 27. OPERATING LEASES

Operating lease liabilities – Group as lessor

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

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

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

Operating lease liabilities – Group as lessee

During the period covered by the consolidated financial statements, the Group as the lessee was party to operating lease agreements concerning:

- the lease of property;
- the lease of telecommunications infrastructure.

Apart from property leases, the Group is party to no material operating lease agreements. Due to the nature of the agreements concluded, the Group – insofar as it is the lessee with regard to operating lease – is not party to any irrevocable agreements.

Property leases include the ATMAN-Grochowska Telecommunications Center situated in Warsaw at Grochowska 21a. Pursuant to the agreement concluded on December 21, 2005 and the annex to the agreement of March 7, 2006, ATM S.A. sold a property, which included the right of 99-year lease of land and buildings erected on this land, to Fortis Lease Polska sp. z o.o., and subsequently concluded an operating lease agreement concerning this property. Lease payments are denominated in EUR and divided into 180 monthly installments (15 years). The last installment will be payable on January 21, 2021. The total amount of payments during the agreement term will be EUR 9,872 thousand.

The fair value of the leased asset after the expiration of the agreement has been determined to be EUR 5,573 thousand, of which perpetual usufruct of land EUR 1,613 thousand, and the value of buildings EUR 3,961 thousand.
Pursuant to the agreement, after the expiry of the primary term of the lease agreement, the lessee or an undertaking indicated by the lessee may purchase the leased asset for the price equal to the aforementioned final fair value determined.
Where this option is not used, the lessee will pay to the lessor a handling fee amounting to 7% of the original value of the leased asset, which original value was determined to be EUR 10,660 thousand.

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

The lease of telecommunications infrastructure includes a fiber optic network segment. Pursuant to the agreement concluded on December 28, 2006 and the annex to the agreement of January 30, 2007, the ATM S.A. parent undertaking sold a fiber optic network segment to ATM PP sp. z o.o., and subsequently concluded an operating lease agreement concerning this asset. Pursuant to the agreement of January 22, 2008, the Issuer purchased the telecommunications infrastructure back; the repurchase price was PLN 20,381 thousand. The amount of the last lease installment due in 2008 was PLN 193 thousand. The transaction value follows from the previously executed lease agreement and is equal to the leased subject matter residual value (cost price less all paid principal installments) as at transaction date. Transaction finalization and thus termination of sale-and-lease-back agreement is related to connection of the property situated in Warsaw at ul. Grochowska 21a to the Łódź Special Economic Zone, Warsaw Subzone, Grochowska Complex, and also to the planned investment being construction of Centrum Innowacji ATM on the a/m property. Therefore, acquisition of a vital component of fiber optic infrastructure connecting the territories joining Łódź Special Economic Zone with Warsaw downtown was necessary.

The expenses related to minimum lease payments for property leases during individual periods were as follows:

	For period from January 1 to December 31, 2008	For period from January 1 to December 31, 2007
Expenses related to property operating lease	2,916	3,013
Expenses related to infrastructure operating lease	-	2,698
	2,916	**5,711**

Minimum lease payments for property lease were as follows:

	End of period, December 31, 2008	End of period, December 31, 2007
up to 1 year	2,744	2,843
from 1 to 5 years	10,977	12,394
more than 5 years	19,439	25,045
	33,160	**40,282**

NOTE 28. BUSINESS COMBINATIONS

As stated in Note 1, item 2, in the first half of 2008 the Issuer purchased shares in the following undertakings:

- On March 8, 2008, by resolution of the Extraordinary General Meeting of Shareholders, capital in Impulsy Sp. z o.o. was increased by PLN 30 thousand by establishment of 15 new shares. All the new shares were taken up by ATM S.A. As a result, the Issuer's stake in the company increased from 72% to 78.47%.
- On March 26, 2008, ATM S.A. took up all shares in the newly established company named Centrum Innowacji ATM sp. z o.o. with its registered office in Warsaw. The share capital of the newly established company amounts to PLN 50,000. ATM S.A. took up 1,000 shares with a face value of PLN 50 each, for the total amount of PLN 50,000, which constitutes 99.9% of the company's share capital. Centrum Innowacji ATM sp. z o.o. was established with a view to the intended commencement of activity of ATM S.A. in the Łódź Special Economic Zone, Warsaw subzone, Grochowska complex.
- On April 10, 2008, share capital increase was recorded at mPay International Sp. z o.o. The capital was increased pursuant to the resolution of the Extraordinary Partners' Meeting adopted on January 22, 2008. The capital was increased by PLN 2,000 thousand, i.e. from PLN 7,250 thousand to PLN 9,250 thousand by establishing 4,000 new shares at PLN 500 each. 2,400 shares were taken up by ATM S.A. and 1,600 by Henryk Kułakowski. Pursuant to the resolution of February 7, 2008, the newly established shares were paid up by March 31, 2008.
- On May 14, 2008, capital increase was recorded at mPay S.A. The capital was increased pursuant to the resolution of the Extraordinary General Meeting of Shareholders adopted on March 6, 2008, by way of private placement. The share capital was increased to PLN 6,900 thousand (by PLN 1,400 thousand) through the issue of 2,800,000 series B shares with a face value of PLN 0.50 each. All shares from the new issue were offered to the mPay International Sp. z o.o. company.
- In the second quarter of 2008, the Issuer purchased 4,612 shares from Linx Telecommunications B.V. employees under the option plan. Following the transaction, the number of shares held by ATM S.A. is 2,754,612, amounting to 21.67% of the Linx Telecommunications B.V share capital.
- On June 23, 2008, the Partners' Meeting decided to increase the capital of the Cineman sp. z o.o. company by PLN 400 thousand, i.e. from PLN 600 thousand to PLN 1,000 thousand, by establishing 800 shares at PLN 500 each. 408 shares were taken up by ATM S.A. and 392 by Monolith Films Sp. z o.o.

- Capital increase for Cineman sp. z o.o. by PLN 400 thousand, i.e. from PLN 600 thousand to PLN 1,000 thousand, by establishing 800 shares at PLN 500 each, was registered on July 30, 2008. 408 shares were taken up by ATM S.A. and 392 by Monolith Films Sp. z o.o.
- On October 30, 2008, ATM Services Sp. z o.o. was transformed into inONE S.A. On January 8, 2009, the Issuer was notified about entering this change in the Court Register. The Company will henceforth operate under the new name, which is an important change owing to the fact that the new brand has been gaining recognition in the market.
- On December 17, 2008, capital was increased in mPAy S.A. by PLN 7,200 thousand, i.e. from PLN 6,900 thousand to PLN 14,100 thousand, by establishing 14,400,000 C series shares at PLN 0.50 each. 14,112,000 shares of the total value of PLN 7,056 thousand were taken up by ATM S.A., and 288,000 shares of the total value of PLN 144 thousand were taken up by Konrad Łuczak. Increasing the capital was primarily aimed at repaying the loan granted by ATM S.A. to mPay S.A. and mPay International Sp. z o.o.
- On December 17, 2008, pursuant to a share sale agreement, ATM S.A. purchased 1 share in CBR ATM-Lab Sp. z o.o. for PLN 50.00 from mPay International. After the purchase, ATM S.A. holds 1001 shares, which accounts for a 100% stake in the company and for 100% votes.
- On December 19, 2008, KLK Sp. z o.o. was transformed into KLK S.A.

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

NOTE 29. CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables

	End of period, December 31, 2008	End of period, December 31, 2007
Financial receivables under litigation	291	291
	291	**291**

As at December 31, 2008, contingent receivables included financial assets under litigation, i.e. receivables arising from the redemption of commercial bills. These receivables are subject to a damages action. In the view of the Company, ATM S.A. was misled by BWE S.A. as to the actual standing of the commercial bill issuer – the DANMAG S.A. company from Zielona Góra. Due to its poor standing, DANMAG S.A. was unable to redeem the commercial bills it had issued. In September 2007, the Regional Court adjudicated PLN 300 thousand with interest to ATM S.A. BWE appealed against this judgment. As at December 31, 2008, no legally valid judgment had been issued.

Contingent liabilities

	End of period, December 31, 2008	End of period, December 31, 2007
To related undertakings:	1,965	**-**
To other undertakings:	27,698	**29,793**
1. Bank guarantees received:	-	-
- performance bonds and tender bonds	3,822	10,580
	-	-
2. Mortgage security:	-	-
- bank loan security	18,060	18,060
	-	-
3. Promissory notes:	-	-
- endorsements concerning agreements related to EU project financing	2,500	-
- bank loan security	2,163	-

	End of period, December 31, 2008	End of period, December 31, 2007
	-	-
4. Pledges:	-	-
- bank loan security	1,153	1,153
	29,663	**29,793**

As at December 31, 2008, tender bonds and performance bonds included guarantees extended by BRE Bank SA amounting to PLN 1,195 thousand, by Bank Millennium S.A. amounting to PLN 513 thousand, and by Bank DnB NORD Polska S.A. amounting to PLN 746 thousand.

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

NOTE 30. INFORMATION CONCERNING RELATED UNDERTAKINGS

Related undertaking details

The Group's related undertakings include:

.1 Undertakings in which the Group holds an equity stake

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

.2 Undertakings related to the Group of Companies

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

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

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

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

- trade transactions including the purchase and sale of goods, materials and services;
- transactions related to the lease of telecommunications infrastructure.

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

	PLN thousand			
Item	Receivables	Liabilities	Revenues	Purchases
ATM PP Sp. z o.o.	43	3	127	21,702
A. Chalimoniuk i Wspólnicy, ATM S.J.	24		1	859
Linx Telecommunications B.V.	71		354	59

TOTAL	**138**	**3**	**482**	**22,620**

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

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

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

Senior management remuneration

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

	End of period, December 31, 2007	End of period, December 31, 2007
Short-term employee benefits	3,409	3,914
Benefits after the employment period	-	-
Severance pay	-	-
	3,409	**3,914**

The short-term employee benefits referred to above concern:

	End of period, December 31, 2008	End of period, December 31, 2007
Management Board	900	900
Supervisory Board	246	246
Directors and managers	2,263	2,768
	3,409	**3,914**

Apart from the benefits listed above, the management receives no other benefits. During the periods covered by the present consolidated financial statements, no loans, guarantees or endorsements were extended to the management.

Contracts with the Parent Undertaking's Management Board members contain non-competition restrictions for 3 months after leaving the company. Under this provision, the parent undertaking is obliged to pay a compensation amounting to three monthly salaries. Twice that amount is to be repaid if the non-competition clause is breached.

NOTE 31. FINANCIAL INSTRUMENTS

1. Capital risk management

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

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

- bank loans – disclosed in Note 22;

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

The dividend policy is among the risk management measures. According to this policy, investors should receive an annual dividend of not less than interest on bank deposits. The Company intends to pay an annual dividend in the amount of not less than the EURIBOR rate for annual deposits on the last day of the financial year, additionally increased by 0.5%, and multiplied by the Company's listed value in the last month of the year. Dividend is payable to shareholders who have already entrusted the Company with their money. On the other hand, offers to take up shares while increasing the Company's capital will be extended to new investors or existing investors who plan to extend their capital involvement in the Company.

2. Financial risk management objectives

Principal financial instruments used by the Group include bank loans (Note 22), finance lease agreements (Note 27), cash and deposits (Note 19.) The main purposes of these instruments include raising funds for the Group's operations, liquidity risk management and short-term investment of surplus liquid funds. The Group also uses other financial instruments, including trade receivables and liabilities (Notes 15, 17, 24 and 25,) which, however, are directly related to its operations.

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

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

During 2007 and 2008:

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

3. Material accounting policies

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

4. Financial instrument categories and classes

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

Financial assets		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	106,671	161,173
Financial assets available for sale (Note 14)	80	80
Financial liabilities		
At fair value through profit or loss	-	-

Derivatives in hedging relationships	-	-
Financial liabilities	134,944	93,435
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, December 31, 2008	End of period, December 31, 2007
Receivables from related undertakings (Note 17)	138	4,612
Short-term receivables from other undertakings (Note 17)	92,923	75,652
Long-term receivables from other undertakings (Note 15)	9,628	11,153
Cash and cash equivalents (Note 19)	3,982	69,756
TOTAL	**106,671**	**161,173**

With regard to the financial liabilities category

	End of period, December 31, 2008	End of period, December 31, 2007
Liabilities arising from loans (Note 22)	19,138	2,529
Liabilities to related undertakings (Note 25)	3	926
Short-term liabilities to other undertakings (Note 25)	78,967	69,567
Long-term liabilities to other undertakings (Note 24)	-	-
Liabilities arising from finance leases (Note 26)	30,116	20,413
Other financial liabilities (Note 26)	6,720	
TOTAL	**134,944**	**93,435**

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

5. Fair value of financial instruments

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

6. Credit risk

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

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

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

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

As at December 31, 2008, financial asset impairment write-downs came to PLN 571 thousand (as at December 31, 2007, they were PLN 664 thousand.) These write-downs concern own receivables from other undertakings, of which PLN 212 thousand are receivables currently under litigation, and PLN 359 thousand are receivables which will likely prove uncollectible according to the Group's estimates.

As of December 31, 2008 and December 31, 2007, no financial asset items were present whose repayment terms had been renegotiated.

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

7. Foreign exchange risk

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

The Group concluded forward contracts. Note 18 contains information about all forward transactions open as at December 31, 2008.

As it has been stated in section "Accounting Principles – Foreign Currency Transactions", the Group, pursuant to IAS 1.17, in the current financial statements, the Group has partially departed from IAS 21, which consisted in that exchange rate differences arising on foreign currency leasing liabilities have been recognized as financial costs in a given reporting period only to the extent in which they referred to actually paid installments. The remaining amount of FX gains/losses was recognized as prepayments and accruals that will be recognized in financial costs in particular quarters, in which leasing installments will be paid. Prepayments and accruals will be modified by exchange rate differences arising on leasing liabilities (positive and negative) in future periods. Departure from IAS 21 will be applied by the Group until the foreign exchange rates stabilize at the level corresponding to the actual purchasing power of the Polish zloty.

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

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

	Trade liabilities		**Lease liabilities**		**Trade receivables**	
	Dec. 31, 2008	**Dec. 31, 2007**	**Dec. 31, 2008**	**Dec. 31, 2007**	**Dec 31, 2008**	**Dec 31, 2007**
Currency – EUR	5,691	1,849	6,092	11,748	306	529
Currency – USD	26,879	18,131	-	-	296	494
Currency – JPY	-	-	17,466	3,588	-	0
Currency – PLN	33,968	38,092	6,558	5,077	102,645	93,911
TOTAL	**66,538**	**58,072**	**30,116**	**20,413**	**103,247**	**94,934**

The deviation from IAS 21 regarding valuation of lease liabilities has been applied.

If the foreign exchange rate had increased by 10% in relation to the balance sheet F/X valuation rates for EUR, USD and JPY currencies *ceteris paribus*, the Group's net result for 12 months ending on December 31, 2008, would have been lower by PLN 3,197 thousand, including PLN 539 thousand arising from assets and financial liabilities denominated in EUR, and PLN 2,658 thousand arising from assets and financial liabilities denominated in USD.

With full compliance with IAS 21.

If the foreign exchange rate had increased by 10% in relation to the balance sheet F/X valuation rates for EUR, USD and JPY currencies *ceteris paribus*, the Group's net result for 12 months ending on December 31, 2008, would have been lower by PLN 5,553 thousand, including PLN 1,149 thousand arising from assets and financial liabilities denominated in EUR, PLN 2,661 thousand arising from assets and financial liabilities denominated in USD, and PLN 1,746 thousand arising from assets and financial liabilities denominated in JPY.

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

8. Liquidity risk

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

NOTE 32nd EVENTS AFTER THE BALANCE SHEET DATE

On March 24, the ATM S.A. Management Board decided to launch the process of separating ICT systems integration activities in the form of a subsidiary, ATM Systemy Informatyczne (ATM SI Sp. z o.o.), which has been communicated in the current report No. 9/2009. In the opinion of the Management Board, this will result in a transparent business structure, and will facilitate optimizing management and reducing costs. In addition, organizational separation will open many new opportunities for the development of individual companies. An additional, yet very important, effect of separating operations will be more efficient cooperation with commercial partners and a stronger position in relation to many key customers. Separating the operations of ATM SI will enable this company to better cooperate with telecommunications operators, which so far have, understandably, seen parts of ATM S.A. operations as competitive activities.

NOTE 33rd DIFFERENCES IN COMPARISON TO PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS

No significant events pertaining to previous years occurred that would have to be included in consolidated financial statements for the financial year 2008. The comparable data included in 2008 statements do not differ from the data included in published 2007 statements.

NOTE 34. AVERAGE EMPLOYMENT INFORMATION

		For the period from January 1 – December 31, 2008		For the period from January 1 – December 31, 2007
Blue-collar workers		25		15
White-collar workers		452		403
Workers total		477		418

REPORT ON THE ACTIVITIES OF THE ISSUER'S GROUP OF COMPANIES IN 2008

1. Economic and financial highlights

In 2008, the ATM Group of Companies achieved consolidated sales revenues of PLN 267,448 thousand, which remained at a level similar to that of the preceding year (increase by 2.8%.) This result, thanks to maintained high profitability at the level of sales margins (39%) enabled increasing the sales margins (sales revenue minus costs of goods sold (variable)) by PLN 13.4 million in relation to the previous year. In 2008, the ATM S.A. Group of Companies achieved the operating profit of PLN 14,308 thousand (PLN 22,808 thousand in 2007) and generated consolidated net profit of PLN 8,938 thousand (PLN 21,582 thousand in 2007.)

The financial results achieved in 2008 are considered by the Issuer's Management Board as satisfactory, yet worse than expected. The causes of generating lower net profit than in the previous year seem to be explicable in a rational and objective manner – this situation was mainly caused by the macroeconomic environment in which the Group's companies operated, and by the costs of deploying an innovative mobile payments system. The main causes include:

- the lack of major integration contracts in the parent undertaking, due to the worsening economic climate in the field of telecommunications investments;
- losses on foreign exchange rates at the end of the year, related to supplies of imported goods as part of providing integration services;
- significant fixed costs of mPay group companies, whose purpose is to promote and deploy in Poland a universal mobile phone payments system.

The development of the Group of Companies has resulted in the increase in sales revenue and the growth of total assets in consolidated financial statements. In 2008, the parent company increased its capital involvement in subsidiaries, e.g. Impulsy sp. z o.o., Cineman sp. z o.o., and mPay S.A. It is worth emphasizing that the strategy of developing a group of companies adopted in recent years has brought measurable effects. The subsidiaries include companies offering mature products (KLK S.A., Sputnik Software Sp. z o.o., inOne S.A., Impulsy Sp. z o.o., CBR ATM Lab Sp. z o.o., Linx Telekomunications B.V.), which produced the following levels of revenue growth: KLK S.A. by 15.8%, Sputnik Software Sp. z o.o. by 28.3%, inOne S.A. by 204%, Impulsy Sp. z o.o. by 421%, Linx Telekomunications B.V. by 39%, as well as companies which are still at the stage of developing or marketing of their products (mPay International Sp. z .o.o, mPay S.A., Cineman Sp. z o.o., iloggo Sp. z o.o., rec-order Sp. z o.o., CBR ATM-Lab Sp. z o.o.)

For obvious reasons, companies developing their sales strategy do not yet generate significant revenues, yet they also do not burden the income statement (except for mPay.) The only companies generating considerable loss are mPay International Sp. z o.o. and mPay S.A. which in 2008 jointly generated fixed costs of PLN 7 million. These are however companies developing unique solutions for mobile payments, which are the type of services likely to become a micropayments method of choice.

In 2008, the Issuer completed the process of investing the assets obtained from the issue of shares in 2007 (approx. PLN 154 million.) The investment strategy for 2008 has significantly strengthened the Group's potential in telecommunications infrastructure, and enabled developing innovative technologies that will be a key element in building the Group's competitive advantage in the years to come. In 2008, these investments led directly to increasing the value of fixed assets by 27% (in comparison to 2007.) The value of fixed assets in the Group's consolidated balance sheet amounted to PLN 261,951 thousand.

As at the end of 2008, the equity of the Group of Companies was PLN 241,767 thousand (PLN 257,131 thousand as at the end of 2007.)

Compared to 2007 financial statements, there have been no changes in accounting principles – consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards again.

2. Risks and threats

Risk related the economical climate in Poland and worldwide

The demand for ICT system integration services provided by the companies of the Issuer's Group is correlated with the economic situation in Poland. Current crisis in international financial markets has direct consequences for the economy. This situation may result in decreasing growth dynamics as well as reduced or halted investments, which may result in lower numbers of orders in the ICT systems integration sector. These factors may have negative impact on the Issuer's activities, as well as on the Issuer's financial results obtained from this type of activities. It should be noted, however, that the negative factors discussed above will not, in the Management Board's opinion, have any impact on the rapidly increasing demand for telecommunications services provided by the Issuer. Also the potential decrease in sales of integration services for the telecommunications sector, which has a dominant share in the structure of the Issuer's revenues, should not be significant. To recapitulate, it seems that in spite of the economic crisis, the consolidated revenues of the Group's companies will continue to grow.

Risk related to research-and-development activities and investments

Certain degree of risk is associated with the Issuer's investments in start-up companies. ATM S.A.'s corporate venturing program assumes increased risk. The market success of the envisaged innovative services is not certain. Neither are the prospects of meeting the financial forecasts related to the sales of the new services. The ATM S.A. Management Board has taken all reasonable measures to mitigate these risks. Investment processes and the progress of development work at subsidiaries are being closely monitored. The technical tests and pilot implementations have confirmed the feasibility of the project, and the achievement of the intended technical parameters. Presentations at global conferences and fairs justify our optimism concerning the success of the challenges undertaken.

The greatest risk, due to the scale of the project, is connected to the success in the Polish market of the mobile payments system operated by mPay S.A. The project has not been accomplished in the planned time, and the deployment costs exceeded the planned budget. As a consequence of the situation described above, in autumn of 2008 the management board of the company was changed, as was the strategy of promoting the adoption of the mobile payments system. The company abandoned the plans to develop a payment acceptant network and obtain customers (system users) independently, and focused on market development by means of close cooperation with business partners operating in the market. mPay S.A. was transformed from an undertaking attempting to obtain end-users into a company offering its business partners a technology platform enabling them to increase their market penetration, upgrade their services, and increase profits. The first positive effects of this strategy have already been visible. The Issuer's Management Board is monitoring the development of the company and its current stage of development provides ground for moderate optimism.

Risk related to human resources

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

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

3. Other information

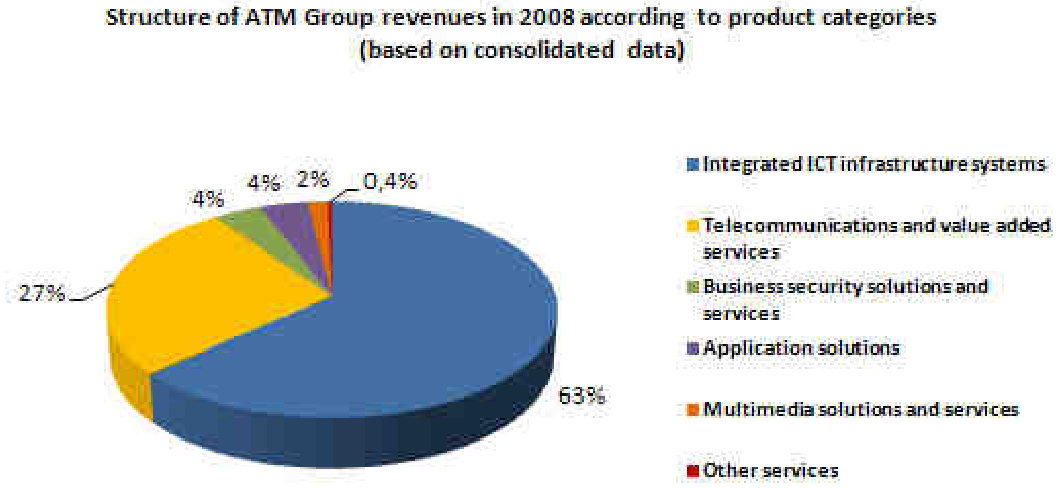
3.1. Core products

Group companies do not develop or offer services targeted directly at the consumer market. Most of the products and services offered are of a complex nature and do not lend themselves to easy classification. The services provided by the Group of Companies are tailored to the specific, individual needs declared by business customers. Although a group of standardized products may be identified, these are adapted to the specific features of individual orders in every case. The services and products offered by the Group are based on combining competences related to systems integration, telecommunications services and software development, which makes the Group's offerings unique and distinguishes it in the market

ATM S.A. with its Group of Companies provides ICT services related to the following areas:

- telecommunications and added services provided under the ATMAN brand;
- integrated ICT infrastructure systems;
- business security solutions and services;
- application solutions;
- multimedia solutions and services;
- other services (which do not fit in the classification provided above, such as the financial services provided by mPay S.A.)

ATM Group revenues broken down into product categories:



	For period from January 1 to December 31, 2008	[%]
Integrated ICT infrastructure systems	169,422	63.35%
Telecommunications and value-added services	72,008	26.92%
Business security solutions and services	10,497	3.92%
Application solutions	10,504	3.93%
Multimedia solutions and services	4,055	1.52%
Other services	960	0.36%
Total sales revenues	**267,446**	100.00%

The Group companies' product offerings focus on specific markets or product groups, expanding ATM S.A.'s basic offering with:

- a universal mobile payment system (mPay S.A.);
- professional data center infrastructure systems, and professional uninterruptible power supply systems (KLK S.A.);
- equipment and desktop maintenance outsourcing for small and medium-sized enterprises and institutions (inONE S.A.);
- a significant increase in telecommunications network coverage and access to international markets for telecommunications products and services (Linx Telecommunication B.V.);
- dedicated software for local government administration (Sputnik Software Sp. z o. o.);

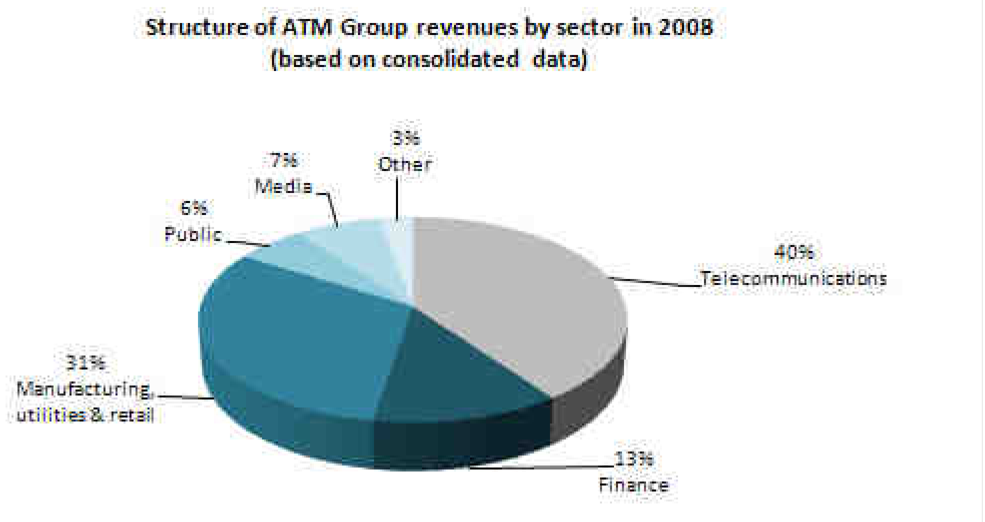
- dedicated IT systems for institutions providing medical services (Impulsy Sp. z o.o.);
- online distribution of “Premium” class movies (Cineman Sp. z o.o.);
- a Web 2.0 online community site (iloggo Sp. z o.o.);
- programming services and research-and-development projects (Centrum Badawczo-Rozwojowe ATM-Lab sp. z o.o.)

3.2. Information about markets, with distinction between domestic and foreign markets, and information on the sources of supplies of production materials, goods and services, with indication of reliance on one or more customers and suppliers

The main market for the products and services offered by the ATM Group of Companies is Poland. As a result of the Issuer’s capital involvement in the Dutch telecommunications operator Linx Telecommunications BV, the Issuer has been able since 2007 to offer its telecommunications services in the markets of Russia, Estonia, Lithuania, Latvia, and the Ukraine.
Due to the complexity of the projects implemented and their generally nationwide character, the geography of the Group’s markets cannot be presented in a more detailed manner. Most services provided by the ATM S.A. Group can be performed in any location across the country. The customers of the Company are found all over Poland. A particularly strong position is enjoyed by the ATM S.A. Group of Companies in the Mazovia region and in Upper Silesia, where the subsidiary KLK S.A. is headquartered, and where it has its primary market.

The key customers of the Group can be found in the sectors of:

- telecommunications (including cable television operators);
- banking and finance (including insurance companies);
- industry, commerce and services (including power distribution companies);
- science, media and public administration.



As in previous years, both the parent undertaking and the Group of Companies have a highly diversified portfolio of customers, which ensures security for the Issuer – particularly in the current climate of economic crisis. In 2008, only in two cases the level of the parent undertaking’s sales to one customer exceeded 10% of the total sales. These customers are UPC Polska and Polska Telefonia Cyfrowa Sp. z o.o., whose share in the sales of the parent undertaking amounted to, respectively, 11.6% and 10.3%. Because of the diversity of the products and services bought by these customers, the ATM S.A. Management Board estimates the reliance risk as insignificant for future financial results of the Group.

In 2008, the Issuer continued important cooperation with one of the suppliers – Cisco Systems. Otherwise, there were no significant changes in the sources of supplies, products and services purchased by the Group’s companies. The supply structure includes two major groups:

- supplies related to providing telecommunications services,
- related to the integration of ICT systems.

The former group of supplies involves purchases from domestic and foreign telecommunications operators.

The latter group of supplies involves an extensive list of goods and services purchased from suppliers and contractors in relation to the Company's system integration projects. These can be divided into the following subgroups:

- network equipment;
- computer hardware;
- software;
- installation and maintenance services.

The suppliers of products related to integration activities come from Poland and abroad – mostly from the USA. The Group does not rely on any suppliers to a significant extent. Only one supplier – Cisco Systems – exceeds the 20% threshold in purchases made by the parent company; purchases from this supplier remained in 2008 at a level similar to 2007. It should be stressed that Cisco Systems is a leading global IT company, and the technologies offered by this manufacturer are very popular among ATM S.A. customers. In view of the stable position of Cisco as a global leader in the ICT market, and considering the highly successful development of our collaboration, the Issuer's Management Board considers this cooperation as highly beneficial for the Group of Companies and the revenues it generates. The Issuer is a Cisco Gold Certified Partner and offers numerous solutions based on Cisco technologies and equipment. The share of services based on the technology and equipment provided by this supplier in the total sales of the parent company amounted to 42.8% in 2008.

There are no links between the Group of Companies and the undertakings mentioned above other than those resulting from partnership agreements.

3.3. Contracts significant for the Group's activities

Contracts significant for the operations of the Group include in particular the high value contracts with suppliers and customers. The Company discloses details on such contracts in the form of current reports if their value (for one entity) calculated in accordance with the definition provided for in the *Regulation of the Ministry of Finance on current and periodic reports submitted by stock issuers* exceeds 10% of the Group's equity. This information is also available on the Company's web-sites.

In 2008, due to the lack of contracts significant for Group's operations, the Group did not disclose such information.

3.4. Organizational and capital relations with other entities and main investment activities

In 2008, ATM S.A., the parent company of the Group, acquired the following stakes in subsidiaries:

- On March 8, 2008, by resolution of the Extraordinary General Meeting of Shareholders, capital in Impulsy Sp. z o.o. was increased by PLN 30 thousand by establishment of 15 new shares. All the new shares were taken up by ATM S.A. As a result, the Issuer's stake in the company increased from 72% to 78.47%.
- On March 26, 2008, ATM S.A. took up all shares in the newly established company named Centrum Innowacji ATM sp. z o.o. with its registered office in Warsaw. The share capital of the newly established company amounts to PLN 50,000. ATM S.A. took up 1,000 shares with a face value of PLN 50 each, for the total amount of PLN 50,000, which constitutes 99.9% of the company's share capital. Centrum Innowacji ATM sp. z o.o. was in 2008 an entity personally connected to the Issuer through the Issuer's directors, who have become members of its Management Board.
- On April 10, 2008, share capital increase was recorded at mPay International Sp. z o.o. The capital was increased pursuant to the resolution of the Extraordinary Partners' Meeting adopted on January 22, 2008. The capital was increased by PLN 2,000 thousand, i.e. from PLN 7,250 thousand to PLN 9,250 thousand by establishing 4,000 new shares at PLN 500 each. 2,400 shares were taken up by ATM S.A. and 1,600 by Henryk Kułakowski. Pursuant to the resolution of February 7, 2008, the newly established shares were paid up by March 31, 2008.
- In the second quarter of 2008, the Issuer purchased 4,612 shares from Linx Telecommunications B.V.'s employees under the option plan, at the price of EUR 6.00 per share. Following the transaction, the number of shares held by ATM S.A. is 2,754,612, amounting to 21.67% of the Linx Telecommunications B.V.'s share capital.
- On June 23, 2008, ATM S.A. took up 408 shares in the capital of its subsidiary, Cineman sp. z o.o., with its registered office in Warsaw. The shares have been acquired as a result of the increase of the equity capital of Cineman sp. z o.o. and have been paid in cash in the amount of PLN 204 thousand. Company shareholders participated in increasing the capital in proportion to the number

of shares owned. Cineman sp. z o.o. is personally connected to the Issuer through the person of the President of its Management Board, who is also the Director of the Department of Business Solutions of ATM S.A.

- On December 17, 2008, the capital of mPay S.A. was increased by PLN 7,200 thousand – from PLN 6,900 thousand to PLN 14,100 thousand – by establishing 14,400,000 C series shares with the value of PLN 0.50 each. 14,112,000 shares with the total value of PLN 7,056 thousand were taken up by ATM S.A., and 288,000 shares with the value of PLN 144 thousand were taken up by Konrad Łuczak, the President of mPay S.A.'s Management Board.

After December 31, 2008, the following formal and capital changes took place in the Issuer's Group of Companies:

- On February 6, 2009, the capital of Rec-order Sp. z o.o. was increased by PLN 15 thousand, i.e. from PLN 100 thousand to PLN 115 thousand by establishing 150 shares with the value of PLN 100 each. The new shares were taken up by ATM S.A. Additionally, ATM S.A. purchased from mPay International all the remaining shares in the Rec-order company for the amount of PLN 9,227.40. Following the purchase, ATM S.A. holds a 100% stake in the company. In the near future, Rec-order will not perform operational activities and the increase of capital was aimed at settling the obligations assumed by the company in the past.
- On February 11, 2009, the capital of mPay S.A. was increased by PLN 500,000, i.e. from PLN 14,100,000 to PLN 14,600,000 by establishing 1,000,000 shares with the value of PLN 0.50 each. 980,000 of the new shares were taken up by ATM S.A., which increased its stake in the company's share capital to 51.69%.

As at April 30, 2009, the ATM S.A. Group of Companies included the following undertakings:

Company name	**Core business**	**Dependence**	**Stake in share capital**	**Share in the overall number of votes**
inONE S.A.	IT services	Subsidiary	60%	60%
iloggo sp. z o.o.	Web services	Subsidiary	60%	60%
Cineman sp. z o.o.	Web multimedia services	Subsidiary	51%	51%
mPay International Sp. z o.o. (formerly ATM Mobile sp. z o.o.)	Intellectual property management	Subsidiary	60%	60%
mPay S.A.	Mobile payment settlement	Subsidiary	52%	52%
rec-order sp. z o.o.	Online sales	Subsidiary	100%	100%
KLK S.A.	Integration of ICT systems	Subsidiary	79%	79%
Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o.	Programming services	Subsidiary	100%	100%
Impulsy Sp. z o.o.	Software for medical institutions	Subsidiary	78%	78%
Sputnik Software Sp. z o.o.	IT services for public sector	Subsidiary	60%	60%
CI ATM Sp. z o.o.	Construction of ATM Innovation Center	Subsidiary	100%	100%
Linx Telecommunications B.V.	Independent telecommunications operator	Associate	22%	22%

In addition, on March 24, 2009, the ATM S.A. Management Board decided to launch the process of separating its telecommunications systems integration operations to a subsidiary company, as communicated in the current report 9/2009. In the opinion of the Management Board, this will result in a transparent business structure and will facilitate optimizing management and reducing costs. In addition, organizational separation will open many new opportunities for the development of individual companies. An additional, yet very important, effect of separating operations will be more efficient cooperation with commercial partners and a stronger position in relation to many key customers. Separating the operations of ATM SI will enable this company to better cooperate with telecommunications operators, which so far have, understandably, seen parts of ATM S.A. operations as competitive activities.

3.5. Transactions with related companies

During the reporting period, neither the Issuer, nor any of the Issuer's subsidiaries completed any significant transactions with affiliated companies at prices other than normal arm's length prices.

The details of related undertakings are specified in Note 30 to the Consolidated Financial Statements.

3.6. Information about loan agreements concluded and terminated in the fiscal year, specifying at least the amounts, types, interest rates, currencies and maturity period

Detailed information about credits, loans, securities and guarantees granted in the Issuer's Group of Companies is provided in Note 22 to the Consolidated Financial Statements.

3.7. Information about loans granted in the fiscal year, with particular emphasis on loans granted to the Issuer's affiliates, specifying at least the amounts, types, interest rates, currencies and maturity period

As at December 31, 2008, the following companies had liabilities to the Issuer arising from loans:

- Sputnik Software Sp. z o.o.: Loan granted in 2007 in the amount of PLN 1 million. The remaining part of the loan in the amount of PLN 600 thousand is payable in 2009. Interest rate: 1M WIBOR + margin; the loan should be fully repaid by the end of April 2009;
- mPay International Sp. z o.o.: Loan in the amount of PLN 1,150,000; interest rate: 1M WIBOR + margin; the loan fully repaid by ATM S.A. taking up shares as a part of share capital increase in mPay S.A. in February 2009 (the agreement concerning the assignment of receivables was concluded on December 17, 2008);
- mPay International Sp. z o.o.: Loan in the amount of PLN 1,050,000; interest rate: 1M WIBOR + margin; the loan should be fully repaid by the end of June 2009;
- mPay S.A.: Loan in the amount of PLN 4,993,000 from 2008; interest rate: 1M WIBOR + margin; fully repaid by ATM S.A. taking up shares in the increased share capital of mPay S.A. in February 2009 (the resolution was adopted in a notarial deed on December 17, 2008.)

The Issuer did not grant any other loans.

3.8. Loans, endorsements and guarantees granted and received in the fiscal year, in particular endorsements and guarantees granted to Issuer's affiliates and subsidiaries

ATM Group companies did not directly grant or receive any guarantees. However, on behalf of the Group, bank guarantees are granted to the benefit of the Group's customers. These are tender bonds and performance bonds. As at December 31, 2008, tender bonds and performance bonds included guarantees extended by BRE Bank SA amounting to PLN 1,195 thousand, by Bank Millennium S.A. amounting to PLN 513 thousand, and by Bank DnB NORD Polska S.A. amounting to PLN 746 thousand.

3.9. In the case of issuing securities in the reporting period – description of the use of income from the issue until the date of preparing the report

During the reporting period, the Group did not issue any securities.

3.10. Note on the differences between financial results disclosed in the Financial Report and the forecasts

The Company has not announced forecasts for 2008. However, the financial results achieved in 2008 are considered by the Issuer's Management Board as worse than expected. The main causes of this situation include:

- The lack of major integration contracts in the parent company, due to the worsening economic climate in the field of telecommunications investments, especially in Q4 2008.
- Losses on foreign exchange rates at the end of the year (approx. PLN 7 million) related to the purchase of goods imported from the USA for the integration projects implemented in this period.
- Significant overheads of mPay companies, whose purpose is to promote and deploy in Poland a universal mobile phone payments system (approx. PLN 7 million in 2008.)

In addition, these statements indicate lower operating profits and, consequently, lower gross and net profits in comparison to the report for Q4 of 2008. The main cause of this situation was an accounting error in one of the subsidiaries, which became known to the Issuer only during the preparation of the consolidated annual statements.

Consequently, the financial results published in this report are the most up-to-date and most correct consolidated financial data for 2008.

3.11. The opinion, with reasoning, on financial resources management, with particular emphasis on the ability to fulfill the assumed obligations, and specification of potential risks and the actions the Issuer took, or intends to take, to prevent such risks

The Management Board of the parent company considers the financial situation of the ATM S.A. Group companies to be good. Liquidity, turnover and debt ratios do not indicate the possibility of any threat to the Company's ability to fulfill its obligations.

3.12. Opinion on the feasibility of the investment plans

In 2008, the Issuer successfully accomplished major investments in new ventures, in the development of new products and in the growth of a strong capital group, scheduled for years 2007-2008. In the nearest future the Issuer's Management Board is not planning any investments of a similar scale as in previous years.

This does not however entail the abandonment of current investments, particularly with respect to the expansion of the server center in the ATMAN Data Center. Despite the current macroeconomic situation, the Issuer observes increasing demand for collocation and hosting services, translated into customer orders, exceeding the supply of such services. Even conservative investment policies with respect to these operations will enable the Issuer to generate increasing profits from such operations, which are far less sensitive to the economic cycle.
In 2009, the Issuer is not planning to expand the Group of Companies in a manner equally dynamic as in previous years. Instead the Issuer is going to focus on increasing profitability and multiplying the observed effects of synergy between companies in the ATM S.A. Group. The Issuer's Management Board does not however exclude occasional investments in new entities, which may bring significant contributions to the future development of the Group.

3.13. Opinion on factors and events affecting the operating results in 2008

The events affecting the operating results in 2008 include the abrupt decrease in ICT investments of Issuer's potential customers. This resulted in suspending decisions concerning contracts for telecommunications infrastructure deliveries, which had been regularly observed in the closing months of the previous years.

Another factor affecting the operating results in 2008 was the depreciation of PLN occurring consistently since August 2008. Although neither the Issuer nor any company from its group **concluded any option contracts** or any other contracts exposing the companies to FX risk incommensurately high in relation to the conducted operating activity, yet due to purchases of goods being sold under integration contracts for US dollars, ATM S.A., due to exchange rate differences, suffered a total loss of PLN 1,100,000 in the third quarter of the preceding year, and PLN 4,900,000 in the fourth quarter. This loss was not compensated with profit from operating exchange rate differences occurring in the first two quarters of the year, as in this period zloty's appreciation has occurred to a much lesser extent. Also, for the same reasons, KLK S.A. incurred foreign exchange losses in the amount of PLN 1 million.

3.14. External and internal factors significant for the development of the ATM Capital Group companies and the growth prospects until the end of 2009

The most significant external factors conditioning the development of the ATM Group of Companies include the continuing strong demand for ICT system integration services, and a constant growth in demand for data transmission services (telecommunications services for organizations.) As in previous years, a particularly important condition for stimulating the market and, consequently, increasing revenues from the sales of ICT services, is an improvement in the effectiveness of using EU subsidies and the effectiveness of public tendering procedures. So far, in this area no significant progress has been observed which could affect the results of business solutions vendors, including the Issuer.

An internal factor important for the development of the ATM Group of Companies is the preservation and continuing accumulation of high competence in the area of latest information technologies, in particular by means of continuous improvement of the skills of the engineering teams.

3.15. Changes in the fundamental management principles in the ATM Capital Group companies

In 2008, no important changes were introduced in the principles of management of the ATM Group of Companies.

3.16. Changes in the composition of the Management and Supervisory Boards of the ATM Capital Group companies in 2008

In 2008, no changes occurred with respect to the composition of the Issuer's Management Board and Supervisory Board.

On October 1, 2008 Andrzej Mokulski assumed the position of the President of the Management Board of Cineman sp. z o.o. At the same time, he assumed the position of the Director of the Business Solutions Branch in ATM S.A.

On October 24, 2008, Konrad Łuczak – formerly Vice-President of the Management Board of mPay S.A. – was appointed to the position of the President of the one-person Management Board of this company.

On December 3, 2008, Roman Szwed assumed the position of the President of the Management Board in mPay International sp. z o.o.; Roman Szwed is also the President of the Issuer's Management Board.

3.17. Contracts between the ATM Group of Companies and the management, providing for compensation for the loss of office

Contracts with the Issuer's Management Board members include non-competition clauses which hold for three months after they leave their posts. Under this provision, the Company will pay a compensation of 3 monthly salaries. The compensation shall be repaid at a double rate if the non-competition condition is not met.

No other substantial compensations are provided for in the ATM Capital Group companies.

3.18. Remuneration, awards and benefits, including those arising from incentive schemes or bonus schemes based on the Issuer's capital, including schemes based on priority and convertible bonds, subscription warrants (in cash, in kind or in any other form) paid, payable or potentially payable, separately for each Member of the Management and Supervisory Boards of the Issuer

The total remuneration paid to the members of the Group's Management and Supervisory Boards in 2008:

- ATM S.A. Management Board:
  - Roman Szwed PLN 480,000.00
  - Tadeusz Czichon PLN 420,000.00

- ATM S.A. Supervisory Board:
  - Jan Wojtyński PLN 78,000.00
  - Jan Madey PLN 42,000.00
  - Zbigniew Mazur PLN 42,000.00
  - Tomasz Tuchołka PLN 42,000.00
  - Sławomir Kamiński PLN 42,000.00

3.19. Total number and face value of the Issuer's shares held by members of Management and Supervisory Boards

The total number of the Group's shares is 36,000,000, and their face value is PLN 34,200,000.

As at April 30, 2009, the members of the Management and Supervisory Boards of the Group hold the following numbers of shares:

Name and surname	Position	Number of shares	Face value
Tadeusz Czichon	Vice-President of the Management Board	5,948,712.00	5,651,276.40
Roman Szwed	President of the Management Board	3,663,073.00	3,479,919.35
Dariusz Kiełkowski	Proxy	800,800.00	760,760.00
Anna Bugajska	Proxy	54,440.00	51,718.00
Tomasz Tuchołka	Member of the Supervisory Board	9,925.00	9,428.75

3.20. Shareholders holding directly or indirectly at least 5% of votes at the Issuer's GMS

In Current Report No. 75/2007 of December 14, 2007, the Management Board announced a change in the composition of the Issuer's share capital. As a result of the assimilation of A–H series shares into A series shares, and the subsequent one-to-eight split of 4,500,000 A series ordinary bearer shares, 36,000,000 new A series shares with a face value of PLN 0.95 each were created. The change in share capital composition was registered on December 5, 2007. Pursuant to National Depository for Securities Resolution No. 2/08, shares listed after January 10, 2008 (split date) reflect the change in face value.

As at April 30, 2009, the following shareholders held more than 5% of the overall number of votes at the Issuer's GMS:

Full name or company name	Shares held	Stake in share capital	Number of votes at the GMS	Share in the overall number of votes
Tadeusz Czichon	5,948,712	16.52%	5,948,712	16.52%
Roman Szwed	3,663,073	10.18%	3,663,073	10.18%
POLSAT OFE *)	3,597,172	9.99%	3,597,172	9.99%
ING Nationale-Nederlanden Polska OFE *)	3,493,844	9.71%	3,493,844	9.71%
AIG TFI **)	1,860,624	5.17%	1,860,624	5.17%
PKO TFI ***)	1,813,435	5.04%	1,813,435	5.04%

The figures above concern shares held by individuals as at April 30, 2009.

The data concerning POLSAT OFE and ING-Nationale Nederlanden Polska OFE refer to the number of shares owned by these shareholders on December 31, 2008 based on the "Annual asset structure."

The figures concerning AIG TFI (AIG Fund Management Company) refer to the number of shares held by this shareholder as notified in the notice of July 13, 2007, and the number of series H shares allotted on August 9, 2007.
**) The figures concerning PKO TFI refer to the number of shares held by this shareholder as notified in the notice of February 3, 2009. The Company has no information concerning any changes in the share ownership of these shareholders after these dates.

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

3.21. Contracts, known to the Issuer, that might change the share ownership structure in the future

The Issuer is not aware of any contracts that might change the share ownership structure in the future.

3.22. Holders of securities with special control rights

There are no securities with special control rights.

3.23. Employee share incentive scheme control

Employees, persons collaborating with the Issuer, as well as members of the Management Boards, employees and persons collaborating with the ATM S.A. Group companies (excluding the Issuer's Management Board) participate in an incentive scheme, under which they are entitled to purchase ATM S.A. Company shares upon meeting the conditions specified in the Incentive Scheme Regulations approved on June 5, 2008 by the Ordinary General Meeting of ATM S.A. Shareholders.

As part of this program, in 2008-2010, the Company Management Board will grant share purchase options to selected employees. Based on these options, the authorized persons will be able to purchase Company shares at the face value.

As at December 31, 2008, the Company held 298,618 treasury shares with the value of PLN 1,984,355.99. These shares are held by the Company pursuant to the guidelines for the Company Incentive Scheme.

Detailed description of the incentive scheme is provided in Note 20 to the Consolidated Annual Report, in section "Incentive Scheme."

3.24. Restrictions on the transfer of ownership of the Issuer's securities and restrictions on exercising the voting rights related to the Issuer's shares

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

Based on the awarded share purchase options, shares can be purchased by Incentive Scheme participants (Issuer's employees and collaborators, Management Board members and other employees and collaborators of ATM S.A. Group companies, except for the Issuer's Management Board) pursuant to an agreement concluded with the Company, which includes the following provisions:

- purchased shares shall be transferred to the investment account of the authorized person carried by the brokerage house indicated by the Company;
- the authorized person shall conclude an agreement with the brokerage house, according to which 80% of the purchased shares will be blocked (not available for sale or security);
- the purchased shares will be unblocked in the amount of 20% each year, starting from the date of their transfer to the investment account of the authorized person.

There are no other restrictions on the transfer of ownership of the Issuer's securities or restrictions on exercising the voting rights related to the Issuer's shares.

3.25. Purchase of treasury shares

Pursuant to the resolution of June 5, 2008, the Ordinary General Meeting of Shareholders consented to the Issuer purchasing treasury shares that will be offered to employees of companies from the ATM S.A. Group of Companies, according to Incentive Scheme Rules (according to Current Report No. 22/2008) of June 5,

2008. Summarizing the information included in current reports until the date of publication of the present report, the Issuer purchased 738,418 treasury shares, which amount to 2.05% of ATM S.A. share capital. On January 6, in accordance with the notification by Beskidzki Dom Maklerski S.A., 439,000 ATM S.A. shares were transferred in the period between October 10 – December 31, 2008, to brokerage accounts of specified employees of ATM S.A. and its subsidiaries, as a result of brokerage processing of the Incentive Scheme for the ATM S.A. Group employees. The transaction satisfies the provisions of the incentive program Terms and Conditions adopted by the Company's General Assembly on June 5, 2008.

Unit price for all sold shares was PLN 0.95. The total face value of the sold shares amounted to PLN 417,810. The sold stake accounts for 1.22% of the share capital and 439,800 votes (1.22%) at the General Meeting of Shareholders.

3.26. Information on the entity authorized to audit the financial statements

On July 21, 2008, the Company signed two contracts for auditing services with an authorized auditor – Deloitte Audyt Sp. z o.o.

Both the contracts were signed for delivering of the services described below, with the performance end date of April 30, 2009.

The subject matter of the contracts involves:

- auditing of the individual and consolidated annual financial statements for the period from January 1 to December 31, 2008;
- auditing of the individual and consolidated financial statements for the period from January 1 to June 30, 2008;

The remuneration specified in the contract for the revision of unit and consolidated financial statements for the period from January 1 to December 31, 2008, amounts to PLN 96,000 (excl. VAT.)

The remuneration specified in the contract for the revision of unit and consolidated financial statements for the period from January 1 to June 30, 2008, amounts to PLN 25,000 (excl. VAT.)

In 2007, the corresponding remunerations amounted to:

- auditing of the individual and consolidated annual financial statements for the period from January 1 to December 31, 2007 – PLN 90,000 (excl. VAT);
- auditing of the individual and consolidated annual financial statements for the period from January 1 to June 30, 2007 – PLN 25,000 (excl. VAT);

The parent company did not sign contracts with Deloitte Audyt Sp. z o.o. for any other services.

4. Information stipulated in Article 92 section 3 of the Regulation of the Minister of Finance

4.1. Consolidated balance sheet asset and liability composition

Consolidated balance sheet asset and liability composition has been presented based on selected financial figures.

Balance sheet

	End of period, December 31, 2008	% of total assets	End of period, December 31, 2007	% of total assets
Fixed assets	**261,951**	67.9%	**205,390**	55.6%
Current assets	**123,622**	32.1%	**163,702**	44.4%
Total assets	**385,573**	100.0%	**369,092**	100.0%
Equity	**241 767**	62.7%	**257,131**	69.7%
Long-term liabilities	**30 634**	7.9%	**20,522**	5.5%
Short-term liabilities	**113 172**	29.3%	**91,439**	24.8%
Total liabilities	**385 573**	100.0%	**369 092**	100.0%

Fundamental financial ratios

		2008	**2007**
Return on assets	net financial result / total assets	2.4%	5.7%
Return on equity	net financial result / equity	4%	9%
Net return on sales	net financial result / revenues from sales of products	3%	8%
Current liquidity ratio	total current assets / short-term liabilities	1.09	1.79
Quick liquidity ratio	total current assets – inventory / short-term liabilities	0.96	1.7
Receivables turnover (days)	average gross trade receivables x 360 days / revenues on sales of products, goods and materials	119	111
Liabilities turnover (days)	average trade liabilities x 360 days / cost of products, goods and materials sold	106	101
Inventory turnover	average inventory x 360 days / value of goods and materials sold	16	11

4.2. Important events with significant impact on the operations and financial performance of the Issuer's Group of Companies

As in previous years, the fourth quarter of the year had particular impact on the operational activities of the Issuer's Group of Companies. In Q4, the Issuer, together with its subsidiaries, traditionally achieves highest revenues on sale, and generates the greater part of the annual profit. In accordance with the assumptions, this pattern was repeated in 2008 as well. Almost 44% of consolidated revenues and 40% of the parent company's revenues were generated in Q4 of 2008. Nevertheless, the symptoms of the looming economic crisis had significant impact on the results of Q4 of 2008. In this period, the Issuer observed that many potential customers were withdrawing from investment contracts which were expected to be implemented by the end of the year. Altogether, none of the expected large contracts in the area of integration services for the supply of telecommunications infrastructure has been implemented, from which the Company expected to obtain additional PLN 30 million of sales revenue. Total sales revenue in the fourth quarter was generated as part of smaller projects related to integration and telecommunications services based on subscription fees (recurrent).

Another significant factor affecting the Issuer's performance is the increase in sales of telecommunications services that constitute the most profitable, stable and predictable source of revenues. In the parent company, such services accounted for 38.6% of revenues in 2008. In the context of visible symptoms of the coming crisis, this section of revenues is definitely resilient to the fluctuations of the economic cycle – it actually seems that the crisis may even increase the demand for certain telecommunications services (e.g. collocation) due to the need to save on investments in Issuer customers' own infrastructure.

In the last quarter of 2008, the Issuer recorded a record-breaking result with regard to the sale of telecommunications services; for the first time, telecommunications services revenues exceeded PLN 20 million, and were automatically noted as the highest ever revenue growth between quarters (fourth quarter of 2008 in relation the third quarter of 2008), namely by PLN 3.3 million (ca. 18%.) Very good results in telecommunications services sales result from the investment policy implemented over the course of recent years, involving expansion of fiber optic networks and collocation centers. The Management Board predicts rapid growth in revenues from telecommunications services also in the periods to follow.

In 2008, depreciation of Polish currency had negative impact on the financial results of the Group. It is worth mentioning that neither the Issuer nor any company from its group concluded any option **contracts** or any other contracts exposing the companies to FX risk incommensurately high in relation to the conducted operating activity, yet due to purchases of goods being sold under integration contracts for US dollars, ATM S.A., due to exchange rate differences, suffered a total loss of PLN 1.1 million in the third quarter of the preceding year, and PLN 4.9 million in the fourth quarter. This loss was not compensated with profit from operating exchange rate differences occurring in the first two quarters of the year, as in this period zloty's appreciation has occurred to a much lesser extent. Also, for the same reasons, KLK S.A. incurred foreign exchange losses in the amount of PLN 1 million. The Management Board of the Issuer takes appropriate measures to minimize this risk in the future, and secure the interests of the Company in an adequate manner but, due to the type of conducted operations, requiring purchases from foreign suppliers, the foreign exchange risk cannot be entirely eliminated.

The Issuer also finances part of its investment purchases with leases denominated in foreign currencies. Choosing this approach was based on significantly lower interest rates and a – seemingly – stable, strong position of PLN in relation to other currencies in medium term.

Thanks to the adopted approach, the interest rates applicable in that period and the appreciation of PLN in the period from 2004 to the middle of 2008, the Company paid lower lease installments than in the case of lease agreements denominated in PLN.

The abrupt depreciation of Polish currency, observable since August 2008, resulted in significant increases of ATM S.A. debt in PLN,

arising from lease agreements denominated in foreign currencies. What is important, this increase has only a minor effect on the Company's expenses related to current lease installments. Unless, however, the situation in the currency market improves, the total debt to be paid by 2013 will be significantly higher.

In 2008, total exchange rate difference calculated on the basis of revaluation of leasing liabilities amounted to PLN 7,220,437.12. This change translates into an increase in a monthly leasing installment paid by the Issuer in 2009 by PLN 161,974.64 per month. In the total amount of exchange rate difference arising from leasing liabilities calculated in 2008, part of this amount, that is PLN 556,459.87 is recognized as leasing installments paid in 2008, and falls into financial costs in this period.

A majority of this amount, that is PLN 6,663,977.25, is related to the Issuer's increased expenditure on payment of leasing installments in subsequent periods. These issues have been discussed in detail in Note 26 to the Consolidated Financial Statements.

4.3. Composition of major capital investments made within the Issuer's Group of Companies

ATM S.A. – as at April 30, 2009, the parent company holds:

- in m-Pay International Sp. z o.o.: 11,100 shares with a total value of PLN 5,550 thousand, i.e. 60% of the share capital and 60% of votes at the Company's Partners' Meeting;
- in iloggo Sp. z o.o.: 300 shares with a total value of PLN 300 thousand, i.e. 60% of the share capital and 60% of votes at the Company's Partners' Meeting;
- in mPay S.A.: 15,093,000 shares with a total value of PLN 7,546,500, i.e. 51.69% of the share capital and 51.69% of votes at the General Meeting of Shareholders;
- in rec-order Sp. z o.o.: 1,150 shares of PLN 100 per share, with a total value of PLN 115,000, i.e. 100% of share capital and 100% of votes at the Company's Partners' Meeting;
- in inONE S.A.: 300,000 shares with a total value of PLN 300,000, i.e. 60% of share capital and 60% of votes at the Company's Partners' Meeting;
- in Cineman sp. z o.o.: 1,020 shares with a total value of PLN 510,000, i.e. 51% of share capital and 51% of votes at the Company's Partners' Meeting;
- in KLK S.A.: 420,000 shares with a total face value of PLN 420,000, i.e. 78.74% of share capital and 78.74% of votes at the Company's Partners' Meeting;
- in Sputnik Software sp. z o.o.: 600 shares with a total value of PLN 3,000 thousand, i.e. 60% of the share capital and 60% of votes at the Company's Partners' Meeting;
- in Linx Telecommunications B.V.: 2,754,612 shares with a total value of EUR 27,546.12, i.e. 21.67% of share capital and 21.67% of votes at the Company's Partners' Meeting;
- in Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o.: 1,001 shares with a total value of PLN 50,050, i.e. 100% of share capital and 100% of votes at the Company's Partners' Meeting;
- in Impulsy Sp. z o.o.: 51 shares with a total value of PLN 102,000, i.e. 78.47% of the share capital and 78.47% of votes at the Company's Partners' Meeting;
- in Centrum Innowacji ATM Sp. z o.o.: 1,000 shares with a total value of PLN 50,000, i.e. 100% of the share capital.

mPay International Sp. z o.o. - the subsidiary holds:

- 10,999,000 mPay S.A. shares at PLN 0.50 each. – purchase price: PLN 5,499.5 thousand.

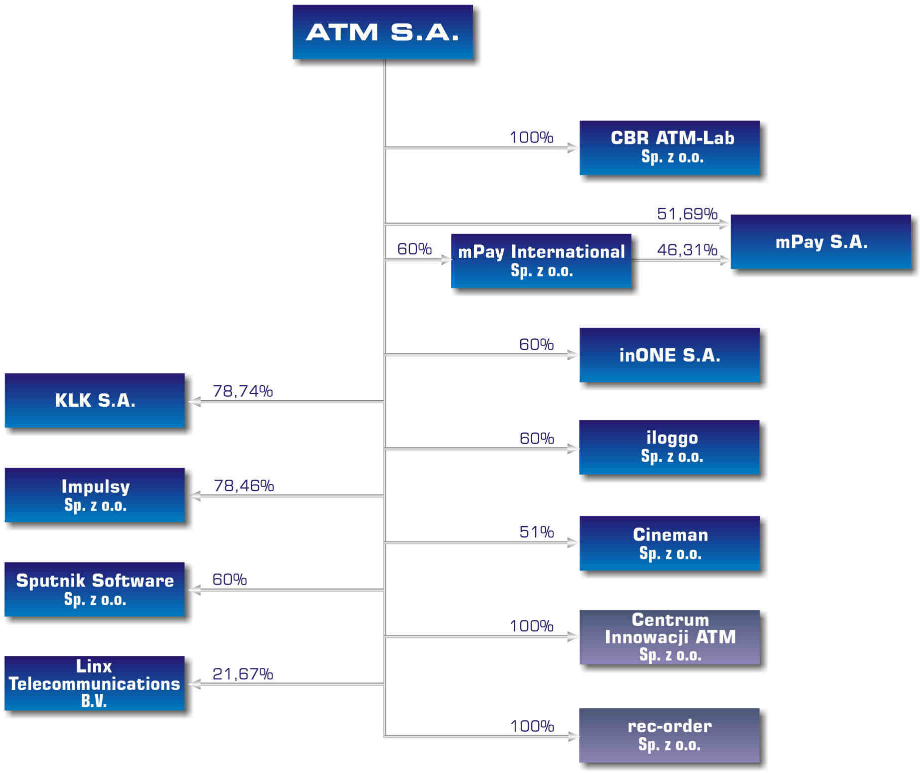
KLK S.A. - the subsidiary holds:

- 500 Górnośląskie Towarzystwo Lotnicze shares — purchase price PLN 80,000.

As a result of consolidation adjustments in the consolidated balance sheet, the value of financial assets amounts to PLN 80,000, i.e. the value of Górnośląskie Towarzystwo Lotnicze shares purchased, which amount to 0.053% of the company's capital.

Group companies invest available funds in short-term deposits or low-risk debt securities with short maturities.

The diagram below shows the structure of the ATM S.A. Group of Companies.



4.4. Organizational description of the Issuer's Group of Companies with an indication of undertakings subject to consolidation and description of changes in the organization of the Group of Companies

As at December 31, 2008, all companies listed in 4.3 were subject to consolidation except Centrum Innowacji ATM Sp. z o.o., which was registered on March 26, 2008, and did not launch operating activities by the end of the year.

4.5. Description of policies concerning the development direction of the Issuer's Group of Companies

The Issuer's Management Board is closely monitoring the current macroeconomic situation, and makes all efforts to adjust the organizational structure of the Group of Companies in order to enable it to quickly respond to economic changes, and to direct the Group's activities with the aim of maximizing stable and recurrent profits, even in this adverse economic climate.

At present, the strategic objective of the Issuer's Group of Companies is to improve the effectiveness of operations. The measures taken by the Management Board to achieve this objective include:

- Developing and separating individual competences in the form of dedicated organizational structures within the ATM S.A. Group (increased independence of individual organizational units, enabling optimizing management processes, reducing costs, and establishing cooperation with other players in the industry – including financial cooperation.)
- Investing in the infrastructure necessary to provide services that prove to resist changes in the economic climate owing to their renewable nature – this applies in particular to telecommunications services based of the Company's extensive optical networks infrastructure and the ATMAN data centers.
- Making further internal organizational changes that will directly translate into a stronger focus on products providing higher profit margins.

ATM S.A., being the dominant company in the Group, will focus on telecommunications and value-added services that guarantee predictable revenues and profit increase. These services are provided in the B2B model, they have a recurring nature, they are performed under permanent contracts, and are characterized by high sales margins.

The activities involving IT system integration for various market segments will be developed by independent companies within the Group that, owing to greater freedom in their operations, are better suited to adjust their structure to market needs, and engage in beneficial alliances, including financial ones.

The choice of a strategy aimed at improving efficiency, cautious investments, and enhanced flexibility of market interactions by organizational adjustment of the Group to the sales directions are the main assumptions for the development of the Issuer's Group of Companies.

4.6. Description of material off-balance sheet items by undertaking, type and value

Off-balance sheet items include contingent receivables and liabilities. None of these items could have a material impact on the operations of the Issuer's Group of Companies.

A detailed description of contingent receivables and liabilities has been included in Note 29 enclosed with the present Consolidated Financial Statements.

President of the Management Board Vice-President of the Management Board

Roman Szwed Tadeusz Czichon

ATM S.A. MANAGEMENT BOARD STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE STANDARDS BY ATM S.A. IN 2008

A) Corporate governance standards applicable to the Issuer

ATM S.A. implements the corporate governance standards specified in “Best Practices for Companies Listed on the WSE” approved by the resolution No. 12/1170/2007 of July 4, 2007, of the Warsaw Stock Exchange Board in Warsaw.
These standards are available online on the web-site:
http://corp-gov.gpw.pl/assets/library/polish/dobrepraktyki2007.pdf

B) Issuer’s deviations from the corporate governance standards, indication of appropriate decisions and explication of reasons for such deviations

In 2008, the Issuer did not deviate from corporate governance standards.

C) Main characteristics of internal audit and risk management systems applied by the Issuer in relation to the process of preparing financial statements and consolidated financial statements

Pursuant to the Regulation of the Minister of Finance dated October 19, 2005 regarding current and periodical information provided by issuers of securities (Journal of Laws of 2005 No. 209, item 1744,) the Company’s Management Board is responsible for the internal audit system and its effectiveness in relation to the process of preparing financial statements and publishing periodic reports. Financial statements are prepared by the Company pursuant to legal regulations, in compliance with the International Accounting Standards.

The scope and application of the Issuer’s internal audit and risk management systems in relation to the process of preparing financial statements is predominantly affected by: optimized competence-based allocation of responsibilities in the process of preparing financial statements, the current evaluation of the Company’s operations and the preparation of result estimates on this basis, as well as the verification of financial statements by an independent auditor.

Based on the procedures applied in the Company, in order to ensure the effectiveness of financial reporting processes, the responsibility for preparing financial statements lies with highly-qualified personnel of the Finance and Accounting branch, led by the CFO and the Company’s Management Board, supported by personnel responsible for statement audits and matters related to the publication of the reports.

D) Shareholders holding directly or indirectly significant stakes in the Company, together with an indication of the number of shares owned by them, their percentage stake in the share capital, the number of votes arising from the stakes, and the percentage share of votes

Full name or company name	Shares held	Stake in share capital	Number of votes at the GMS	Share in the overall number of votes
Tadeusz Czichon	5,948,712	16.52%	5,948,712	16.52%
Roman Szwed	3,663,073	10.18%	3,663,073	10.18%
POLSAT OFE *)	3,597,172	9.99%	3,597,172	9.99%
ING Nationale-Nederlanden Polska OFE *)	3,493,844	9.71%	3,493,844	9.71%
AIG TFI **)	1,860,624	5.17%	1,860,624	5.17%
PKO TFI ***)	1,813,435	5.04%	1,813,435	5.04%

The figures above concern shares held by individuals as at April 30, 2009.

The data concerning POLSAT OFE and ING-Nationale Nederlanden Polska OFE refer to the number of shares owned by these shareholders on December 31, 2008 based on the “Annual asset structure.” The figures concerning AIG TFI (AIG Fund Management Company) refer to the number of shares held by this shareholder as notified in the notice of July 13, 2007, and the number of series H shares allotted on August 9, 2007. **) The figures concerning PKO TFI refer to the number of shares held by this shareholder as notified in the notice of February 3, 2009. The Company has no information concerning any changes in the share ownership of these shareholders after these dates.

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

E) Holders of securities with special control rights together with a specification of such control rights

There are no securities with special control rights.

F) Restrictions on exercising voting rights, such as restrictions on exercising voting right by holders of a specific share of number of votes, time restrictions on the exercising the voting rights, or regulations stipulating that, with the Company’s cooperation, the capital rights arising from securities are separated from the ownership of securities

There are no restrictions on exercising the voting rights related to the Issuer’s shares.

G) Restrictions on the transfer of ownership of the Issuer’s securities

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

Based on the awarded share purchase options, shares can be purchased by Incentive Scheme participants (Issuer’s employees and collaborators, Management Board members and other employees and collaborators of ATM S.A. Group companies, except for the Issuer’s Management Board) pursuant to an agreement concluded with the Company, which includes the following provisions:

- purchased shares shall be transferred to the investment account of the authorized person carried by the brokerage house indicated by the Company;
- the authorized person shall conclude an agreement with the brokerage house, according to which 80% of the purchased shares will be blocked (not available for sale or security);
- the purchased shares will be unblocked in the amount of 20% each year, starting from the date of their transfer to the investment account of the authorized person.

There are no other restrictions on the transfer of ownership of the Issuer’s securities.

H) Appointing and revoking of the Management Board, their rights, in particular their right to make decisions on the issue and redemption of shares

In 2007, the ATM S.A. Management Board included:

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

The Management Board acts pursuant to the Company’s Articles of Association, the resolutions of the General Meeting of the Company Shareholders, the provisions of the Code of Commercial Companies, other legal regulations, and the Regulations of ATM S.A. Management Board, approved by the resolution of the Supervisory Board of October 24, 2004. The Management Board implements and applies in its operations the standards of corporate governance. The Management Board is composed of two members: The President of the Management Board and the Vice-President of the Management Board. The Management Board is appointed and revoked by the Supervisory Board, which indicates the President of the Management Board. In the case of revoking a Member of the Management Board, the Supervisory Board must appoint at the same meeting a new Member of the Management Board. All matters related to managing the Company, not reserved by the Company’s Articles of Association or the Code of Commercial Companies as the competence of the General Meeting of Company Shareholders or the Supervisory Board, belong to the responsibilities of the Management Board.

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

- define the strategy for the Company’s development and present it to the Supervisory Board;

- apply and implement the Company's strategy;
- manage the Company's assets;
- assume financial obligations and conclude agreements;
- appoint and revoke proxies and attorneys;
- make resolutions on the organizational structure and internal regulations of the Company;
- define personnel and payroll policies, in particular appoint personnel to important management positions in the Company and its subsidiaries, define employment, salary and human resources policies;
- create incentive schemes for employees;
- summon ordinary and extraordinary General Meetings of Shareholders;
- participate in General Meetings of Company Shareholders;
- submit proposals at the General Meeting of Shareholders with regard to the distribution of profits or coverage of losses.

The President and Vice-President of the Management Board are appointed for a joint 5-year term of office. The office of the Management Board members expires on the date of a General Meeting of Shareholders approving the financial statement of the Company for the fiscal year comprising the fourth anniversary of appointing the Management Board members for the given term of office. A Management Board member, who assumed the position of the member whose term of office has expired, remains in the office until the end of the of the Management Board's term of office. A Management Board member should not resign during the term of office. However, if a Management Board member is forced by circumstances to resign from the Management Board position, he/she must take into consideration the continuity of Company's operations and management, and try to minimize the negative effects of such a decision for the Company.

Up to November 22, 2009, the Company's Management Board may increase the share capital by no more than PLN 8,719,632 (eight million seven hundred and nineteen thousand six hundred and thirty-two Polish zloty) (the target capital.) The Management Board may execute the authorization by making one, or several subsequent increases of the share capital upon obtaining the consent from the Supervisory Board. Such consent should be granted in the form of a resolution, and should be based on a review of the Company's detailed investment needs. The Company's Management Board may issue shares both in exchange for monetary contribution and non-monetary contribution. The Company's Management Board may not issue preference shares nor grant shareholders personal rights specified in article 353 of the Code of Commercial Companies. This authorization does not include the right to increase the share capital by using the Company's own funds. A resolution of the Company's Management Board passed in accordance with the procedure described above is equivalent to a resolution of the General Meeting of Shareholders on increasing the share capital, and requires the form of a notarial deed to be valid.

I) Amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association require a resolution of the General Meeting of Shareholders, and entering into the register, pursuant to the Code of Commercial Companies. Resolutions on amendments to the Company's Articles of Association are passed by the majority of three quarters of votes. All amendments to the Company's Articles of Association are submitted by the Management Board to the Register Court.

J) Organization of the General Meeting of Shareholders, its fundamental rights, rights of the Shareholders and the manner of exercising them, in particular the principles arising from the regulations of the General Meeting of Shareholders, if such information does not result directly from the law

The General Meeting of Company Shareholders, consisting of all Company shareholders entitled to participate in it, is the highest organizational body of the Company, appropriate for making the most important decisions. General Meetings of Shareholders are organized pursuant to legal regulations and applicable provisions of the Company's Articles of Association and the Rules & Regulations of the General Meeting of Company Shareholders, available on ATM S.A. web-sites. The General Meeting of Shareholders is summoned by the Company's Management Board. The Supervisory Board is entitled to summon an Ordinary General Meeting of Shareholders, if it has not been summoned by the Management Board within six months from the end of each fiscal year, and to summon an Extraordinary General Meeting of Shareholders within two weeks from the date of submitting a relevant request by the Supervisory Board. A shareholder or shareholders representing at least one tenth of the share capital may request summoning an Extraordinary General Meeting of Shareholders, and place specific items on the agenda of the nearest General Meeting. Such requests must be submitted in writing to the Management Board not later than one month before the proposed date of the General Meeting of Shareholders. The General Meeting of Shareholders takes place in the Company's main office, on a date specified in the "Monitor Sądowy i Gospodarczy" (the Court and Economy Monitor) periodical and in the current report, pursuant to applicable laws. The General Meeting of Shareholders is summoned through an announcement which should be made at least three weeks before the date of the

General Meeting. The announcement indicates the date, time and place of the General Meeting, as well as a detailed agenda. Drafts of resolutions placed on the agenda of the General Meeting, together with the relevant reasoning, and other available materials related to the General Meeting, are presented to the shareholders at a time and place enabling them to inspect and evaluate them. Additionally, issues subject to the resolutions of the General Meeting are investigated and reviewed by the Supervisory Board.

The holders of bearer shares are entitled to attend the General Meeting, if they submit to the main office of the Company, at least a week before the date of the General Meeting, their bearer certificates of deposit issued by entities maintaining securities accounts, as prescribed by the Act on Public Trading in Securities of July 29, 2005. Certificates of deposit should in particular indicate that they have been issued in order to be submitted to the Company in connection to the General Meeting, and that the shares will remain blocked until the end of the General Meeting. Shareholders may participate in the General Meeting and exercise their voting rights in person or through proxies. The powers of attorney should be granted in writing, otherwise being null and void, by representatives entitled to grant such powers in compliance with a relevant register or, in the case of individuals, in compliance with the provisions of the Civil Code, and enclosed to the minutes of the General Meeting. The list of shareholders entitled to attend the General Meeting, containing the names and surnames or company names of eligible participants, their domicile (main office,) number of shares and the number of votes associated with them, will be made available for inspection in the Company's main office for at least three week days before the General Meeting. Each shareholder, or shareholder's proxy, may view the list of eligible participants and request a copy of the list, as well as copies of the motions concerning the subject matters included in the agenda, upon refunding the costs of preparing such documents.

In addition to issues stipulated in the provisions of the Code of Commercial Companies and this Charter, functions of the General Meetings include:

a) creating and dissolving reserve capitals and special purpose funds, and defining their purpose;
b) determining the remuneration for members of the Supervisory Board;
c) resolving the Rules governing the operations of the Supervisory Board;
d) resolving the Rules governing the proceedings of the General Meeting.

The entity that summons the General Meeting sets its agenda. In the case of matters included in the agenda at the request of shareholders, to remove such an item from the agenda or abandon it, the General Meeting must pass a resolution upon prior consent of all requesting shareholders who are present, backed by 75% of votes of the General Meeting. In the event provided for in article 397 of the Code of Commercial Companies, a majority vote is required to pass a resolution dissolving the Company. 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 representing at least a half of the share capital. The General Meeting is opened by the President of the Supervisory Board or a person indicated by the President. If the President of the Supervisory Board is not present at the General Meeting of Shareholders, or does not indicate the person to open the meeting, the Shareholder holding the highest percentage of shares in the Company's share capital, or the person indicated by this Shareholder, opens the General Meeting. The person opening the General Meeting should immediately select the Chairperson from the General Meeting's participants. The Chairperson states the formal validity of summoning the General Meeting, and leads its proceedings according to the adopted agenda, applicable laws, the Company's Articles of Association, the Rules & Regulations of the General Meeting, and the standards of corporate governance adopted by the Company. The Chairperson of the General Meeting ensures its effective proceedings, and respect for the rights and interests of all shareholders. The Chairperson should prevent the participants of the General Meeting from abusing their rights, and in particular guarantee respecting the rights of minority shareholders. After checking and signing the list of attendance, the Chairperson conducts the voting on the agenda. The General Meeting may adopt the agenda without modifications, change the order of proceedings, or remove certain items from the agenda. A request for abandoning proceedings on an item included in the agenda should provide detailed reasons. The General Meeting may not resolve to remove from the agenda or abandon proceedings over an item included in the agenda at the request of shareholders. The General Meeting may also add to the agenda new items, and discuss such items, without however passing any resolutions concerning such items. If the General Meeting resolves to remove an item from the agenda, motions submitted in connection with the removed item are abandoned. The Chairperson may not independently remove items from the announced agenda, change the order of individual items, or proceed on matters of substance not included in the agenda. Following the presentation of each item included in the agenda, the Chairperson opens the discussion, inviting speakers in the order of their enlisting. The decision on closing the discussion is made by the Chairperson. Speakers may express their opinions only on items included in the agenda, referring to the currently discussed item. In formal matters, which in particular include motions with regard to:

- closing the list of speakers,
- restricting, delaying or closing the discussion,
- limiting the time allocated to speakers,
- announcing an organization break in the proceedings,
- deciding the order of voting on resolutions,
- ensuring compliance of the General Meeting's proceedings with applicable laws, with the Company's Articles of Association, and with the Rules & Regulations of the General Meeting.

The Chairperson may invite speakers outside the established sequence. The discussion on formal motions should be conducted directly after submitting them. Having closed the discussion of formal motions, the Chairperson opens the General Meeting's voting on these items. Having exhausted the agenda, the Chairperson closes the General Meeting. Following the closing of the General Meeting, it no longer constitutes an organizational body of the Company, and the participants of the General Meeting may not pass valid resolutions. Detailed rules of participation and voting at the General Meeting, as well as the individual stages of its proceedings are specified in the Rules & Regulations of the General Meeting, and in the Company's Articles of Association, available on the company's web-sites.

K) The composition of Issuer's Management Board, Supervisory Board or bodies administering the Issuer and their committees; changes that took place in these organizational bodies in the fiscal year, and the description of their operations

In 2008, the ATM S.A. Management Board included:

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

The Management Board holds meetings at least once a month. The meeting of the Management Board may be called by either of the Management Board Members at any time, by notifying the other Member. For a Management Board meeting to be valid, both Members of the Management Board must be present. Meetings of the Management Board are presided over by the President of the Management Board. Management Board meetings do not require formal summons, and their agenda is established at every individual meeting. Resolutions of the Management Board are passed unanimously, i.e. a resolution is passed when both Members of the Management Board vote to adopt it. The aforementioned principle does not apply, when the resolution in question may lead to a conflict of interests between the Company and one of the Management Board Members. In such events, the resolution is passed, if the Management Board Member involved in the conflict of interests abstains from voting, and the other Member of the Management Board votes to adopt the resolution. Voting at the Management Board meetings is open. The Management Board may invite to its meeting other individuals, whose participation may be helpful in managing the Company. In particular, every two weeks, if possible, the so-called Meetings of the Extended Management Board are held, involving the Management Board Members and the proxies, branch directors, representatives of the Legal Department, and the Experts Team. The Meetings of the Extended Management Board are called by the Management Board office on fixed dates, at the request of the Management Board.

Meetings of the Management Board are recorded in a report. Reports from Management Board meetings should contain:

a) the date and location of the meeting,
b) the list of Management Board Members attending the meeting,
c) the list of other persons attending the Management Board meeting,
d) the agenda,
e) proceedings of the meeting and the contents of separate votes or reservations to resolutions or decisions, submitted by individual Members of the Management Board,
f) the contents of resolutions passed, complete with the voting results,
g) signatures of all Management Board Members.

Reports from Management Board meetings are added to the Report File kept by the Company.

In the period from January 1 to December 31, 2008, and as at December 31, 2008, the Supervisory Board of the Company included:

- Jan Wojtyński – Chairman of the Supervisory Board
- Tomasz Tuchołka – Vice-Chairman of the Supervisory Board
- Sławomir Kamiński – Member of the Supervisory Board
- Jan Madey – Member of the Supervisory Board
- Zbigniew Mazur – Member of the Supervisory Board

The Supervisory Board operates pursuant to the Company's Articles of Association, resolutions of the General Meeting of Shareholders, applicable laws, and the Rules & Regulations of the Supervisory Board. The Supervisory Board implements and applies in its operations the standards of corporate governance. Members of the Supervisory Board are appointed for a joint 5-year term of office. The office of the Supervisory Board members expires on the date of a General Meeting of Shareholders approving the financial statement of the Company for the fiscal year comprising the fourth anniversary of appointing the Supervisory Board members for the given term of office. A Supervisory Board member, who assumed the position of the member whose term of office has expired, remains in the office until the end of the of the Supervisory Board's term of office. Each Member of the Supervisory Board may resign from the office of Supervisory Board Member during the office term without giving his reasons. Such resignation, however, should respect the applicable standards of corporate governance. The resignation should be submitted to the management Board or the Chairman of the Supervisory Board. Supervisory Board Members who have resigned may be re-elected. Candidates for the office of Supervisory Board Member, before being elected to the Board, must submit in writing to the Management Board information about personal, actual and organizational links to specific shareholders, in particular to a majority shareholder, or state that he/she has no such links. In the case of changes with this respect during the office term, Supervisory Board Members must immediately notify the Management Board about such changes in writing. The aforementioned information is disclosed by the Company on its website. Information about the education and professional experience of Supervisory Board Members is disclosed by the Company on its website. Members of the Supervisory Board must keep confidential all the information (oral, written or digital,) to which they gained access in relation to their duties in the Supervisory Board, and must not disclose it to third parties. The obligation of confidentiality applies irrespectively of whether such information was marked as "confidential" or not. The obligation of confidentiality does not apply to publicly disclosed information, publicly known information, and information the disclosure of which by the Supervisory Board Member has been authorized by the Management Board. The Supervisory Board holds meetings at least once every quarter. The Supervisory Board meetings are summoned by the Chairman. The above does not restrict the right of the Management Board or a Supervisory Board Member to call Supervisory Board meetings, as provided in the Code of Commercial Companies, and in the Company's Articles of Association. The person calling the Supervisory Board meeting immediately notifies the Management Board about the meeting. Chairperson of the Supervisory Board presides over the proceedings of the Board meeting. In the absence of the Chairperson, the proceedings are presided over by the Vice-Chairperson, and in the absence of the Vice-Chairperson – another Member of the Supervisory Board appointed by the Chairperson, and if no such person has been appointed – the oldest Member of the Supervisory Board. Notifications to Supervisory Board Members, including notifications on calling a Board meeting, are delivered to the address specified to the Management Board by the Supervisory Board Member. If the Company's Articles of Association allow such situation, upon the consent of the Supervisory Board Member, the notifications may be delivered by e-mail or by fax to the address (number) specified to the Management Board by the Supervisory Board Member. In the case of e-mail, the notification is deemed effective if the sender receives an electronic confirmation of the information sent being displayed on the recipient's screen, or if the recipient sends by e-mail information to confirm the delivery of the notification. In the case of notifications sent by fax, the notification is deemed effective if the Supervisory Board Member sends by fax signed information confirming the delivery of the notification. Notifications are dispatched by the Chairperson of the Supervisory Board or by a person authorized by the Chairperson. The Chairperson may in particular authorize in this respect the Management Board or the Management Board Office.

The agenda of the Supervisory Board meeting may be suggested to the Chairperson by other Members of the Supervisory Board and the Management Board by email delivered to the Chairperson at least 7 days before the date of the meeting. The Supervisory Board adopts resolutions with an absolute majority of votes of persons attending the meeting. In the case of equal split of votes, the Chairperson's vote prevails. In cases provided for in applicable corporate governance standards, a resolution should be passed only if it is supported by at least one independent Member of the Supervisory Board. Voting in the Supervisory Board meetings is open. Upon a justified request of at least one Member of the Supervisory Board, or in cases provided for in applicable laws, voting may be kept secret. Supervisory Board meetings, except for matters directly related to the Management Board or its Members, should be accessible and open to the Management Board Members. The Supervisory Board may invite to its meeting other persons who can provide the Board with required information. The Supervisory Board meetings are recorded in a report by a person appointed by the Management Board (reporting clerk,) and accepted by the Supervisory Board. The

Supervisory Board may proceed without the attendance of the reporting clerk. In such cases, the report is kept by the person presiding over the Board's meeting. The report should be updated on an ongoing basis during the proceedings, and signed by the reporting clerk and all the attending Members of the Board immediately after closing the meeting. In justified cases, Supervisory Board Members may sign the report at a later time. Pursuant to the Company's Articles of Association, the Supervisory Board may adopt resolutions in writing or by means of direct remote communication. In the case of adopting resolutions in writing, the contents of the resolutions must be delivered to the Supervisory Board Members by email or fax.

Following the delivery of the resolution's contents, if no objections to the contents are raised, the resolution is dispatched to be signed by all Supervisory Board Members. Supervisory Board Members, by placing their signatures under the contents of the resolution, vote for the adoption or rejection of the resolution. Voting may also be performed in writing with the use of the digital signature. In the case of adopting resolutions with the use of means of direct remote communication, one or more Supervisory Board Members communicate with the person presiding over the Board's proceedings through telephone, Internet, or other lines enabling identification of the persons participating in the meeting by means of remote communication facilities. The person presiding over the Supervisory Board meeting, or a person authorized by him/her, reads out or delivers in electronic form the contents of the resolutions to all Board Members participating in the meeting, who, subsequently, vote for the adoption or rejection of the resolution. In such cases, the signature on behalf of the person participating in the meeting by means of direct remote communication facilities is placed on the report by the person presiding over the meeting, with annotation indicating the remote participation of that person in the meeting. Reports from the Supervisory Board meeting should contain:

a) the date and location of the meeting,
b) a list of Supervisory Board Members participating in the meeting, with indication which of them attended the meeting by means of direct remote communication facilities.
c) a list of other attendants of the Supervisory Board meeting, possibly with indication which part of the meeting the person attended,
d) the agenda,
e) proceedings of the meeting and the contents of separate votes or reservations to resolutions or decisions, submitted by individual Members of the Supervisory Board,
f) the contents of resolutions passed, complete with the voting results,
g) signatures of the reporting clerk and all the Supervisory Board Members attending the meeting, with the indication of using direct remote communication facilities in the process of resolution adoption.

Reports from the Board meeting are immediately delivered by the person presiding over the Board meeting to the Report File kept by the Management Board of the Company. The Supervisory Board may designate one or more Board Members to independently perform supervisory activities. Detailed rules and scope of performing such supervisory activities are determined in each case by a resolution of the Supervisory Board, adopted upon consulting the Management Board. Such a resolution contains the amount and method of payment of the remuneration for the activities performed. The remuneration of the Chairperson and other Members of the Supervisory Board is determined by the General Meeting of Shareholders.

Warsaw, April 30, 2009

Roman Szwed – President of the Management Board ....

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

MANAGEMENT BOARD STATEMENT

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

Warsaw, April 30, 2009

Roman Szwed – President of the Management Board ....

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

MANAGEMENT BOARD STATEMENT

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

Warsaw, April 30, 2009

Roman Szwed – President of the Management Board ....

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