ATM S.A. GROUP OF COMPANIES

CONSOLIDATED ANNUAL REPORT
FOR THE PERIOD FROM JANUARY 1, 2009
UNTIL DECEMBER 31, 2009

(in PLN '000)

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

Dear Ladies and Gentlemen,

On behalf of the Management Board of ATM S.A. I hereby present the consolidated financial statements of the ATM S.A. capital group together with the report of its activity for 2009. The document contains the financial results, the opinion of the certified auditor and the most important information on the Group's activity and the developments of the year.

In the opinion of the Board, despite the unfavourable economic conditions, the year 2009 ended relatively well for the ATM S.A. capital group. In 2009 the Group achieved PLN 286.46 million of the consolidated revenues from sales, which means a growth of 7% as compared to a similar period of the previous year. The net profit grew by over 10%, i.e. to PLN 9.87 million. The EBITDA in 2009 amounted to PLN 36.6 million, which means a 20% increase as compared with 2008.

In the previous year we finished the implementation of a two-year strategy of the Group for the years 2008–2009. Its main direction was to combine innovation in the products and services offered with a conservative approach to the financial evaluation of the effects and perspectives of our operation. The strategy was implemented by allocating investment resources and attaching great importance to those areas of our activity which bring most significant financial results and benefits.

The most profitable area of the Group's business, with greatest predictability and stability of the revenues and profits achieved, has been the telecommunications activity carried out under the ATMAN brand. Our concentration on the investment in the telecommunications infrastructure development (mainly fibre-optic networks and data centres) in recent years helped us maintain high growth dynamics even in the face of the unfavourable external conditions. In 2009 the Group achieved revenues exceeding PLN 90.36 million and PLN 13.97 million of operating profit on its telecommunications activity, which means a growth in the operating profit of over 44% as compared with the previous year.

The results regarding system integration were not as good as those concerning telecommunications, because integration-related activity is more prone to the influence of the economic conditions. Nevertheless, we managed to maintain the results at a level similar to that of the previous year (a drop by 1%). We also developed our own software, in which our clients are increasingly interested and whose sales are a stabilizing factor in terms of systems integration. We also managed to conclude major contracts, including the largest OST 112, involving the development, implementation and maintenance of the "Nation-wide ICT Network for the Purpose of Alarm Telephone Number 112" This was the single largest IT contract in the [Polish] public sector in 2009.

Notably, the year 2009 saw significant organizational changes, such as transferring the integration activities to separate entities or discontinuing the operations in the segments which had not brought the expected results or proved not to be convergent with the Group strategy. In the mobile payment segment we managed to develop the recognizability and scope of the services based on the mPay platform, but also considerably limit the fixed costs. The activities regarding mobile payments will not have a significant influence on the Group's results in the future periods even if full balance of costs and revenues does not happen for some time to come.

We are facing the year 2010 with its particularly good prospects. In the telecommunications area, thanks to the earlier investments and new investment projects to be implemented (data centres in Telehouse.Poland and the ATM Innovation Centre), it will be the time for achieving the leading position in the Polish data centre market, and also perhaps that of an important player in Europe. With regard to the integration activities 2010 and 2011 will see the performance of the already signed contracts and an unprecedented growth in the scale of our activities. Our integration activities should become just as powerful fundament of the Group's growth as the telecommunications activity is at present.

The Management Board of ATM S.A. will take every effort to make its choices as appropriate as those made in the previous years and to efficiently use the competitive advantages already gained and thus strengthen the market position of the capital group and achieve a stable growth in the value of the Company.

Yours sincerely,

Roman Szwed
President of the Management Board

FINANCIAL HIGHLIGHTS

	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	PLN '000		EUR '000	
Total sales revenue	286,462	267,448	65,995	75,719
Operating profit (loss)	16,878	14,308	3,889	4,051
Profit before tax	11,666	10,246	2,688	2,901
Net profit of parent undertaking shareholders	9,828	9,832	2,264	2,784
Net cash from operating activities	43,775	16,305	10,085	4,616
Net cash from financial activities	(25,203)	(15,697)	(5,806)	(4,444)
Net cash from investment activities	(16,592)	(66,378)	(3,822)	(18,793)
Increase (decrease) in cash	1,980	(65,771)	456	(18,621)
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Fixed assets	272,196	261,951	66,257	62,782
Current assets	94,523	123,622	23,008	29,629
Total assets	366,719	385,573	89,265	92,410
Long-term liabilities	20,862	30,634	5,078	7,342
Short-term liabilities	89,822	113,172	21,864	27,124
Equity	256,035	241,767	62,323	57,944
Share capital*	34,723	34,397	8,452	8,244
Parent undertaking shareholders' equity	247,817	235,697	60,322	56,490
Number of shares	36,343,344	36,000,000	36,343,344	36,000,000
Book value per share (PLN/EUR)	6.82	6.55	1.66	1.57
Diluted book value per share (PLN/EUR)	6.82	6.55	1.66	1.57

* Share capital restated in accordance with IAS 29.

The above financial data as at December 31, 2009 have been converted into EUR according to the following principles:

- particular items of assets and liabilities were calculated with average FX rate of the National Bank of Poland as of December 31, 2009 at PLN/EUR 4.1082;
- particular items of the consolidated P&L account and consolidated cash flow statement were calculated with the rate being arithmetic mean of rates of the National Bank of Poland at the last day of each month of the fiscal year (between January 1 and December 31, 2009) at PLN/EUR 4.3406.

The above financial data as at December 31, 2008 have been converted into EUR according to the following principles:

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

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

KEY CONSOLIDATED ANNUAL REPORT DATA

This consolidated annual report covers information prepared pursuant to Section 86, Subsection 2 and Section 87, Subsection 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, 2009.

Submission date: April 30, 2010

Key Issuer details:

Full name of the Issuer: ATM S.A.
Short name of the Issuer: ATM
Sector according to Warsaw Stock Exchange classification: IT
Post 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 (tax identification number): 113-00-59-989
REGON (statistical ID): 012677986
Entity authorized to perform audit: Deloitte Audyt Sp. z o.o.

TOTAL INCOME STATEMENT

	NOTE	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Continued operations			
Revenue from sales	**3**	286,462	267,448
Cost of goods sold (variable)	**4**	179,317	163,919
Cost of goods sold (fixed)	**4**	27,235	25,566
Gross profit (loss) on sales		**79,910**	**77,963**
Other operating revenue	**5**	2,354	673
Selling costs	**4**	351	1,133
General and administrative costs	**4**	62,755	62,235
Other operating expenses	**6**	2,280	960
Restructuring costs		-	-
Operating profit (loss)		**16,878**	**14,308**
Share in the financial result of undertakings valued using the equity method		1,958	648
Financial revenue	**7**	2,106	2,383
Financial expenses	**8**	9,276	7,093
Profit (loss) before tax		**11,666**	**10,246**
Income tax	**9**	1,798	1,308
Net profit (loss) on continued operations		**9,868**	**8,938**
Discontinued operations			
Net profit (loss) on discontinued operations		-	-
Net profit (loss)		**9,868**	**8,938**
Other total income			
Share in other total income of associates		**-**	-
Income tax related to other total income items		**-**	-
Other total net income		**-**	**-**
Total amount of total income		**9,868**	**8,938**
Net profit (loss) for the Group's shareholders		9,828	9,832
Net profit (loss) for minority shareholders		40	(894)
Total amount of total income for the Group's shareholders		9,828	9,832
Minority shares		40	(894)
Profit (loss) per share *)			
From continued operations:	***10***		
Ordinary		0.27	0.25
Diluted		0.27	0.25
From continued and discontinued operations:			
Ordinary		0.27	0.25
Diluted		0.27	0.25

CONSOLIDATED FINANCIAL SITUATION STATEMENT — ASSETS

	NOTE	End of period December 31, 2009	End of period December 31, 2008
Fixed assets			
Goodwill	11	18,580	16,588
Intangible assets	12	33,480	31,721
Property, plant and equipment	13	147,237	137,447
Investments in associates consolidated using the equity method		66,608	64,650
Other financial assets	14	80	80
Deferred income tax assets	9	1,037	1,635
Other fixed assets	15	5,174	9,830
		272,196	**261,951**
Current assets			
Inventories	16	6,337	14,505
Financial assets held for trading		124	
Trade and other receivables	17	67,681	94,735
Income tax receivables		539	26
Other current assets	18	13,881	10,312
Other financial receivables	18		62
Cash and cash equivalents	19	5,961	3,982
		94,523	**123,622**
Fixed assets classified as held for sale		-	-
Total assets		**366,719**	**385,573**

CONSOLIDATED FINANCIAL SITUATION STATEMENT — LIABILITIES

	NOTE	End of period December 31, 2009	End of period December 31, 2008
Equity			
Share capital	20	34,723	34,397
Supplementary capital from share premium		159,030	157,252
Revaluation reserve	20	72	
Treasury shares		(8)	(1,984)
Capital reserves		30,608	21,320
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	20	23,392	24,712
Total Group shareholders' equity		**247,817**	**235,697**
Noncontrolling shares	21	8,218	6,070
Total shareholders' equity		**256,035**	**241,767**
Long-term liabilities			
Long-term loans	22	2,620	3,490
Provisions for deferred tax	9	0	-
Provisions for liabilities	23	7	85
Long-term trade and other liabilities	24	2,489	2,904
Other financial liabilities	26	15,746	24,155
		20,862	**30,634**
Short-term liabilities			
Bank and other loans	22	7,698	15,648
Provisions for liabilities	23	308	766
Income tax liabilities		321	1,116
Trade and other liabilities	25	69,893	82,961
Other financial liabilities	26	11,602	12,681
		89,822	**113,172**
Liabilities related directly to fixed assets classified as held for sale		(0)	-
Total liabilities		**366,719**	**385,573**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Minority share	Total shareholders' equity
Data as at January 1, 2008	**34,397**	**157,252**	**0**	**25,073**	**0**	**34,747**	**251,469**	**5,662**	**257,130**
Increases:									
Capital increase	-	-	-	-	-	-	-	996	996
Current period results	-	-	-	-	-	9,832	9,832	-	9,832
Share subscription under the stock 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
Revision of previous years' results					-	655	655		655
Current period results	-	-	-	-	-	-	-	894	894
Profit distribution to be allocated to reserve capital	-	-	-	-	-	18,925	18,925	-	18,925
Dividend payout	-	-	-	871	-		871	-	871
Financing of incentive scheme	-	-	-	2,904	-	-	2,904	-	2,904
Data as at December 31, 2008	**34,397**	**157,252**	**(1,984)**	**21,320**	**-**	**24,712**	**235,697**	**6,070**	**241,767**
	,	,	,	,	,	,	,	,	,
Data as at January 1, 2009	**34,397**	**157,252**	**(1,984)**	**21,320**	**-**	**24,712**	**235,697**	**6,070**	**241,767**
Increases:									
Issue of shares	326	1,778	-	-	-	-	2,104	48	2,152
Current period results	-	-	-	-	-	9,828,	9,828	-	9,828
Share subscription under the stock option plan	-	-	1,992	(1,701)	-	-	291	-	291
Valuation of management options	-	-	-	-	-	1,546	1,546	-	1,546
Changes to the Group's structure	-		-		-	-	-	2,100	2,100
Profit distribution	-	-	-	10,989	-	-	10,989	-	10,989
Revaluation	-	-	-	-	72	-	72	-	72
									-

Decreases:									-
Purchase of treasury shares under share option plan	-	-	16	-	-	-	16	-	16
Revision of previous years' results	-	-	-	-	-	-	-	-	-
Adjustment concerning the result from previous years - changes in minority share	-	-	-		-	149	149	-	149
Current period results	-	-	-	-	-		-		-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	9,273	9,273	-	9,273
Dividend payout	-	-	-	-	-	180	180	-	180
Financing of incentive scheme	-	-	-	-	-	-	-	-	-
Data as at December 31, 2009	**34,723**	**159,030**	**(8)**	**30,608**	**72**	**23,392**	**247,817**	**8,218**	**256,035**

CONSOLIDATED CASH FLOW STATEMENT

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Operating activities		
Profit (loss) before tax	**11,666**	**10,246**
Adjustment (items):	32,108	6,059
Share in profit (loss) of entities valued using the equity method	1,958	647
Amortization and depreciation	19,728	16,269
FX gains/losses	2,416	(135)
Interest received	24	(46)
Interest paid	2,303	1,878
Dividends received	0	
Profit (loss) on investment activities	473	43
Movements in inventories	8,379	(6,178)
Movements in receivables	6,645	(13,891)
Movements in liabilities and provisions	6,403	11,075
Movements in other assets	(9,384)	2,178
Income tax paid	(2,224)	(4,717)
Other	(,4613)	(1,068)
	43,774	**16,305**
Investment activities		
Expenses on property, plant and equipment purchases	(28,210)	(80,379)
Expenses on financial asset purchases	-	205
Revenue from property, plant and equipment sale	11,811	13,735
Repayment of long-term loans granted	-	
Long-term loans granted	(94)	
Revenue from financial asset sale	-	
Interest received	-	
Dividends received	-	
FX gains/losses	(111)	(39)
Other	12	100
	(16,592)	**(66,378)**
Financial activities		
Net proceeds from issue of shares and other capital contributions	2,209	204
Subsidies received	37	976
Proceeds from loans	591	17,210
Repayment of loans	(14,940)	(1,799)
Purchase of treasury shares	(16)	(4,888)
Payment of liabilities arising from finance leases	(10,769)	(6,004)
Dividends paid	-	(19,569)
Interest received	22	(134)
Interest paid	(2,257)	(1,830)
Other profit-sharing	-	
FX gains/losses	(158)	75
Other	78	62
	(25,203)	**(15,697)**
Movements in cash	**1,979**	**(65,771)**
Opening balance of cash	3,982	69,756
Closing balance of cash	**5,961**	**3,982**

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. limited liability company. On July 10, 1997, ATM Sp. z o. o. was transformed into a joint stock company pursuant to the notarial deed drawn up at the Notarial Office in Raszyn on May 16, 1997 (Repertory No. 3243/97).

The registered office of the Company is located in Warsaw at 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, 2009 has been presented in Note 20.

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. During the period covered by this report, the Group of Companies provided ICT services related to the following areas:

- telecommunications and value added services, including Internet access for telecommunications providers and corporate customers, lease of transmission lines, telecommunications outsourcing, collocation and other value added services;
- ICT systems integration, including the integration of computer networks and data storage and processing, inclusive of offering:
  - application solutions;
  - multimedia solutions and services;
- mobile payments.

As at December 31, 2009, the Management Board included:

- Roman Szwed — Management Board President
- Tadeusz Czichon — Management Board Vice-President
- Maciej Krzyżanowski — Management Board Vice-President

The Supervisory Board as at December 31, 2009 included:

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

2. Information about undertakings included in the Group of Companies

In 2009, the following changes occurred with respect to the ATM S.A. Group of Companies:

- On February 6, 2009, ATM S.A. purchased 999 shares in Rec-order Sp. z o.o. from mPay International for PLN 9,227.40 and acquired new shares in Rec-order Sp. z o.o. for PLN 15 thousand. As a result of this activity, ATM S.A. owns 1,150 shares in the aforementioned company, which amounts to 100% of shares in share capital.
- On February 2, 2009, an increase in share capital of mPay S.A. by PLN 7,200 thousand was registered.
- On February 11, 2009, the management board of mPay S.A. increased the Company's share capital by PLN 500,000 under authorized capital. On March 18, 2009, another increase by PLN 900,000 took place. 98% of new shares were acquired by ATM S.A., while 2% — by the Management Board President of mPay S.A. As a result of the said increase in capital, ATM S.A. owns 54.37% of shares in the Company's share capital.

- April 1, 2009 saw the commencement of transfer of operating activities in the area of integrated ICT infrastructure systems from ATM S.A. to ATM Systemy Informatyczne Sp. z o.o. (until May 5, 2009 — Centrum Innowacji ATM Sp. z o.o.). On May 15, 2009, an increase in share capital of ATM Systemy Informatyczne Sp. z o.o. from PLN 50,000 to PLN 1,000,000 was registered. ATM S.A. acquired 100 % of shares.
- On July 1, 2009, operations related to the following fields were transferred from ATM S.A. to its subsidiaries:
  - Atmosfera application solutions – to inOne S.A. (where ATM S.A. holds 60% of shares);
  - multimedia solutions and services related to sharing multimedia content over the Internet – to ATM Software Sp. z o.o.
- On June 30, 2009, a resolution was adopted on increasing the share capital of Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o. (currently operating under the name ATM Software Sp. z o.o.) from PLN 50,050 to PLN 500,000. Shares in the Company's increased share capital were acquired in whole by ATM S.A. (ATM S.A. holds 100% of shares);
- On July 31, 2009 ATM S.A. acquired 56,700 shares of KLK S.A. As a result of this transaction, ATM S.A. currently holds 89.37% of the capital, entitling the Group to 89.37% of votes at the General Meeting.
- On September 9, 2009, an increase in capital of mPay S.A. was registered. Currently, the share capital of mPay S.A. amounts to PLN 17,100,000, of which 58.46% of shares is held by ATM S.A.
- On November 18, 2009, ATM S.A. sold 1,020 shares in Cineman Sp. z o.o. to Monolith Films Sp. z o.o.
- On December 11, 2009, the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, entered a record announcing the liquidation of Rec-Order Sp. z o.o.
- On December 28, 2009, liquidation proceedings of iloggo Sp. z o.o. were reported to the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register.

Liquidation proceedings undertaken by the Issuer in relation to Rec-Order Sp. z o.o. and iloggo Sp. z o.o., as well as sale of 60% of shares in Cineman Sp. z o.o., are aimed at focusing the Issuer on its basic operations.

As at the date of publication of this report, the Group of Companies included, apart from the Issuer, the following subsidiaries:

Company name	Core business	Dependence	Stake in share capital	Share in the overall number of votes
ATM Systemy Informatyczne Sp. z o.o. (formerly CI ATM Sp. z o.o.)	ICT systems integration	Subsidiary	100%	100%
ATM Software Sp. z o.o. (formerly CBR-ATM Lab Sp. z o.o.)	System integration, multimedia software	Subsidiary	100%	100%
KLK S.A.	ICT systems integration	Subsidiary	89%	89%
inONE S.A	System integration, IT processes optimalization	Subsidiary	60%	60%
Impulsy Sp. z o.o.	System integration, software for the healthcare sector	Subsidiary	78%	78%
Sputnik Software Sp. z o.o.	System integration, software for administration	Subsidiary	60%	60%
mPay International Sp. z o.o. (formerly ATM Mobile Sp. z o.o.)	Mobile payments, intellectual property management	Subsidiary	60%	60%
mPay S.A.	Mobile payments	Subsidiary	58%	55%

Company name	Core business	Dependence	Stake in share capital	Share in the overall number of votes
Linx Telecommunications B.V.	Telecommunications services	Associate	21%	21%
Rec-Order Sp. z o.o.*	Sale of musical compositions via mobile phone	Subsidiary	100%	100%
iloggo Sp. z o.o.*	Community portal Web 2.0	Subsidiary	60%	60%

*In liquidation

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 fiscal 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 thousands of PLN 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 ended on December 31, 2009 and comparable data for the fiscal year ended on December 31, 2008 have been drawn up in accordance with International Financial Reporting Standards as approved by the European Union.

2. Adoption of International Financial Reporting Standards

Standards and interpretations first applied in 2009

- **IFRS 8 "Operating Segments"** — approved by the EU on November 21, 2007 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **Amendments to IFRS 1 "First-time Adoption of IFRSs" and to IAS 27 "Consolidated and Separate Financial Statements"** — Investment costs in a subsidiary, jointly controlled entity or associate, approved by the EU on January 23, 2009 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **Amendments to IFRS 4 "Insurance Contracts" and IFRS 7 "Financial Instruments: Disclosures"** — Improving disclosures about financial instruments, approved by the EU on November 27, 2009 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **IFRS (2008) "Amendments to International Financial Reporting Standards"** — amendments made under introduction of annual amendments to the Standards, published on May 22, 2008 (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), directed at resolution of discrepancies and specification of terminology, approved by the EU on January 23, 2009 (the majority of amendments is effective in relation to annual periods starting January 1, 2009 or after this date),

- **Amendments to IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements"** — Puttable financial instruments and obligations arising on liquidation, approved by the EU on January 21, 2009 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and to IFRS 7 "Financial Instruments: Disclosures"** — Reclassification of financial assets, effective date and transitional provisions, approved by the EU on September 9, 2009 (effective as of July 1, 2008),

- **IAS 1 (revised) "Presentation of Financial Statements"** — Revised presentation, approved by the EU on December 17, 2008 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **IAS 23 (revised) "Borrowing costs"** — approved by the EU on December 10, 2008 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **Amendments to IFRS 2 "Share-based Payment"** — Vesting conditions and cancellations, approved by the EU on December 16, 2008 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and to IAS 39 "Financial Instruments: Recognition and Measurement"** — Embedded derivatives, approved by the EU on November 30, 2009 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **IFRIC 11 Interpretation "IFRS 2 — Group and Treasury Share Transactions"**, approved by the EU on June 1, 2007 (effective in relation to annual periods starting March 1, 2008 or after this date),

- **IFRIC 13 Interpretation "Customer Loyalty Programs"** — approved by the EU on December 16, 2008 (effective in relation to annual periods starting January 1, 2009 or after this date),

- **IFRIC 14 Interpretation "IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"** — approved by the EU on December 16, 2008 (effective in relation to annual periods starting January 1, 2009 or after this date).

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

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

While approving the present financial statements, the Group did not apply the following standards, amendments and interpretations, which had already been published and approved for application within the EU but were not yet applicable:

- **IFRS 1 (revised) "First-time Adoption of IFRS"**, approved by the EU on November 25, 2009 (effective in relation to annual periods starting January 1, 2010 or after this date),

- **IFRS 3 (revised) "Business Combinations"** — approved by the EU on June 3, 2009 (effective in relation to annual periods starting July 1, 2009 or after this date),

- **Amendments to IFRS 2 "Share-based Payment" — Cash-settled share-based payment transactions in groups of companies**, approved by the EU on March 23, 2010 (effective in relation to annual periods starting January 1, 2010 or after this date),

- **IFRS (2009) "Amendments to International Financial Reporting Standards"** — amendments made under introduction of annual amendments to the Standards, published on April 16, 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16), directed at resolution of discrepancies and specification of terminology, approved by the EU on March 23, 2010 (effective in relation to annual periods starting January 1, 2010 or after this date),

- **Amendments to IAS 27 "Consolidated and Separate Financial Statements"** — approved by the EU on June 3, 2009 (effective in relation to annual periods starting July 1, 2009 or after this date),

- **Amendments to IAS 32 "Financial Instruments: Presentation"** — Classification of rights issue, approved by the EU on December 23, 2009 (effective in relation to annual periods starting February 1, 2010 or after this date),

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** — Hedge items fulfilling the criteria, approved by the EU on September 15, 2009 (effective in relation to annual periods starting July 1, 2009 or after this date),

- **IFRIC 12 Interpretation "Service Concession Arrangements"**, approved by the EU on March 25, 2009 (effective in relation to annual periods starting March 30, 2009 or after this date),

- **IFRIC 15 Interpretation "Agreements for the Construction of Real Estate"** — approved by the EU on July 22, 2009 (effective in relation to annual periods starting January 1, 2009 or after this date),

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

- **IFRIC 17 Interpretation "Distributions of Non-cash Assets to Owners"** — approved by the EU on November 26, 2009 (effective in relation to annual periods starting November 1, 2009 or after this date),

- **IFRIC 18 Interpretation "Transfers of Assets from Customers"** — approved by the EU on November 27, 2009 (effective in relation to annual periods starting November 1, 2009 or after this date),

The Entity decided not to take advantage of the possibility to adopt the abovementioned standards, amendments and interpretations at an earlier date. According to the estimates of the Entity, the abovementioned standards, interpretations and amendments to these standards would not have significant impact on financial statements if they had been applied by the entity as at the balance sheet date.

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

IFRS as approved by the EU are, at present, not substantially different from regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, amendments and interpretations, which had not yet been approved as at December 31, 2009:

- **IFRS 9 "Financial Instruments"** (effective in relation to annual periods starting January 1, 2013 or after this date),

- **Amendments to IAS 24 "Related Party Disclosures"** — Simplification of requirements concerning disclosures by related parties and clarification of a related party definition (effective in relation to annual periods starting January 1, 2011 or after this date),

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** — additional exemptions for entities using IFRS for the first time (effective in relation to annual periods starting January 1, 2010 or after this date),

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** — limited exemption for entities using IFRS for the first time within the scope of comparative data disclosures required by IFRS 7 (effective in relation to annual periods starting July 1, 2010 or after this date),

- **IFRIC 14 Interpretation "IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"** — prepayments related to minimum financing requirements (effective in relation to annual periods starting January 1, 2011 or after this date),

- **IFRIC 19 Interpretation "Extinguishing Financial Liabilities with Equity Instruments"** (effective in relation to annual periods starting July 1, 2010 or after this date).

At the same time, apart from 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 estimates of the entity, asset or liability portfolio hedge accounting application according to **IAS 39 — "Financial instruments: Recognition and Measurement"** would not have significant impact on financial statements if they had been fully approved for application 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 adopted forward-looking assumptions, the accounting estimates arrived at in this manner may by definition differ from actual results. The estimates and adopted assumptions 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 a party to any wage bargaining agreements or collective employment agreements. Moreover, 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 valued according to general principles. Long-term benefits are estimated using actuarial methods. Due to the immaterial nature of these provisions, based on the materiality principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the consolidated financial statements.

b) 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 may emerge in relation to project implementation, it may turn out that total project implementation costs differ from the estimates made. Changes in total project implementation cost estimates may result in the need to restate the project completion stage determined as at the balance sheet date, and thus restate the revenue recognized.

c) bonuses from producers for reaching annual sales volume

The Company estimates the expected amount of bonuses from producers which should be awarded to the Company for contracts in a given fiscal year. Estimation of such a bonus is made on the basis of historical data and information concerning the current promotional campaigns of the counterparty.

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 noncontrolling shares. 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. Intercompany transactions, balances and unrealized gains on transactions between Group Companies are eliminated. Unrealized 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.

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

Intangible assets

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

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

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

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

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

The Group also includes the expenditure incurred in order to obtain perpetual land usufruct rights in intangible assets. Perpetual usufruct of land is considered operating lease, and so the subject of usufruct 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 perpetual usufruct rights	100 years
software licenses	2 years
development work	3–5 years
trademarks	5 years
copyrights	5 years

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

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

Property, plant and equipment

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

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

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

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

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

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

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

Financial assets

The Group classifies financial assets into 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 an individual financial asset depends on the purpose of the financial asset, the intentions of the Management Board and on whether the financial asset in question is quoted in the market. The Management Board determines the aforementioned classification on the initial recognition of a given asset and, in justified cases, performs an appropriate reclassification in subsequent periods, except for the reclassification of financial assets at fair value through profit or loss. The reclassification in and out of the financial assets at fair value through profit or loss category is prohibited.

a) Financial assets at fair value through profit or loss

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

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

b) Loans granted and own receivables

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

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

c) Financial assets held to maturity

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

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

d) Financial assets available for sale

   The 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 immaterial. On the balance sheet date, this category is measured at fair value.

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

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

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

Financial instruments and hedges

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

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

Inventories

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

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

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

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

- goods inventories:
    - goods remaining in warehouse from 6 months to 1 year 5%
    - goods remaining in warehouse from 1 year to 2 years 10%
    - goods remaining in warehouse from 2 to 3 years 30%
    - goods remaining in warehouse from 3 to 4 years 50%
    - goods remaining in warehouse more than 4 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 valued at amortized cost using the effective interest rate method, according to the prudence principle. Receivables are subject to revaluation depending on the probability of their receipt by making the following write-downs:

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

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

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

Other current and fixed assets

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

Cash and cash equivalents

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

Bank loans

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

Trade and other liabilities

Liabilities are commitments to provide performance, resulting from past events, whose value has been determined in a fair manner and which will consume the 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 measured at amortized cost and recognized in the balance sheet as long- and short-term liabilities.

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

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

Provisions

Provisions are established where the 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 material, the amount of provision is determined by discounting expected cash outflows should 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. Moreover, the Group does not participate in any pension schemes managed directly by the Company or by external funds. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of pension benefits (retirement severance pay) payable to employees pursuant to Labor Code provisions at the end of their employment period. Short-term employee benefit liabilities are valued according to general principles. Long-term benefits are estimated using actuarial methods. Due to the immaterial nature of these provisions, based on the materiality principle included in the International Financial Reporting

Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the consolidated financial statements.

Incentive Scheme

On June 5, 2008, the ATM S.A. Ordinary General Meeting of Shareholders approved the Incentive Scheme Regulations for ATM S.A. Group of Companies employees. The program is aimed at Company employees and partners, as well as members of the Management Boards and other employees and partners of ATM S.A. Group of Companies. As a part of this program, in 2008-2010, the 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 nominal price.

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

Foreign currency transactions

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

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

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

Currency	Average National Bank of Poland rate as at 31.12.2009	Average National Bank of Poland rate as at 31.12.2008
EUR	4.1082	4.1724
USD	2.8503	2.9618
100JPY	3.0890	3.2812

Pursuant to IAS 1 *Presentation of Financial Statements* §17, the Issuer's Management Board decided that compliance with the requirement of IAS 21 *The Effects of Changes in Foreign Exchange Rates* in relation to foreign currency valuation of liabilities resulting from lease agreements would be confusing and the financial statements would fail to fulfill their purpose, specified in *The conceptual framework*. Therefore, the Group withdraws from full application of the said requirement and adopts a modification to it, discussed below.

Pursuant to IAS 21 §28, exchange rate differences in the revaluation of lease liabilities, resulting from an alteration in foreign exchange rates, should be included in the financial result for the current reporting period. Due to an atypical, sharp and - according to analysts - transitional and speculation-based increase in currency exchange rates in relation to PLN in the last quarter of 2008 and at the beginning of 2009, recognition of the valuation of currency lease liabilities in profit and loss account would result in a substantial decrease of the Company's profit, unrelated to the factual state of the Company's business activity. Only a small portion of exchange rate differences on lease liabilities related to installments paid in a given reporting period concerns the current reporting period, while the majority of these differences concerns well-defined future periods for which the maturity date of subsequent lease installments falls. This cost will be actually realized (i.e. it shall be charged from the company) in future periods, provided that currency exchange rates in relation to PLN do not decrease in the meantime.

Therefore, pursuant to IAS 1 §17, the Group — continuing the principle introduced in the statements for 2008 — adopted a partial exemption from IAS 21 also in the present financial statements, i.e. exchange rate differences on currency lease liabilities were recognized as the Company's financial costs for a given reporting periods only in the portion concerning actually paid installments. The remaining amount of exchange rate differences was recognized in the accruals, which shall be recognized in financial costs for individual quarterly periods of lease installments repayment. Simultaneously, accruals shall be adjusted for exchange rate differences on lease liabilities (both gains and losses), arising in future periods. This exemption from IAS 21 shall be applied by the Group until currency exchange rates stabilize at the level reflecting the real purchase value of PLN.

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

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

Operating lease payments are recognized as an expense in the profit and loss account over the lease term on a straight-line basis. 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 on a straight-line basis.

Impairment

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

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

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

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

Revenue

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

Revenue from sales with deferred payment is 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.

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

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

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

Borrowing costs

Borrowing costs directly related to the purchase or development of assets which require a longer period of time to become usable are recognized as costs of production of such assets until these assets are substantially ready for intended use or sale.

Revenue from investments, obtained as a result of short-term investment of acquired external funds, allocated directly for the financing of purchase or development of assets, decrease the value of borrowing costs which are subject to capitalization.

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

The above capitalization policies do not apply to:

- assets valued at their fair value; and
- inventories produced in substantial amounts, in a continuous cycle, characterized by high turnover.

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 fiscal year. Tax profit (loss) differs from accounting net profit (loss) due to the exclusion of non-taxable revenue and costs that are not tax-deductible as well as cost and revenue items that will never be subject to tax. Tax expense is calculated based on the tax rates applicable to the fiscal 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.

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

NOTE 3. REVENUE FROM SALES

Main products

During the period covered by this report, the group of companies provides ICT services related to the following areas:

- 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;
- integration of ICT systems, including the integration of computer networks and data storage and processing, inclusive of offering:

- application solutions
- multimedia solutions and services,

- mobile payments

Detailed description of products can be found in point 3.1. of the report on the Group's operations.

Industry segments

2009 was the first period in which the Group distinguished three operational segments in its activity.

The first segment, which is becoming increasingly important and is expanding its share in the Group's revenue and income, is telecommunications activity, including the activities of ATM S.A. and (without consolidation of operational results) of Linx Telecommunications B.V.

ICT systems integration is another segment responsible for a major portion of revenue. It comprises the activity carried out by ATM Systemy Informatyczne Sp. z o.o. (until April 1, 2009 carried out by the Integration Services Department of ATM S.A.), ATM Software Sp. z o.o. (formerly Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o.; until July 1, 2009, a part of current operations was carried out within the Business Solutions Department of ATM S.A.), KLK S.A., Impulsy Sp. z o.o., Sputnik Software Sp. z o.o. and inONE S.A.

Finally, the third most distinguished segment is mobile payment services, including the operations of subsidiaries: mPay S.A. and mPay International Sp. z o.o.

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

	Telecommunications	**Integration of ICT systems**	**Mobile payments**	**Other (undistributed)**	**Total**
For the period January 1 - December 31, 2009					
Fixed assets	196,316	40,675	11,504	23,702	272,196
Sales revenue	90,367	191,712	771	3,613	286,462
Sales margin*	50,554	53,605	243	2,744	107,145
Operating profit (loss)	13,975	6,923	-4,573	553	16,878
For the period January 1 - December 31, 2008					
Fixed assets	179,121	57,216	9,530	16,084	261,951
Sales revenue	72,795	193,795	348	510	267,448
Sales margin*	41,535	61,320	274	400	103,529
Operating profit (loss)	9,719	10,984	-6,501	105	14,308

* Sales revenue less variable selling costs

Revenue from the sales of major products is as follows:

	For the period January 1 - December 31, 2009	**For the period January 1 - December 31, 2008**
Revenue from sales of products	193,762	165,990
Revenue from sales of goods and materials	92,700	101,458
Total sales revenue	**286,462**	**267,448**
of which:		
- to related undertakings:	923	582

Geographical operation segments as at December 31, 2009 and 2008:

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Domestic sales	281,157	264,925
Export	5,305	2,523
Total sales revenue	**286,462**	**267,448**

NOTE 4. OPERATING EXPENSES

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Cost of goods sold (fixed)	27,235	25,566
Selling costs	179,668	165,052
General and administrative costs	62,755	62,235
Total costs related to core operations	**269,658**	**252,853**
of which:		
Amortization and depreciation	19,728	16,250
Adjustment by subsidies received for fixed assets	(2,826)	(498)
Consumption of materials and energy	50,851	55,343
Outsourcing	108,210	54,215
Taxes and other charges	2,321	3,032
Salaries	38,773	37,823
Employee benefits	6,853	8,977
Other	649	(1,029)
Value of goods and materials sold	42,585	81,800
	267,144	**255,912**
change in stock position	2,514	(3,060)
	269,658	**252,853**

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 costs of inventory write-downs as well as their reversal are recognized in the profit and loss account as part of the cost of goods sold.

Employee costs

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Salary from employment contracts	38,292	36,933
Salary from fixed amount contracts	481	1,671
Social insurance costs	5,425	5,185
Costs of retirement benefits	15	352
Other benefits after the employment period	0	3
Charges to Enterprise Social Benefit Fund	69	216
Other employee benefits	1,344	2,440
	45,626	46,800

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 group undertakings include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (Fundusz Gwarantowanych Świadczeń) and Labor Fund (Fundusz Pracy). In 2009 and 2008, those contributions amounted to 17.77% of the contribution calculation base determined pursuant to applicable laws.

Pension benefit costs include retirement severance paid to employees pursuant to the Labor Code. Group units are not parties to any pension schemes or collective employment agreements that would entail other regulations in this regard. Long-term benefits are estimated using actuarial methods. Due to the immaterial nature of these provisions, based on the materiality principle included in the International Financial Reporting Standards Conceptual Framework, the provisions for long-term benefits at the end of the employment period have not been recognized in the consolidated financial statements. In 2009, the Group of Companies allocated PLN 9 thousand for retirement indemnities.

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

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

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Costs included directly in costs related to core operations	-	-
Amortization costs related to deferred development work costs	4,461	2,054
	4,461	**2,054**

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

NOTE 5. OTHER REVENUE

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Profit from the sale of fixed assets	592	85
Reversal of receivable write-downs	100	30
Reversal of inventories revaluation write-downs	-	-
Damages received	255	132
Write-downs on overdue liabilities	39	9
Subsidies received	376	107
Other	992	310
	2,354	**673**

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

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

NOTE 6. OTHER COSTS

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Loss from the sale and liquidation of fixed assets	96	60
Receivable write-downs	279	158
Inventories revaluation write-downs	-	-
Impairment write-downs	-	2
Donations given	183	46
Fines and penalties paid	36	136
Accident repair costs	1,297	64
Other	389	494
	2,280	**960**

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

NOTE 7. FINANCIAL REVENUE

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Dividends received	-	-
Interest on bank deposits	43	1,410
Interest on overdue payments	1,339	900
Interest on securities	-	-
Interest on loans	4	3
FX gains	635	-
Other	85	70
	2,106	**2,383**

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

NOTE 8. FINANCIAL EXPENSES

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Interest on bank loans	1,270	499
Interest on loans	883	-
Budget interest	8	2
Interest on overdue payments	3	-
FX losses	5,755	4,744
Finance lease costs	1,345	1,387
Other	12	461
	9,276	**7,093**

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

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

NOTE 9. INCOME TAX

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Statutory tax rate	19%	19%
Current income tax		
Current tax expense	1,200	1,687
Adjustments concerning previous years	-	-
	1,200	**1,687**
Deferred income tax		
Related to the origination and reversal of temporary differences	598	(379)
Related to change in the tax rate	-	-
	598	**(379)**
Tax expense shown in the profit and loss account	**1,798**	**1,308**

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 fiscal year in question. Since 2004, the rate applicable pursuant to amended regulations has amounted to 19%. Current regulations do not provide for any differences in tax rates during future periods.

With respect to income tax, the Group is subject to general regulations. The Group does not have a tax group status and does not operate in a Special Economic Zone, which would cause the principles for determining tax expense to differ from general regulations in this respect. Both the tax and balance sheet years coincide with calendar years.

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

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Gross pre-tax earnings	11,666	10,246
Statutory tax rate	19%	19%
Tax at the statutory rate	2,217	1,947
Tax impact related to the different dates on which costs are considered tax-deductible	(139)	(2,058)
Tax impact related to the different manners according to which revenue are recognized for tax purposes	(143)	236
Tax impact of tax losses deducted during the period	1,441	-
Tax impact of tax losses incurred during the period	(1,578)	1,562
Tax at the effective rate	**1,798**	**1,687**
Effective tax rate	15%	16%

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, 2008 and December 31, 2009 results from the items shown in the table below.

	Balance sheet		Profit and loss account	
	End of period December 31, 2009	End of period December 31, 2008	For the period January 1 - December 31, 2009	End of period December 31, 2008
Deferred tax provision				
Difference between the balance sheet and tax value of property, plant and equipment	3,372	2,112	1,260	1,234
Recognized service revenue	213	10	203	(766)
Damages receivable	-	-	-	(2)
Interest accrued	25	28	(3)	13
Valuation of financial instruments	6	14	(8)	14
Foreign exchange gains	13	-	13	(4)
Provisions for deferred tax acquired as a result of business combination	-	-	-	-
Gross deferred tax provision	**3,629**	**2,164**	**1,465**	**489**
	,	,	,	,
Deferred tax assets	,	,	,	,
Valuation of financial instruments	2	-	(2)	-
Difference between the balance sheet and tax value of property, plant and equipment	1	1	-	(1)
Deferred payment revenue	157	255	98	249
Revenue calculated in time	3	1	(2)	(1)
Inventory write-downs	337	392	55	(125)
Receivable write-downs	104	95	(9)	15
Written-off financial assets under litigation	80	55	(25)	-
Provisions for service expenses	718	137	(581)	108
Provisions for employee benefits	-	99	99	(99)
Foreign exchange losses	18	72	54	(72)
Liabilities due to Social Insurance Institution	1		(1)	
Liabilities due to employees	1	110	109	(45)
Accruals	-	589	589	414
Subsidies received	50	26	(24)	(15)
Valuation effects of forward contract — hedge accounting	-		-	
Recognized interest	2	-	(2)	-
Tax losses to be deducted	3,199	1,967	(1,232)	(1,296)
Deferred tax assets acquired as a result of business combination	(7)	-	7	-
Gross deferred tax assets	**4,666**	**3,799**	**(867)**	**(868)**
Net tax assets (tax provision)	**1,037**	**1,635**		
Deferred income tax charge on profit			**598**	**(379)**

Deferred tax was established for all positive and negative temporary differences, including tax losses present as at December 31, 2009 at all companies of the Group.

NOTE 10. EARNINGS PER SHARE AND DIVIDENDS

Earnings per share

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Weighted average number of shares	36,343,344	36,000,000
Net profit for 12 months (PLN thousands)	9,868	8,938
Net earnings per share (PLN)	0.27	0.25

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 fiscal year.

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

Dividends paid and declared

The dividend policy announced by the Issuer's Management Board in the current report No. 25/2006 of June 8, 2006 made the dividend amount dependent on share prices in the last month of the year, after the application of EURIBOR increased by 0.5%. In the current report No. 06/2010 of April 14, 2010, the Management Board informed that pursuant to this principle, the dividend resulting from profit distribution for 2009, attributable to shareholders, should amount to PLN 0.16 per share, i.e. PLN 5,814,935 in total. However, since the Company is expecting the implementation of important investment projects and the cost of acquiring funds remains high, also this year, similarly to the dividend for the year 2008, the proposal of Management Board is to allocate the profit from 2009, in whole, to the Company's capital reserve and this is also what the Management Board will suggest at the General Meeting.

NOTE 11. GOODWILL

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

	End of period December 31, 2009	End of period December 31, 2008
mPay Group	131	131
iloggo Sp. z o.o.	0	54
KLK Sp. z o.o.	12,789	10,743
Sputnik Software Sp. z o.o.	3,078	3,078
Impulsy Sp. z o.o.	2,582	2,582
	18,580	**16,588**

The entire goodwill arises from consolidation of undertakings in which the Issuer purchased shares in years 2006-2009.

NOTE 12. Intangible assets

	For the period January 1 - December 31, 2009	End of period December 31, 2008
Goodwill		
Costs of completed development works	19,543	19,373
Concessions and licenses	7,540	7,472
Perpetual usufruct rights	298	308
Other intangible assets	6,099	4,568
	33,480	**31,721**
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, 2009, development work includes the following projects developed in-house:

PC TV Platform under the ATM InternetTV

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

The next stage was the incorporation of a live program distribution mode to the ATM InternetTV and enhancement of the system with services for mobile telephony providers. In 2008, Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o., a company which is owned by ATM S.A., started its business activity. It took over the team responsible for ATM Internet TV project and continues developing this technology.

POS TV Platform under the ATM IndoorTV

From August 2005 to May 2006, the Company developed an in-house project called the SSM (*Spread Screens Manager*). Under this project, an ATM IndoorTV technology platform was developed for the remote management of point-of-sales advertising content broadcasting (POS-TV — *Point of Sales Television*). ATM S.A. installs terminals (computers with LCD screens and wireless links) at locations agreed with the customer, e.g. near checkout counters at stores or at travel agencies. Subsequently, the Issuer 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 via Internet connections. 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. The last several quarters saw technological integration of the SSM solution into the ATM InternetTV service 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, later renamed to ATM BCP. The current version is sold and implemented under a new brand name, Atmeus. The functionality of the product is gradually extended depending on the customers' needs. The product addresses *business continuity planning* by supporting threat analysis and the development, updating and implementation of 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).

Remote archive

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

The remote medical archive enables the 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 is to enable 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 the 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 the seamless transition from traditional phone services towards an entirely IP-based network.

Atmosfera Service Desk

Since 2000, the Issuer has steadily 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, inter alia, at such companies as Polska Telefonia Cyfrowa Sp. z o. o. (the operator of Era and Heyah mobile networks), Agora S.A., PLL LOT S.A., Netia S.A., Telewizja Polska S.A. 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 Program 1.4.1. Within the framework of the project, scenarios were developed with regard to the handling of various types of payment acceptors, 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, 2009	End of period December 31, 2008
Impulsy software	1,462	1,633
Sputnik software		1,674
mPay platform — integration module		1,240
iloggo patents		40
mPay platform	2,705	
Atmosfera platform		
SMaCS Platform		
Network monitoring		
	4,167	**4,587**

The costs of the aforementioned projects were tested for impairment on December 31, 2009. 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, 2009, 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, 2009

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
Data as at January 1, 2009	**17,559**	**12,058**	**321**	**5,461**	**35,399**
Increases:					
- acquisition	1,952	1,652	-	5,861	9,465
- developed in-house	886	-	-	-	886
- acquired as a result of business combination	-	-	-	-	-
- other (including finance lease)					
	-		-		
Decreases:	-		-		
- sale	601	288	-	151	1,040
- liquidation	-	22	-	1	23
- transfers	(2,646)	-	-	2,856	210
Data as at December 31, 2009	**22,442**	**13,400**	**321**	**8,314**	**44,477**
Write-offs					
Data as at January 1, 2009	**2,773**	**4,586**	**13**	**893**	**8,265**
Increases:					
- depreciation	4,461	1,455	10	1,322	7,248
- impairment	-	-	-	-	-
- acquired as a result of business combination	-	-	-	-	-
Decreases:					
- sale and liquidation	168	181	-	0	350
Data as at December 31, 2009	**7,066**	**5,860**	**23**	**2,215**	**15,164**
Net as at December 31, 2009	**15,376**	**7,540**	**298**	**6,099**	**29,313**

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

	Costs of completed development works	Concessions and licenses	Perpetual usufruct rights	Other intangible assets	Total
Gross value					
Data 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
Data as at December 31, 2008	**17,559**	**12,058**	**321**	**5,461**	**35,399**
Write-offs					
Data 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
Data 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**

NOTE 13.FIXED ASSETS

	End of period December 31, 2009	End of period December 31, 2008
Fixed assets		
Land	341	341
Buildings and structures	88,431	71,238
Machinery and equipment	33,309	36,645
Means of transportation	5,975	6,287
Other	204	211
Fixed assets under construction	18,977	22,725
Advances for fixed assets under construction		-
	147,237	**137,447**
of which:		
Fixed assets used under finance lease agreements	27,300	28,541

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 at Grochowska 21a to Fortis Lease Sp. z o. o. under a sale-and-lease-back agreement. This lease agreement was classified as operating lease. Detailed information on operating lease agreements has been disclosed in Note 27.

As at December 31, 2009, 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 from January 1 to December 31, 2009

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	Total
Gross value						
Data as at January 1, 2009	**341**	**78,564**	**54,625**	**9,120**	**395**	**143,045**
Increases:						
- acquisition	-	20,742	6,192	334	68	**27,336**
- acquisition as a result of business combination	-	-	-	-	-	-
- other (including finance lease)	-	-	4,247	1,002	-	**5,249**
Decreases:						
- sale	-	1	7,474	350	48	**7,873**
- liquidation	-	-	498	48	12	**558**
- finance lease expiry	-	-	-	376	24	**400**
- donations	-	-	-	-	-	-
- other	-	-	-	-	-	-
Data as at December 31, 2009	**341**	**99,305**	**57,090**	**9,682**	**379**	**166,797**
Write-offs						
Data as at January 1, 2009	-	**7,326**	**17,981**	**2,832**	**184**	**28,323**
Increases:	-					-
- depreciation	-	3,548	7,790	1,490	15	**12,843**
- impairment	-	-	-	-	-	-
- acquisition as a result of business combination	-	-	-	-	-	-
Decreases:						
- sale and liquidation	-	-	1,990	239	1	**2,230**
- donations	-	-	-	-	-	-
- other	-	-	-	375	24	**399**
Data as at December 31, 2009	-	**10,874**	**23,781**	**3,708**	**174**	**38,536**
Net as at December 31, 2009	**341**	**88,431**	**33,309**	**5,974**	**205**	**128,260**

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

	Land	Buildings and structures	Machinery and equipment	Means of transportation	Other	Total
Gross value						
Data 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**
Data as at December 31, 2008	**341**	**78,564**	**54,626**	**9,119**	**395**	**143,045**
Write-offs						
Data 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	**-**	-	-	-	-	**-**
Data 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**

NOTE 14. OTHER FINANCIAL ASSETS

	End of period December 31, 2009	End of period December 31, 2008
Shares in other undertakings	80	80
(-) impairment write-downs	-	
	80	**80**

Other financial assets include shares in Górnosląskie 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, 2009	End of period December 31, 2008
Guarantee deposits	61	84
Trade receivables	4,916	10,244
Prepaid maintenance costs	186	202
Unearned financial income from installment sales	11	(700)
	5,174	**9,830**
of which payable within:		
from 1 to 2 years	3,241	4,953
from 3 to 5 years	1,900	4,847
more than 5 years	33	30

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, 2008 and December 31, 2009 have payment dates of up to 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 revenue for relevant periods using the effective interest rate method.

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

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

NOTE 16. INVENTORIES

	End of period December 31, 2009	End of period December 31, 2008
Materials	3,414	3,034
Work in process	86	2,368
Finished products	-	-
Goods	4,005	10,283
Receivable write-downs	(1,168)	(1,180)
	6,337	**14,505**

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

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, 2009	End of period December 31, 2008
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, 2009	End of period December 31, 2008
Trade receivables from related undertakings	474	138
Trade receivables from other undertakings	63,294	93,565
Tax receivables	1,185	1,697
Payments on account	139	124
Other receivables	1,961	212
Receivables under litigation	390	212
Unearned financial income from installment sales	436	(642)
Receivable write-downs	(198)	(571)
	67,681	**94,735**

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.

Analysis of the ageing structure of trade receivables for which no revaluation write-downs were recorded

	End of period December 31, 2009	End of period December 31, 2008
current, including:	60,180	82,850
from related undertakings	473	139
from other undertakings	59,708	82,711
overdue, including:	7,502	10,853
from related undertakings	1	0
under 180	1	0
180 – 360		0
above 360		0
	0	
from other undertakings	7,500	10,853
under 180	7,125	10,333
180 – 360	131	198
above 360	244	322
	67,681	**93,703**

Analysis of changes in write-downs for receivables

	End of period December 31, 2009	End of period December 31, 2008
Opening balance	571	664
Increases, of which:	279	
- Establishment	279	158
Decreases, of which:	652	
- Dissolution	100	16
- Utilization	552	235
Closing balance		
	198	**571**

Analysis of the ageing structure of receivables under litigation

	End of period December 31, 2009	End of period December 31, 2008
from other undertakings	390	212
above 360	113	152
above 720	277	60
	390	**212**

NOTE 18. OTHER CURRENT ASSETS and OTHER FINANCIAL RECEIVABLES

	End of period December 31, 2009	End of period December 31, 2008
Services of subcontractors related to future revenues	8,105	
Financial leasing interest	24	
Prepaid maintenance costs	621	1,280
Unrealized exchange differences on lease agreements	3,862	6,665
Prepaid subscriptions, rents, insurance etc.	729	2,227
Recognized sales revenue	-	-
Other	540	140
	13,881	**10,312**

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 was stated in "Accounting principles — Foreign Currency Transactions", pursuant to IAS 1 §17, the Group adopted — analogically to the statements for 2008 — a partial exemption from IAS 21 in the present financial statements, i.e. exchange rate differences on currency lease liabilities were recognized as the Company's financial costs for a given reporting periods only in the portion concerning actually paid installments. The remaining amount of exchange rate differences is recognized in the accruals, which are recognized in financial costs for individual quarterly periods of lease installments repayment. Simultaneously, accruals shall be adjusted for exchange rate differences arising on lease liabilities (both gains and losses). This exemption from IAS 21 shall be applied by the Group until currency exchange rates stabilize at the level reflecting the real purchase value of PLN.

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

OTHER FINANCIAL RECEIVABLES

	End of period December 31, 2009	End of period December 31, 2008
Valuation of forward transactions open at the end of the period	-	62
	-	**62**

NOTE 19. CASH AND CASH EQUIVALENTS

	End of period December 31, 2009	End of period December 31, 2008
Cash in hand	130	79
Cash in bank	4,014	2,355
Short-term deposits	1,817	1,548
	5,961	**3,982**

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

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

NOTE 20. EQUITY

Core capital

	End of period December 31, 2009	End of period December 31, 2008
Registered share capital	34,526	34,200
Treasury shares under management option scheme, not taken up		-
Hyperinflationary adjustment	197	197
	34,723	**34,397**

Registered share capital includes:

Series	Number of shares	Face value	Registration date	Dividend registration rights	Paid for by	Share type
A	36,000,000	34,200,000.00	5.12.2007	*)	Cash	Ordinary
B	343,344	326,176.80	9.09.2009	1.01.2009	Cash	Ordinary
Total	36,343,344	34,526,176.80				
	Face value per share (PLN):			0.95		

*) all shares have equal rights to dividends

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 of share capital 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 of Companies employees was approved for the years 2008–2010. This resolution allowed also for the purchase by the Company of no more than 1,500,000 treasury shares needed in connection to the Scheme in the years 2008-2010, for an amount not exceeding PLN 13.5 million.

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

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

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

As at December 31, 2009, the Company owns 8,678 treasury shares at the value of PLN 8,244.10. These shares are held by the Company pursuant to the guidelines concerning the implementation of the Company's Incentive Scheme.

In years 2008–2009, the following number of share purchase options was rewarded under the Incentive Scheme:

- 444,400 in 2008;

- 314,100 in 2009.

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

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

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

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

1) an employment contract concluded between the Group and the Incentive Scheme participant or any other agreement pursuant to which the participant provides services or works for one of the companies of the Group is terminated or expires for any reason;
2) the participant seriously infringes 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 companies or an interdiction of business activity is imposed on the participant;
5) the participant is sentenced for any of the offences mentioned in Art. 585-592 and 594 of the Code of Commercial Companies and Partnerships, offences listed in part X of the law on financial instruments trading of July 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 whose committing is directly linked to the performance of his/her obligations as member of the management board of a capital company.

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

The scheme was not valued in 2008 due to lack of significant impact of possible valuation on the financial statements. The scheme was valued for the first time in accordance with the requirements of IFRS 2 in fair value on the date of granting share purchase options in 2009.

According to the requirements set out in IFRS 2, the Incentive Scheme was valued at its fair value on the date of granting share purchase options. Fair value of the awarded equity instruments was assumed as the fair value of the Scheme:

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

In order to determine the fair value of share purchase options, the Monte Carlo Method was used. The following baseline values were assumed:

Parameter	Value		Commentary
	2008 Tranche	2009 Tranche	
Date of granting	2008-06-05	2009-05-11	With respect to the 2008 Tranche, the date of approval of the Scheme Regulations was assumed.
Share price as at the granting date	PLN 8.20	PLN 4.90	According to stock-exchange quotations of Warsaw Stock Exchange.
Risk-free interest rate	Risk-free interest rate for each part of individual Tranches was calculated on the basis of quotes of interbank deposits and IRS contracts as at the date of granting (source: REUTERS).		
Volatility (per annum)	39.23%	41.77%	According to stock-exchange quotations of Warsaw Stock Exchange.
Dividend rate	6.87%	0.00%	Dividend rate calculated on the basis of the Company's policy, according to which the dividend is dependent on EURIBOR 1Y and stock exchange quotations. The company did not pay dividend for 2008.
Strike price	PLN 0.95	PLN 0.95	
Number of options	439,800	306,100	
Market conditions	NONE		
Non-market conditions	Employment		
Employees' departure rate	0%	0%	
Maturity date			
- Part 1	2008-09-03	2009-08-13	90 days of approval of the statements for the previous year by the Ordinary General Meeting of Shareholders In the case of 2009 Tranche, May 15, 2009 was approved, assuming that as at the date of granting, the Company has formally notified the shareholders about the date of the Ordinary General Meeting of Shareholders.

The value of the scheme was recognized in:

- retained earnings, in the part applicable to the employees of ATM S.A. for year 2008 (PLN 1,098 thousand);
- result of the current period, in the part applicable to the employees of ATM S.A. for year 2009 (PLN 1,202 thousand);
- investments in subsidiaries in the part applicable to the employees of the subsidiaries (PLN 169 thousand for ATM Software Sp. z o.o., PLN 70 thousand for inOne S.A., PLN 104 thousand for ATM Systemy Informatyczne Sp. z o.o.)

Ownership structure

Shareholder	Number of shares 31/12/2009	%	Number of shares 31/12/2008	%
Tadeusz Czichon	5,956,887	16.39%	5,948,712	16.52%
POLSAT OFE	3,603,624	9.92%	3,597,172	9.99%
ING OFE	3,470,517	9.55%	3,493,844	9.61%
Roman Szwed	3,387,993	9.32%	3,663,073	10.18%
Amplico TFI (formerly AIG TFI)*	1,871,376	5.15%	1,860,624	5.17%
Piotr Puteczny***	1,817,500	5.00%	no data available	no data available
PKO TFI**	1,813,435	4.99%	1,813,435	5.04%
Other shareholders	14,422,012	39.68%	13,978,140	38.82%
	36,343,344		36,000,000	100.00%

The above figures reflect share ownership of natural persons as the issuance date.

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

* the number of shares, according to the notification from AMPLICO Towarzystwo Funduszy Inwestycyjnych S.A. (formerly AIG TFI S.A.) as at January 7, 2010 amounts to 1,245,123, of which 3.426% constitutes the share capital. The change in the number of shares resulted from ending the activity of portfolio management for Amplico Life S.A. Prior to the aforementioned change, i.e. as at December 31, 2009, AMPLICO TFI S.A. held, as a part of managed Funds and portfolios, 1,871,376 out of total 36,343,344 shares of the Company, which amounted to 5.149% of the total number of votes at the Company's meeting and 5.149% of the Company's share capital. Full information concerning this matter was submitted by the Issuer in the current reports No. 2/2010 and 3/2010.

** the data concerning PKO TFI have been taken from a notice, received by the Company from the Shareholder on September 23, 2009. The Company has no information from other Shareholders regarding any changes to share ownership after the indicated date.

*** jointly with the spouse

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

Capital reserves

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

Retained earnings

	End of period December 31, 2009	End of period December 31, 2008
Retained earnings brought forward, of which:	13,564	14,880
Statutory supplementary capital	9,803	11,911
Profit distribution (above the statutory amount)	3,333	-
IFRS implementation profits (losses)	428	2,969
Management option scheme profits (losses)	-	
Current period profit (loss)	9,828	9,832
	23,392	**24,712**

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

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

NOTE 21. NONCONTROLLING SHARES

	End of period December 31, 2009	End of period December 31, 2008
KLK S.A. (formerly KLK Sp. z o.o.)	1,314	3,076
mPay Group (formerly ATM Mobile)	4,170	822
Sputnik Software Sp. z o.o.	1,523	1,027
inONE S.A. (formerly ATM Services Sp. z o.o.)	860	544
Impulsy Sp. z o.o.	300	331
iloggo Sp. z o.o.	51	50
Cineman Sp. z o.o.		220
	8,218	**6,070**

NOTE 22. BANK LOANS

	End of period December 31, 2009	End of period December 31, 2008
Bank loans	10,318	19,138
Other loans	-	
	10,318	**19,138**
of which:		
Long-term portion	*2,620*	*3,490*
Bank loans	2,620	3,490
Loans from shareholders	-	-
Short-term portion	*7,698*	*15,648*
Bank loans	7,698	15,648
Loans from shareholders	-	-
Bank loans and other loans due:		
within one year	7,698	15,648
from 1 to 2 years	1,463	632
from 3 to 5 years	1,157	1,895
more than 5 years	-	963
	10,318	**19,138**

The parent undertaking uses BRE Bank S.A. credit facilities up to PLN 10 million and Fortis Bank Polska S.A. credit facilities up to PLN 10 million. The Company may use this form of credit as authorized overdrafts. KLK S.A. uses BRE Bank S.A. Katowice branch credit facilities up to PLN 5.7 million. The Company may use this form of credit as authorized overdrafts.

Currency composition of loans

	End of period December 31, 2009	End of period December 31, 2008
PLN loans	10,318	19,138
EUR loans	-	
	10,318	**19,138**

Average loan interest rates

	End of period December 31, 2009	End of period December 31, 2008
Interest rate on loans contracted by Group undertakings:		
Authorized overdrafts	6.27%	6.72%
PLN loans	6.32%	7.09%

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, 2009

	Base loan value			**Short-term portion**		**Long-term portion**				
Lender	Loan amount in '000 PLN	Loan amount	Currency	Loan amount in PLN	Loan amount	Loan amount in PLN	Loan amount	**Interest rate**	**Repayment date**	**Security**
Fortis Bank Polska S.A. (authorized overdraft)	10,000	-	-	-	-	-	-	WIB0R 1M plus bank margin	28.05.2010	- blank promissory note; - general assignment of existing and future trade liabilities - statement of submission for enforcement proceedings
BRE Bank S.A. (authorized overdraft)	10,000	-	-	3,136	-	-	-	WIBOR ON plus bank margin	26.08.2010	-blank promissory note with promissory note declaration;
BRE Bank S.A. Katowice branch (mortgage loan)	3,351	-	-	731	-	2,620	-	WIBOR 1M plus bank margin (+3.5 pt)	24.06.2022	1/ Mortgage amounting to PLN 3,595,000 and capped mortgage of up to PLN 300,000 2/ blank promissory note, 3/ assignment of policy receivables
BRE Bank S.A. Katowice branch (authorized overdraft)	4,800			2,878		0		WIBOR ON plus bank margin (+2,4 pt)	16.03.2010	1/ consolidated capped mortgage of up to PLN 7,650,000 2/ registered pledge on inventories, 3/ blank promissory note, 4/ assignment of insurance policy receivables
BRE Bank S.A. Poznań branch (authorized overdraft)	0			162				variable interest rates equal to WIBOR for O/N deposits plus 3 percentage points on margin	29.06.2010	- blank promissory note
Handelsbank AB S.A. Poznań branch (authorized overdraft)	0			191				variable interest rates-sum of the Bank's rate WCF3M=1.9% of margin	03.11.2009	- promissory note
ING Bank Śląski S.A.	,			600				WIB0R 1M plus margin	14.04.2010	statement of submission for enforcement proceedings
	28,151	**-**		**7,698**	**-**	**2,620**	**-**			

NOTE 23. PROVISIONS FOR LIABILITIES

	End of period December 31, 2009	End of period December 31, 2008
Provision for warranty repairs	-	-
Provisions for maintenance costs	198	304
Provisions for bank guarantee costs	3	-
Provisions for pension benefits	42	7
Bonus provisions	49	514
General risk provisions	-	6
Provisions for balance sheet audit	23	20
	315	**851**
of which:		
Long-term portion		
Provisions for maintenance costs	-	85
Provisions for bank guarantee costs	1	-
Provisions for pension benefits	6	-
Provisions for expenses	-	-
	7	85
Short-term portion	-	
Provisions for maintenance costs	75	226
Provisions for other expenses	162	26
Provisions for balance sheet audit	23	-
Bonus provisions	48	514
	308	766

NOTE 24. LONG-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period December 31, 2009	End of period December 31, 2008
Trade liabilities to related undertakings	6	-
Trade liabilities to other undertakings	508	6
Deferred payment sales interest	-	-
Prepaid unperformed services and maintenance costs	-	-
Subsidies for fixed asset financing	1,973	2,895
Other	2	3
	2,489	**2,904**
of which payable within:		
from 1 to 2 years	888	500
from 3 to 5 years	1,601	1,497
more than 5 years	-	907

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

NOTE 25. SHORT-TERM TRADE LIABILITIES AND OTHER LIABILITIES

	End of period December 31, 2009	End of period December 31, 2008
Trade liabilities to related undertakings	43	3
Trade liabilities to other undertakings	50,321	66,535
Liabilities arising from taxes and social insurance	12,548	11,905
Advances received	136	34
Payroll liabilities	81	493
Other liabilities and accruals, including:	6,764	3,991
Share purchase liabilities	-	-
liabilities arising from bonuses	-	-
liabilities arising from outstanding leaves	247	285
settlements related to uninvoiced expenses	2,551	2,099
subsidies	1,427	761
deferred income	294	306
other liabilities	2,245	541
	69,893	**82,961**

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

In 2008 and 2009, the Group did not rely on a small group of suppliers. Only one supplier — Cisco Systems — exceeded a 10% threshold of overall purchase. 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, 2008, liabilities to this supplier came to PLN 26,698,000; as at December 31, 2009, they were PLN 11,923,000.

NOTE 26. OTHER FINANCIAL LIABILITIES

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

	End of period December 31, 2009	End of period December 31, 2008
Liabilities arising from dividend payouts	-	-
Liabilities arising from finance leases	25,607	30,116
Liabilities arising from financing of receivables (factoring)	-	6,720
Forward agreement liabilities	-	-
Other	1,740	-
	27,347	**36,836**
Value of liabilities arising from finance leases due within:		
- one year	10,160	10,352
- two to five years	17,163	21,984
- more than 5 years	-	-
	27,323	32,336
Future interest expenses (-)	(1,716)	(2,220)
	-	
Present value of future liabilities	25,607	30,116
of which:		
Amounts due within the next 12 months (included in short-term liabilities)	10,124	9,238
Amounts due after more than 12 months within:	15,483,	20,878
- two to five years	25,607	30,116
- more than 5 years	-	-
number of lease agreements	141	171

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

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

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

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

In order to demonstrate the impact of expenses due to revaluating lease liabilities on the Company's operations, ATM S.A. Management Board decided, pursuant to IAS 1 §17, on adopting a partial exemption from IAS 21, in the manner described in chapter 2: "Grounds for the drawing up of financial statements and accounting principles (policies)".

In 2009, the Company recognized PLN 2,150,886.21 due to foreign exchange rate differences on finance lease agreements in its financial costs.

Recognition of a portion of expenses due to foreign exchange rate differences on finance lease agreements in accruals required calculating what portion of these differences falls on individual quarterly periods during which the Company will pay lease installments. Expenses falling on individual future periods have been determined pro rata to the value of paid lease installments and are as follows:

Year	Quarter	Amount
2010	1	384,211.78
	2	383,850.14
	3	384,003.70
	4	389,829.47
2011	1	391,011.01
	2	390,786.12
	3	384,772.24
	4	349,691.53
2012	1	144,235.75
	2	146,649.57
	3	145,645.65
	4	142,725.27
2013	1	115,512.05
	2	81,742.48
	3	27,814.65
	4	0.00
Total		**3,862,481.40**

	End of period December 31, 2009	End of period December 31, 2008
The value of liabilities arising from financing of receivables due within:		
- one year	2,004	3,443
- two to five years	1,273	3,277
- more than 5 years	-	-
	3,277	**6,720**

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

NOTE 27. OPERATING LEASES

Operating lease liabilities — Group as lessor

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

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

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

Operating lease liabilities — Group as lessee

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

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

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

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

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 taken advantage of, the lessee will pay to the lessor a handling fee amounting to 7% of the original value of the leased asset, which original value was determined to be EUR 10,660,000.

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

The expenses related to minimum lease payments for property leases during individual periods were PLN 2,916,000 in 2008 and PLN 2,478,000 in 2009, respectively.

Minimum lease payments for property lease were as follows:

	End of period December 31, 2009	**End of period December 31, 2008**
1 year or less	2,702	2,744
from 1 to 5 years	10,808	10,977
more than 5 years	16,438	19,439
	29,948	**33,160**

NOTE 28. BUSINESS COMBINATIONS

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, 2009	End of period December 31, 2008
Financial receivables under litigation	-	291
	-	**291**

As at 31 December 2009, there were no contingent receivables under litigation.

Contingent liabilities

	End of period December 31, 2009	End of period December 31, 2008
To related undertakings:	**-**	**1,965**
To other undertakings:	23,455	**27,698**
1. Bank guarantees received:		-
- performance bonds and tender bonds	3,996	3,822
2. Mortgage security:		-
- bank loan security	11,545	18,060
3. Promissory notes:		
- endorsements concerning agreements related to EU project financing	3,146	2,500
- bank loan security	3,045	2,163
4. Pledges:		
- bank loan security	1,753	1,153
	23,455	**29,663**

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 fiscal 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.
- loans granted.

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

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

Related undertaking	Year	Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings
Cineman Sp. z o.o.	2009	101	13	2	0
	2008	101	5	21	0
ATM PP Sp. z o.o.	2009	136	1,726	5	43
	2008	126	21,702	3	43
A. Chalimoniuk i Wspólnicy, ATM S.J.	2009	0	808	0	0
	2008	1	859	0	24
Linx Telecommunication B.V.	2009	686	267	467	0
	2008	354	59	72	0
Total	**2009**	**923**	**2,814**	**474**	**43**
	2008	**582**	**22,625**	**96**	**67**

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, 2009	End of period December 31, 2008
Short-term employee benefits	3,072	3,409
Benefits after the employment period	-	-
Management options	-	
Severance pay	-	-
	3,072	**3,409**

The short-term employee benefits referred to above concern:

	End of period December 31, 2009	End of period December 31, 2008
Management Board	1,146	900
Supervisory Board	246	246
Directors and managers	1,680	2,263
	3,072	**3,409**

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

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

NOTE 31. FINANCIAL INSTRUMENTS

1. Capital risk management

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

The Group regularly reviews its capital structure. Such reviews involve the analysis of cost of equity and the risk related to its individual categories. Based on the analyses, appropriate measures are planned in order for the Group to maintain a proper capital structure. The most important factors subject to 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 fiscal 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 26), as well as cash and deposits (Note 19). The main purposes of these instruments include raising funds for Group operations, liquidity risk management and short-term investment of surplus liquid funds. The Group also uses other financial instruments, including trade receivables and liabilities (Notes 17, 24 and 25), which, however, are directly related to its operations.

The main risks arising from the Group's financial instruments include credit risk and liquidity risk as well as interest rate risk and foreign exchange risk. Exposure to these risks and their causes 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 financial statements it neither extended loans (apart from subsidiary loans) nor was party to financial guarantee contracts.

During 2008 and 2009:

- 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 revenue and costs with regard to individual financial asset, financial liability and capital instrument categories has been presented in Note 2 to the financial statements.

4. Financial instrument categories and classes

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

	End of period December 31, 2009	End of period December 31, 2008
Financial assets		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Investments held to maturity	-	-
Own receivables (including cash and cash equivalents)	74,645	106,671
Financial assets available for sale	80	80
Financial liabilities		
At fair value through profit or loss	-	-
Derivatives in hedging relationships	-	-
Financial liabilities	105,870	134,944
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, 2009	End of period December 31, 2008
Receivables from related undertakings (Note 17)	474	138
Short-term receivables from other undertakings (Note 17)	63,294	92,923
Long-term receivables from other undertakings (Note 15)	4,916	9,628
Cash and cash equivalents (Note 19)	5,961	3,982
Total	**74,645**	**106,671**

With regard to the financial liabilities category

	End of period December 31, 2009	End of period December 31, 2008
Liabilities arising from loans (Note 22)	10,319	19,138
Liabilities to related undertakings (Note 25)	43	3
Short-term liabilities to other undertakings (Note 25)	69,895	78,967
Long-term liabilities to other undertakings (Note 24)	6	-
Liabilities arising from finance leases (Note 26)	25,607	30,116
Other financial liabilities (Note 26)	0	6,720
Total	**105,870**	**134,944**

With regard to the Financial assets available for sale category the Group holds shares in other undertakings amounting to PLN 80,000 (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 revenue 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 Group's exposure to the risk of receivables becoming uncollectible is insignificant.

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

As at December 31, 2009, financial asset impairment write-downs came to PLN 571,000; as at December 31, 2008, they were PLN 571,000. These write-downs concern own receivables from other undertakings, of which PLN 240,000 are receivables currently under litigation, and PLN 359,000 are receivables which will likely prove uncollectible according to the Group's estimates.

As at December 31, 2009 and December 31, 2008, 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 far as foreign exchange risk is concerned, the Group is exposed to it through sale or purchase transactions concluded in currencies other than the Group's functional currency.

As it was stated in "Accounting principles — Foreign Currency Transactions", pursuant to IAS 1 §17, the Group adopted a partial exemption from IAS 21 in the present financial statements, i.e. exchange rate differences on currency lease liabilities were recognized as the Company's financial costs for a given reporting periods only in the portion concerning actually paid installments. The remaining amount of exchange rate differences was recognized in the accruals, which shall be recognized in financial costs for individual quarterly periods of lease installments repayment. Simultaneously, accruals shall be adjusted for exchange rate differences on lease liabilities (both gains and losses), arising in future periods. This exemption from IAS 21 shall be applied by the Group until currency exchange rates stabilize at the level reflecting the real purchase value of PLN.

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

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

	Trade liabilities		**Lease liabilities**		**Trade receivables**	
	31/12/2009	**31/12/2008**	**31/12/2009**	**31/12/2008**	**31/12/2009**	**31/12/2008**
Currency - EUR	2,284	5,691	5,340	6,092	1,835	306
Currency - USD	23,828	26,879	0	-	11,197	296
Currency - JPY	0	-	12,179	17,466	0	-
Currency - PLN	24,252	33,968	8,088	6,558	55,652	102,645
	0		0		0	
Total	**50,364**	**66,538**	**25,607**	**30,116**	**68,684**	**103,247**

When applying an exemption from IAS 21 regarding the valuation of lease liabilities.
If the exchange rate in relation to the exchange rate from the balance sheet valuation for EUR, USD and JPY had increased by 10%, with all other variables remaining at a constant level, the Group's net result for the twelve-month period ended December 31, 2009 would have been PLN 1,308,000 lower, of which PLN 45,000 would be due to financial assets and liabilities denominated in EUR and PLN 1,263,000 — due to financial assets and liabilities denominated in USD.

When retaining full compliance with IAS 21.
IF the exchange rate in relation to the exchange rate from the balance sheet valuation for EUR, USD and JPY had increased by 10%, with all other variables remaining at a constant level, the Group's net result for the twelve-month period ended December 31, 2009 would have been PLN 3,060,000 lower, of which PLN 579,000 would be due to financial assets and liabilities denominated in EUR and PLN 1,263,000 due to financial assets and liabilities denominated in USD and PLN 1,218,000 — due to liabilities denominated in JPY.

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

8. Liquidity risk

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

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

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

NOTE 32. EVENTS AFTER THE BALANCE SHEET DATE

On January 22, 2010, ATM S.A. concluded two significant agreements with the IT Projects Center of the Ministry of the Interior and Administration. The first one concerned design, development, provision and implementation of a national IT network for the purpose of operating the emergency number 112 (OST 112 project). The gross value of the agreement amounts to PLN 148,778,652.30. The deadline for execution of the agreement was set for December 23, 2010. The subject of the second agreement is compilation of am OST 112 network and performance of data transmission services over it. The gross value of the agreement amounts to PLN 218,238,650.80. The agreement shall be executed until December 31, 2013, with the option to prolong the period of performance of data transmission services until the end of 2016.

NOTE 33. DIFFERENCES IN COMPARISON TO PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS

No significant events pertaining to previous years occurred that would have to be included in annual consolidated financial statements for the fiscal year 2009. The comparable data included in 2009 statements do not differ from the data included in published 2008 statements.

NOTE 34. AVERAGE EMPLOYMENT INFORMATION

	For the period January 1 - December 31, 2009	For the period January 1 - December 31, 2008
Manual workers	26	25
Non-manual workers	416	452
Total employment	442	477

NOTE 35. REMUNERATION FOR STATUTORY AUDITORS OF THE PARENT UNDERTAKING

	End of period December 31, 2009	End of period December 31, 2008
Audit of the financial statements	93	96
Other certification services	23	25
Other services	0	0
	116	**121**

REPORT ON THE ACTIVITIES OF THE ISSUER'S GROUP OF COMPANIES IN 2009

1. Review of key economic and financial parameters

2009 was characterized by economic downturn, which was manifested by, inter alia, limited investments in ICT. In spite of the downturn, the Group finished the difficult year of 2009 with an increase in revenue (+7%) and net profit (+10%), reaching, respectively: sales revenue in the amount of PLN 286.46 million and PLN 9.87 million of net profit. Taking into account the macroeconomic environment in 2009, the Issuer's Management Board estimates the results as good.

Particularly satisfactory is the increase in the annual consolidated operating profit — from PLN 14.30 million to PLN 16.88 million. This constitutes an 18% increase, which was possible also thanks to maintaining fixed costs of the Group at a low level (increase by 2.5%). In the previous year, the Group earned more than PLN 107.15 million consolidated sales margin (increase by 3%), while the EBITDA ratio for 2009 amounted to PLN 36.6 million, recording a 20% increase in comparison to 2008.

It is worth recalling that the Group's results during the discussed period were affected by negative impact of the crisis in financial markets from the turn of 2008 and 2009, which charged the costs of exchange rate differences to the results for 2009. The exchange rate differences were due to settlements of payments for products purchased in 2008 under operations in the field of integrated ICT systems. These costs were one-off and decreased the consolidated operating profit for 2009 by approx. PLN 5.7 million. Negative impact on the consolidated operating profit was also due to the loss in the mobile payments segment (mPay S.A.), which amounted to PLN 4.5 million in 2009 and was smaller than in the preceding year (PLN 6.5 million).

The most stable segment of activity, generating the most profit in the preceding year, was activity in the field of telecommunications services, where the recorded increase in revenue amounted to 24%, while in operating profit — 44%. The abovementioned growth is based on constant expansion of the telecommunications infrastructure, which constituted the technical basis for the performance of such services. It is worth noting that in years 2008-2009, the available net area in data centers increased from approx. 760 m^2 to nearly 2,000 m^2, while the total length of municipal optical fiber networks in eight of the largest cities in Poland increased to approx. 700 km. Currently, the national ATMAN network is operating on the basis of 4,500 km of intercity and 4,400 km of international connections.

The second segment of the Group's activity, i.e. ICT systems integration, is affected by the downturn to a far larger extent, which was particularly noticeable in the 4th quarter of the year. In 2009, the significant increase in revenues and profits, characteristic of this period, did not occur, which was caused by poor results at the end of the year, registered by the largest integral company in the Issuer's Group, i.e. ATM Systemy Informatyczne. Nevertheless, this segment managed to maintain its annual income at a nearly unchanged level, with a 3% decrease in comparison to 2008.

On a positive note, all companies within the Group, conducting their activity in the system integration segment, apart from Impulsy Sp. z o.o. (which experienced a minor loss), recorded in 2009 positive financial results and coped well with the more difficult macroeconomic situation.

As at the end of 2009, the equity of the Group of companies amounted to PLN 256,035 thousand (as compared to PLN 241,767 thousand at the end of 2008).

No changes in the accounting policy occurred as compared to the financial statements for 2008 — once again, the consolidated financial statements of the group of companies have been prepared in accordance with the International Financial Reporting Standards.

2. Risks and threats

Risk related to economic situation in Poland and in the world

While the Issuer's operations in the telecommunications services segment is not very susceptible to short-term changes in economic trend, the effects of possible downturn in the IT systems integration sector may be significant. The downturn may result in a smaller number of contracts; a way to become independent from this phenomenon is having long-term agreements for the implementation of ICT projects. In 2009, the Group succeeded in obtaining such contracts. The largest one of them concerns the OST 112 project, i.e. the construction, implementation and maintenance of the "Nationwide ICT Network for the purpose of operating the emergency number 112". IT was the largest IT contract in the public sector in 2009. It is also the largest contract in the history of ATM, stabilizing the income in the field of system integration for the years 2010 and 2011. Due to the already executed contracts, even in the worst-case scenario, the expected results in 2010 should be significantly better than in the previous year.

Risk related to conduction of works and R&D investments

As a part of organizational changes introduced in 2009, according to the implemented policy, the Issuer decided to withdraw from those fields of activity which do not bring expected results or are incoherent with the direction of the Group's development. For this reason, the Issuer significantly reduced its involvement in innovative projects, which are associated with costs of research and implementation works. The Issuer is conducting R&D works only to the extent in which they directly translate to increase in competitiveness of offered products and services.

A certain amount of risk is involved in continuation of works aimed at popularizing mPay mobile payments system in Poland. In the 4th quarter of 2009, mPay underwent restructurization, which resulted in significant reduction of fixed costs. Even if balancing of operating costs of mPay in 2010 with increasing sales revenues would prove unsuccessful, the changes introduced will render insignificant the effects of possible losses generated by mPay S.A. on the consolidated results of the Group.

It should also be stressed that the new investment project, related to the construction of ATM Innovation Center, involves risks associated with R&D works and investments. Works carried out under this Project, aimed at, among others, introduction of innovative systems allowing for savings in electric energy, will directly contribute to reduction of the costs of operation of the Center.

Risk related to human resources

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

As the Company's hitherto experiences show, the situation concerning staff in companies within the Group is stable, the employees and managers are engaged in the development of their companies and fluctuations in employment remain at a low level.

3. Other information

3.1. Information concerning major products

Save one exception, the companies within the Group do not perform or offer services directly aimed at the private customers market. The majority of products and services on offer are aimed at corporate customers, with the exception of mobile payment services. Services and products offered by the group of companies are located in three segments of activity: telecommunications services, ICT systems integration and mobile payments.

Major products in the segment of telecommunication services provided by ATM S.A. include:
- data center services (collocation and hosting);
- broadband Internet access and data transmission basing on the Company's own optical fiber networks;
- voice telephony services.

Major products in the segment of ICT systems integration include:
- construction of ICT infrastructure to various extent;
- implementation of complete ICT systems containing software required for specific business needs.

Companies within the Group specialize in offering products complementary to the telecommunications offer of the Issuer. The most characteristic elements offered by individual companies are:

- construction of network infrastructure on the basis of Cisco technologies (ATM Systemy Informatyczne Sp. z o.o.);
- professional data center infrastructure systems and guaranteed power supply systems (KLK S.A.);
- multimedia solutions and services (ATM Software Sp. z o.o.);
- outsourcing of hardware and operating of computer workstations in small and medium enterprises, implementation of virtualization services concerning servers and data storage, as well as IT consulting (inONE S.A.);
- multimedia solutions and services dedicated to local government administration (Sputnik Software Sp. z o.o.);
- IT systems and software for institutions associated with healthcare (Impulsy Sp. z o.o.).

The major product in the segment of mobile payments is the universal mobile payment system, implemented by mPay S.A. Currently, the best-known and most popular services of the mPay system are payments for parking and municipal transport made via mobile phone.

Major products and services offered by the Group may be classified within the three abovementioned product groups, whose share by value in total sales of the Issuer is as follows:

For the period January 1 - December 31, 2009	Telecommunications	Integration of ICT systems	Mobile payments
Sales revenue	90,367	191,712	771
Sales margin*	50,554	53,605	243
Operating profit (loss)	13,975	6,923	-4,573

* Sales revenue less variable selling costs

3.2. Information about outlets, taking into account the division into national and international markets, as well as information about supplies of materials used in production, goods and services, specifying dependence on one or more purchasers and suppliers

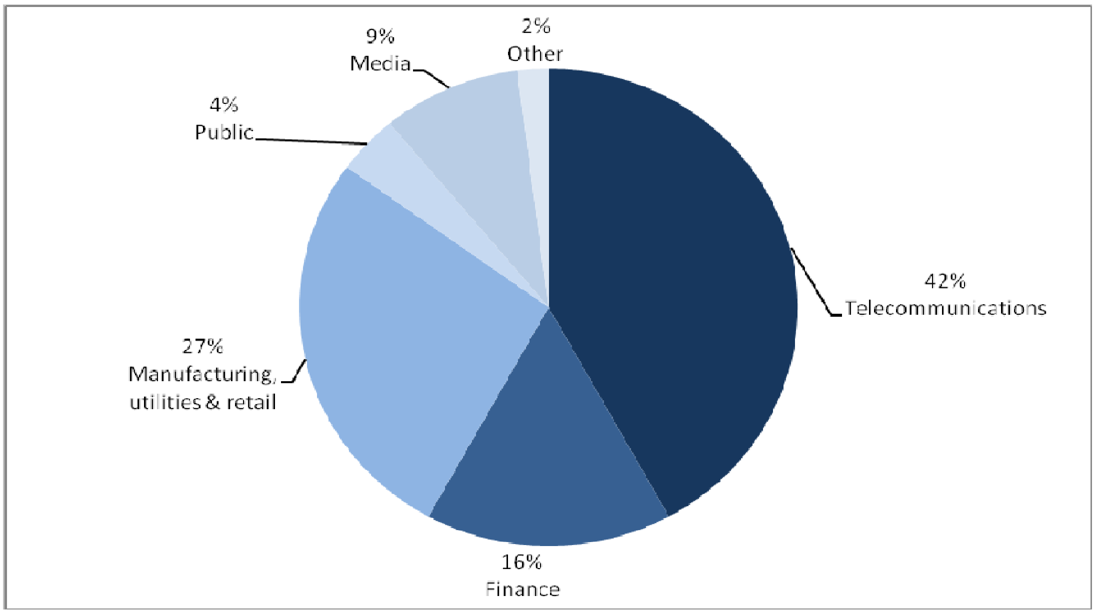
The main outlet for products and services offered by the companies within ATM S.A. group is Poland. As a result of the Issuer's capital exposure with a Dutch telecommunications supplier, Linx Telecommunications BV, the Issuer's telecommunications offer since 2007 additionally includes access to foreign markets in Russia, Estonia, Lithuania, Latvia and Ukraine.

Due to the complexity of implemented projects and their predominantly nationwide character, it is not possible to present the territorial arrangement of outlets in a more detailed manner. The majority of services of ATM S.A. group of companies may be located anywhere in Poland. The Group's customers are from all regions of the country. The Group's position is particularly strong in Mazowieckie Voivodeship and in Upper Silesia, where the registered office and the main market of its subsidiary, KLK S.A. are located.

The most prominent Customers of the Issuer's group of companies come from the following sectors:

- telecommunications (including cable television providers);
- banking and finance (including insurance companies);
- industry, trade and services (including energy distribution enterprises);
- science, media and public administration.

The Group's consolidated sales revenue in 2009 by sector:



Similarly to previous years, both the parent company and the group of companies have a relatively diversified portfolio of purchasers, which secures the Issuer's business, in particular given the current situation of economic decrease in certain segments of the market. In 2009, the Group did not have any Customers whose share in total sales revenue would exceed 10%.

In 2009, the Group continued to strengthen is cooperation with one of the suppliers — Cisco Systems. There were no material changes in the structure of sources which supply the companies of the Group with materials, goods or services. The supply structure comprises two major groups:

- associated with provision of telecommunications services
- associated with ICT system integration services.

As regards the former group, the purchases are made from national and foreign telecommunications providers.

As regards the latter group, there exists an extremely complex list of goods and services which are purchased from suppliers and subcontractors in relation with integration projects. They can be broken down into the following groups:

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

Suppliers of goods for integration projects are both from Poland and abroad, mostly from the USA. The group of companies is to a small extent dependent on its suppliers. Only one supplier's share exceeds 10% of total sales revenue. This supplier is Cisco Systems. It should be stressed at this point that Cisco Systems is a worldwide IT leader and that technologies offered by this manufacturer are highly popular among the group's Clients. Due to Cisco's stable position as the world ICT technology market leader, the Issuer estimates that strengthening cooperation with this supplier would be very beneficial for the group of companies and revenues generated by it. The share of revenue from sale of goods and services based on technology and hardware from this manufacturer in total sales revenue of the Group amounted to 21.2% in 2009 (as compared to 42.8% in 2008).

Apart from the relations resulting from affiliate agreements, there are no other relations between the group of companies and the abovementioned entities.

3.3. Information about agreements significant for the Issuer's operations

Information concerning concluded significant agreements is made public by the Company through current reports. They are also available from the Issuer's website.

Until the date of publication of the report, the Issuer had concluded three significant agreements, which it announced in current reports No. 32/2009, 35/2009 and 05/2010, respectively.

The first agreement, of which the Issuer informed on December 18, 2009, was concluded with the Minister of Economy. Its subject was supplementary funding for the Issuer for implementation of the "ATM Innovation Center" project from public resources, under measure 4.5 of Operational Programme: Innovative Economy 2007–2013. The Issuer informed about the project being qualified for the supplementary funding in the current report No. 52/2008 of December 12, 2008. The value of this agreement, i.e. the amount of supplementary funding received, is PLN 72,320,578.20, which constitutes 22.51% of the project's qualified costs. The total cost of project implementation amounts to PLN 392.02 million gross (VAT included), inclusive of qualified expenses in the amount of PLN 321.28 million.

The Issuer informed about the two remaining agreements on January 22, 2009, when as a result of a procedure for obtaining contract for "Construction and implementation of nationwide ICT network for the purpose of operating the emergency number 112" two agreements were concluded with the IT Projects Center of the Ministry of the Interior and Administration.

The first one concerned design, development, provision and implementation of a national IT network for the purpose of operating the emergency number 112 (OST 112 project).

The value of the agreement amounts to PLN 148,778,652.30 gross, with an option to expand it to an amount not exceeding PLN 151,778,652.30 gross. The deadline for execution of the agreement was set for December 23, 2011.

The subject of the second agreement is compilation of am OST 112 network and performance of data transmission services over it.

The value of the agreement amounts to PLN 218,238,650.80 gross, with an option to expand it to an amount not exceeding PLN 220,238,650.80 gross. The agreement will be executed until December 31, 2013.

The agreement also provides for an annex regarding prolongation of the period of performance of data transmission services by the issuer until the end of 2016.

3.4. Information about organizational or capital relations with other entities and specification of major investments

In 2009, ATM S.A. as the parent company of the Group of Companies made the following investments in its subsidiaries:

- On February 6, 2009, ATM S.A. purchased 999 shares in Rec-order Sp. z o.o. from mPay International for PLN 9,227.40 and acquired new shares in Rec-order Sp. z o.o. for PLN 15 thousand. As a result of this activity, ATM S.A. owns 1,150 shares in the aforementioned company, which amounts to 100% of shares in share capital.
- On February 2, 2009, an increase in share capital of mPay S.A. by PLN 7,200 thousand was registered.
- On February 11, 2009, the management board of mPay S.A. increased the Company's share capital by PLN 500,000 under authorized capital. On March 18, 2009, another increase by PLN 900,000 took place. 98% of new shares were acquired by ATM S.A., while 2% — by mPay S.A.'s Management Board President. As a result of the said increase in capital, ATM S.A. owns 54.37% of shares in the Company's share capital.
- April 1, 2009 saw the commencement of transferring operational activities in the area of integrated ICT infrastructure systems from ATM S.A. to ATM Systemy Informatyczne Sp. z o.o. (until May 5, 2009 — Centrum Innowacji ATM Sp. z o.o.). On May 15, 2009, an increase in share capital of ATM Systemy Informatyczne Sp. z o.o. from PLN 50,000 to PLN 1,000,000 was registered. ATM S.A. acquired 100 % of the Company's shares.
- On July 1, 2009, operations related to the following fields was transferred from ATM S.A. to its subsidiaries:
  - Atmosfera application solutions — to inOne S.A. (ATM S.A. holds 60% of shares);
  - multimedia solutions and services related to sharing multimedia content over the Internet — to ATM Software Sp. z o.o.

- On June 30, 2009, a resolution was adopted on increasing the share capital of Centrum Badawczo-Rozwojowe ATM-Lab Sp. z o.o. (currently operating under the name ATM Software Sp. z o.o.) from PLN 50,050 to PLN 500,000. Shares in the Company's increased share capital were acquired in whole by ATM S.A. (ATM S.A. holds 100% of shares);
- On July 31, 2009 ATM S.A. acquired 56,700 shares of KLK S.A. As a result of this transaction, ATM S.A. currently holds 89.37% of the capital entitling to 89.37% votes at the General Meeting.
- On September 9, 2009, the increase in capital of mPay S.A. was registered. Currently, the share capital of mPay S.A. amounts to PLN 17,100,000, of which 58.46% of shares is held by ATM S.A.
- On November 18, 2009, ATM S.A. sold 1,020 shares in Cineman Sp. z o.o. to Monolith Films Sp. z o.o.
- On December 11, 2009, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, entered a record announcing the liquidation of Rec-Order Sp. z o.o.
- On December 28, 2009, liquidation proceedings of iloggo Sp. z o.o. (in liquidation) were reported to the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register.

Liquidation proceedings undertaken by the Issuer in relation to Rec-order Sp. z o.o. and iloggo Sp. z o.o., as well as sale of 60% of shares in Cineman Sp. z o.o., are aimed at concentrating the Issuer at its basic operations.

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

Company name	**Core business**	**Dependence**	**Stake in share capital**	**Share in the overall number of votes**
ATM Systemy Informatyczne Sp. z o.o. (formerly CI ATM Sp. z o.o.)	Integration of ICT systems	Subsidiary	100%	100%
ATM Software Sp. z o.o. (formerly CBR-ATM Lab Sp. z o.o.)	System integration, multimedia software	Subsidiary	100%	100%
KLK S.A.	Integration of ICT systems	Subsidiary	89%	89%
inONE S.A.	system integration, IT processes optimalization	Subsidiary	60%	60%
Impulsy Sp. z o.o.	System integration, software for the healthcare sector	Subsidiary	78%	78%
Sputnik Software Sp. z o.o.	System integration, software for administration	Subsidiary	60%	60%
mPay International Sp. z o.o. (formerly ATM Mobile Sp. z o.o.)	Mobile payments, intellectual property management	Subsidiary	60%	60%
mPay S.A.	Mobile payments	Subsidiary	58%	55%
Linx Telecommunications B.V.	Telecommunications services	Associate	21%	21%
Rec-order Sp. z o.o.*	Sale of musical compositions via mobile phone	Subsidiary	100%	100%
iloggo Sp. z o.o.*	Community portal Web 2.0	Subsidiary	60%	60%

* In liquidation

3.5. Information about one or more transactions concluded between the Issuer or its subsidiary and related undertakings if they are, individually or jointly, significant and have been concluded on non-market conditions

During the period covered by the present report, there were no substantial transactions concluded between the Issuer or its subsidiaries and undertakings related to them, neither separately nor jointly, which are significant and have been concluded on non-market conditions.

3.6. Information about credit and loan agreements concluded and terminated in a given fiscal year, including at least the amount covered by the agreement, the type and amount of the interest rate, the currency and maturity date

Detailed information concerning credit and loan agreements concluded in a given fiscal year in the Issuer's group of companies has been provided in Note 22 to the Consolidated Financial Statements.

3.7. Information about loans extended in a given fiscal year, in particular loans extended to the Issuer's related undertakings, including at least the amount of the loans, the type and amount of the interest rate, the currency and maturity date;

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

	End of period December 31, 2009	End of period December 31, 2008
mPay International Sp. z o.o.	1,163	1,116
Sputnik Software	-	612
mPay S.A.	1,107	67
inONE S.A.	452	-
	2,722	**1,795**

- mPay International Sp. z o.o.: the amount of the loan: PLN 1,050,000, interest rate: WIBOR 1M plus margin. The loans have been extended to the company by both shareholders, pro rata to their shares in the company. Repayment of the loan is due by the end of June 2009; after this date, pursuant to the loan agreement, the loan should be converted into the company's share capital. So far, the meeting of shareholders of mPay International has not adopted a resolution concerning this matter.
- mPay S.A.: the amount of the loan: PLN 1,100,000, interest rate: WIBOR !m plus margin, repayment of the loan is due by the end of 2010.
- inONE S.A. the amount of the loan: PLN 450,000, interest rate: WIBOR 1M plus margin, repayment of the loan is due by the end of June 2010.

3.8. Information about sureties and guarantees granted and obtained in a given fiscal year, in particular sureties and guarantees granted to the Issuer's related undertakings

	End of period December 31, 2009	End of period December 31, 2008
To related undertakings:	**-**	**-**
To other undertakings:		
1. Bank guarantees received:		
- performance bonds and tender bonds	3,146	2,454
2. Promissory notes:		
- endorsements concerning agreements related to EU project financing	2,500	2,500
	5,646	**4,954**

Companies from the Issuer's Group did not directly grant or obtain 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, 2009, tender bonds and performance bonds included guarantees extended by BRE Bank S.A. amounting to PLN 1,271,000, by Bank Millennium S.A. amounting to PLN 1,621,000, and by Bank DnB NORD Polska S.A. amounting to PLN 255,000.

In 2006 and 2007 the Issuer 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 1,250,000 each are to guarantee the repayment of financial means in the case of failure to fulfill the liabilities resultant from the co-financing agreement.

3.9. In the case of issuance of securities during the period covered by the report — an account of use of proceeds from issue by the Issuer since preparation of report on activities;

On September 9, 2009, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered an increase in the Company's share capital, made via issue of 343,344 (say: three hundred forty-three thousand three hundred forty-four) B series shares. The increase in share capital was made under authorized capital in accordance with Resolution No. 5/2006 of he Extraordinary Partners' Meeting of November 22, 2006, as well as with the consent of the Supervisory Board, expressed in Resolution No. 1 of August 5, 2009, which also expressed the agreement to exclude the priority right for the existing shareholders. The shares issued under authorized capital were in whole held for minority shareholders of KLK S.A. who acquired the newly issued ATM S.A. shares at average market price from the last 30 days prior to the adoption of the Management Board's resolution on the increase of capital on August 5, 2009 and amounting to PLN 6.13 per share. Offering of ATM S.A. shares to the shareholders of KLK S.A. resulted from an investment agreement of October 24, 2006 and allowed ATM S.A. to increase its share in the share capital of KLK and votes at the Company's General meeting from 78.74% to 89.37%. The acquisition of newly issued ATM S.A. shares occurred for a total amount of PLN 2,104,698.72 (say: two million one hundred four thousand six hundred ninety-eight and 72/100 zlotys).

3.10. Clarification of differences between financial results recorded in the annual report and published forecasts

The Company did not make 2009 forecasts public.

3.11. Assessment, and its justification, regarding the management of financial resources, in particular the capability to meet the assumed obligations; and specification of possible threats and actions undertaken or intended to be undertaken by the Issuer in order to counter the said threats;

The Issuer's Management Board estimates the financial situation of ATM S.A. group companies as good. The liquidity, turnover and debt ratios do not indicate any possible threats concerning the Company's capability to meet the assumed obligations.

3.12. Assessment of the capability to fulfill the investment objectives

The most crucial investment objectives of the Issuer include, in particular, the development of telecommunications infrastructure with respect to the offer of data center-based services. The Issuer is carrying out two important investment projects in this area, i.e.: systematic equipment and opening of subsequent parts of Telehouse.Poland Collocation Center and construction of ATM Innovations Center, which at the same time is the largest investment project in the history of the Issuer's activity. Implementation of the ATM IC project is planned for the years 2010–2015 and the total investment amount is PLN 320 million, including over PLN 72.3 million obtained from the Issuer as a subsidy from the European union. The investment in ATM IC assumes, first and foremost, expansion and equipment of data centers and the accompanying office area of the ATMAN-Grochowska facility in modern infrastructure

Investments in data centers allow for temporal distribution of investment expenses, adequately to the demands for the offered services. The Issuer is carrying out the construction of data centers in stages, bearing the major part of the expenses with respect to the concluded business contracts. By opening the first fragments of the data center for collocation services, the Issuer acquires funds for the investment in the equipment of subsequent parts of the center. Opening of the entire area of Telehouse.Poland is planned in 2011, while of ATM Innovation Center — towards the end of 2015. However, the opening schedule for subsequent parts of data centers will depend on the demand for data center services and the rate of acquiring new customers.

As far as telecommunications activity is concerned, there are also plans for modernizing the network and expanding the existing optical fiber connections and connecting to new customers.

All investments of the Group will be financed from the Group's own resources, with the support of lease and the obtained subsidy. Simultaneously, the Issuer's Management Board does not see any threats to the implementation of investment projects ant the current stage, and the possibility to carry out the investments in stages and to adjust their scope to the current market demands ensures a secure and comfortable situation for the Group's activity.

The Issuer's investment activity within the scope of telecommunications infrastructure constitutes, in practice, the majority of the Group's investment objectives in the nearest future.

3.13. Assessment of factors and unusual events affecting the results of activities in 2009

Unusual events include significant financial loss incurred by the Company in the first quarter of 2009 during the purchase of currencies for the purpose of settlement of integration contracts implemented in the fourth quarter of 2008. The loss was related to the substantial and rapid depreciation of PLN at the turn of 2008 and 2009.

3.14. Characteristics of external and internal factors substantial for the development of the enterprises in the Issuer's Group of Companies and the perspectives for development until the end of 2010

The most crucial external factors affecting the development of enterprises in the Issuer's Group of Companies include the constant increase of demand for information transfer (telecommunications services for companies and institutions), as well as services based on the infrastructure of data centers. An equally important factor for the Group is sustaining high demand for ICT systems integration services.

Similarly to the preceding years, increase of effectiveness of spending EU assistance funds by state administration organs is particularly crucial to stimulation of the market and, in consequence, to significant increase in sales revenue from ICT services.

Internal factors substantial to the development of the Issuer's group of companies include sustaining and constant acquisition of highly competent human resources in the scope of the latest IT technologies.

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

There were no material changes in the principles of enterprise management in the Issuer's group of companies in 2009.

3.16. Changes to the panel of persons managing and supervising the companies from the Issuer's Group in 2009

On March 25, 2009, the following persons were appointed to the Management Board of ATM Systemy Informatyczne (formerly CI ATM Sp. z o.o.): Mariusz Zabielski — the Management Board President and Tomasz Dziubiński – the Management Board Vice-President.

On May 15, 2009, the Ordinary General Meeting appointed the following members of the Supervisory Board of ATM: Sławomir Kamiński, Zbigniew Mazur, Mirosław Panek, Tomasz Tuchołka, Jan Wojtyński.

On May 18, 2009, the Issuer's Supervisory Board adopted a resolution on increasing the number of the Management Board members to three and on election of the Company's Management Board for a new term of office in the following composition: Roman Szwed — Management Board President, Tadeusz Czichon — Management Board Vice-President, Maciej Krzyżanowski — Management Board Vice-President.

On June 15, 2009, the position of the Management Board Vice-President of ATM Systemy Informatyczne Sp. z o.o. was taken by Andrzej Olszewski.

On July 1, 2009, the position of the Management Board President of ATM Software (formerly CBR-ATM Lab Sp. z o.o.) was taken by Andrzej Molski, who until that date was the Director of Multimedia Solutions Department in ATM S.A..

3.17. Agreements concluded between companies of the Issuer's Group and supervisory persons, providing for compensation in the event of their resignation or dismissal from the occupied position.

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

No other substantial compensations are provided for in companies in the Issuer's Group.

3.18. The amount of remuneration, rewards or benefits, including those which follow from incentive or premium schemes based on the Issuer's capital, inclusive of those based on bonds with priority rights, convertible bonds, subscription warrants (in cash, in kind or any other form), paid, due or potentially due, separately for every managing and supervising person of the Issuer in the Issuer's undertaking;

Total remuneration paid in 2009 to managing and supervising persons of the issuer was as follows:

Management Board of ATM S.A.:	
Roman Szwed	PLN 480,000.00
Tadeusz Czichon	PLN 420,000.00
Maciej Krzyżanowski (for the period from May 15 until December 31, 2010)	PLN 245,903.00
Supervisory Board of ATM S.A.:	
Jan Wojtyński	PLN 78,000.00
Mirosław Panek (for the period from May 15 until December 31, 2010)	PLN 26,250.00
Zbigniew Mazur	PLN 42,000.00
Tomasz Tuchołka	PLN 42,000.00
Sławomir Kamiński	PLN 42,000.00
Jan Madey (for the period from January 1 until May 15, 2010)	PLN 15,750.00

3.19. Specification of the total number and nominal value of all share of the Issuer held by managing and supervising persons

The total number of all shares of the Issuer is 36,343,344, with nominal value of PLN 34,526,176.80.

The following numbers of shares are held by the Issuer's managing and supervising persons:

Name	Title	Number of shares	Face value
Tadeusz Czichon	Management Board Vice-President	5,956,887	5,659,042.65
Roman Szwed	Management Board President	3,387,993	3,218,593.35
Dariusz Kiełkowski	Proxy	800,800	760,760.00
Maciej Krzyżanowski	Management Board Vice-President	55,408	52,637.60
Anna Bugajska	Proxy	52,870	50,226.50
Tomasz Tuchołka	Supervisory Board Member	925	878.75

3.20. Information about shareholders having directly or indirectly at least 5% of the total number of votes at the Issuer's General Meeting

Shareholder	Number of shares 31/12/2009	Share in votes
Tadeusz Czichon	5,956,887	16.39%
Polsat OFE	3,603,624	9.92%
ING OFE	3,470,517	9.55%
Roman Szwed	3,387,993	9.32%
Amplico TFI (formerly AIG TFI)*	1,871,376	5.15%
Piotr Puteczny**	1,817,500	5.00%

The above figures reflect share ownership of natural persons as the issuance date.

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

* the number of shares, according to the notification from AMPLICO Towarzystwo Funduszy Inwestycyjnych S.A. (formerly AIG TFI S.A.) as at January 7, 2010 amounts to 1,245,123, which constitutes 3.426% of the share capital. The change in the number of shares resulted from ending the activity of portfolio management for Amplico Life S.A. Prior to the aforementioned change, i.e. as at December 31, 2009, AMPLICO TFI S.A. held, as a part of managed Funds and portfolios, 1,871,376 out of total 36,343,344 shares of the Company, which amounted to 5.149% of the total number of votes at the Company's meeting and 5.149% of the Company's share capital. Full information concerning this matter was submitted by the Issuer in the current reports No. 2/2010 and 3/2010.

** jointly with the spouse

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

3.21. Information about agreements known to the Issuer which in the future may result in changes in the proportions of shares held

The Issuer knows of no agreements which in the future may result in changes in the proportions of shares held.

3.22. Indication of holders of any securities which provide special control rights in relation to the Issuer.

There are no securities which provide special control rights in relation to the Issuer.

3.23. Information concerning systems for controlling employee share schemes

Employees, entities cooperating with the Issuer and members of the management boards, employees and partners of ATM S.A. Group of Companies (excluding the Issuer's Management Board) participate in incentive scheme, under which they gain the right to purchase ATM S.A. shares upon meeting certain conditions specified in the Incentive Scheme Regulations, adopted on June 5 2008 by Ordinary General Meeting of ATM S.A. Programme implementation is controlled by the Company's Management Board.

Under the system for controlling the employee share schemes, the Company has the right to repurchase and the authorized person has the obligation of selling shares blocked on investment account of the authorized person at face value if:

6) an employment contract concluded between the Group and the Incentive Scheme participant or any other agreement pursuant to which the participant provides services or works for one of the companies of the Group is terminated or expires for any reason;

7) the participant seriously infringes 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;

8) 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;

9) a legally valid prohibition to perform his/her works in the bodies of the companies or an interdiction of business activity is imposed on the participant;

10) the participant is sentenced for any of the offences mentioned in Art. 585-592 and 594 of the Code of Commercial Companies, offences listed in part X of the law on financial instruments trading of July 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 whose committing is directly linked to the performance of his/her obligations as member of the management board of a capital company.

A detailed description of the incentive scheme can be found in Note 20 to the consolidated financial statements, in the Incentive Scheme part.

3.24. Indication of all restrictions regarding the transfer of ownership of the Issuer's securities and all restrictions within the scope of exercising the voting rights corresponding to the Issuer's shares.

The only restrictions regarding the transfer of ownership of the Issuer's securities concern the shares acquired under the Incentive Scheme for the Employees of ATM S.A. Group of companies for the years 2008–2010 as well as B series shares, issued under authorized capital, which were in whole held for minority shareholders of KLK S.A.

80% of shares acquired by authorized persons under the Incentive Scheme are blocked (it is forbidden to sell them and establish collaterals on them); they 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 ban on sale concerns the Issuer's B series shares, offered to the shareholders of KLK S.A. under the investment agreement of October 24, 2006 so that every buyer is entitled to sale of 1/3 of acquired shares, respectively, not sooner than after March 31, 2010, March 31, 2011 and March 31, 2012.

There are no other restrictions regarding the transfer of ownership of the Issuer's securities.

Pursuant to Art. 364 § 2 of the Code of Commercial Companies, the Issuer does not exercise its voting right resulting from 8,678 own shares (according to data as at December 31, 2009); these are the only restrictions regarding the exercise of voting rights resulting from the Issuer's shares.

3.25. Purchase of treasury shares

On April 24 and 27, 2009, a purchase of treasury shares was carried out as a result of exercising the right of ATM S.A. to purchase the Company's shares due to the expiration of employees' rights under the Incentive Scheme. The mean unit share purchase price amounted to PLN 0.95. The total nominal value of purchased shares amounted to PLN 15,352. The purchased package constituted 0.045% of share capital and ensured 16,160 (0.045%) votes at the General Meeting of the Company. The Issuer informed about this event in the current report No. 13/2009.

In the period from July 13 until August 19, 2009, 306,100 of the Issuer's shares were reclassified to brokerage accounts of indicated employees of the Issuer and its subsidiaries. Sale of treasury shares fulfilled the provisions of the Incentive Scheme Regulations for ATM S.A. Group of Companies employees, adopted by the General Meeting of the Company on June 5, 2008.

As at December 31, 2009, the Company owns 8,678 treasury shares at the value of PLN 8,244.10. These shares are held by the Company pursuant to the guidelines concerning the implementation of the Company's Incentive Scheme.

3.26. Information concerning the entity entitled to audit the financial statements

On June 1, 2009, basing on the resolution of the Issuer's Supervisory Board of May 18, 2009, two agreements for audit services were concluded between the Issuer and the entity authorized to audit financial statements — Deloitte Audyt Sp. z o.o.

Both agreements were concluded for the provision of services listed below, with the term of provision specified until April 30, 2010.

The subject of the agreements is:

- audit of individual and consolidated financial statements for the period from January 1 until December 31, 2009;
- review of individual and consolidated financial statements for the period from January 1 until June 30, 2009;

The net amount of remuneration following from the agreement for the audit of individual and consolidated financial statements for the period from January 1 until December 31, 2009 shall be PLN 93,000.

The net amount of remuneration following from the agreement for the review of individual and consolidated financial statements for the period from January 1 until June 30, 2009 shall be PLN 23,000.

In 2008, the amount of remuneration was, respectively:

- for the audit of individual and consolidated financial statements for the period from January 1 until December 31, 2008 — PLN 96,000 net;
- for the review of individual and consolidated financial statements for the period from January 1 until June 30, 2008 — PLN 25,000 net;

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

4.1. Characteristics of the structure of assets and liabilities of the consolidated balance sheet

The structure of assets and liabilities of the consolidated balance sheet has been presented on the basis of selected financial parameters.

Balance sheet

	End of period December 31, 2009	% of balance sheet total	End of period December 31, 2008	% of balance sheet total
Fixed assets	272,196	74.2%	261,951	67.9%
Current assets	94,523	25.8%	123,622	32.1%
Total assets	366,719	100.0%	385,573	100%
Equity	256,035	69.8%	241,767	62.7%
Long-term liabilities	20,862	5.7%	30,634	7.9%
Short-term liabilities	89,822	24.5%	113,172	29.4%
Total liabilities	366,719	100.0%	385,573	100%

Basic financial ratios

		2009	2008
Return on assets			
	$\frac{\text{net financial result}}{\text{total assets}}$	2.7%	2.3%
Return on equity			
	$\frac{\text{net financial result}}{\text{Equity}}$	4%	4%
Net return on sales			
	$\frac{\text{net financial result}}{\text{revenue from sales of products}}$	3%	3%
Liquidity indicators I			
	$\frac{\text{total current assets}}{\text{short-term liabilities}}$	1.05	1.05
Rate of repayment of obligations in days			
	$\frac{\text{average balance of gross trade receivables x 360 days}}{\text{revenue from sales of products, goods and materials}}$	100	119
Rate of repayment of obligations in days			
	$\frac{\text{average balance of gross trade liabilities x 360 days}}{\text{costs of products, goods and materials sold}}$	79	90
Inventories turnover rate			
	$\frac{\text{average balance of inventories x 360 days}}{\text{value of goods and materials sold}}$	14	16

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

Telecommunications and value-added services

In 2009, revenue from sales of telecommunications services rendered under the brand name of ATMAN was of high importance to the Group's consolidated financial statements. In the telecommunications segment, the Group achieved, over the entire year, over PLN 90.4 million revenue and PLN 13.98 million operating income, recording very high return on the level of sales margin (revenue less variable selling costs). This constitutes another confirmation that the investment decisions in telecommunications infrastructure in years 2007–2008 were justified.

Currently, the Issuer owns two data centers where it provides collocation and hosting services on an area of over 2,000 sq m. The plans for the upcoming months include opening of subsequent collocation areas in Telehouse.Poland facility, located in the business center. The facility contains a total gross area of 3,700 sq m, prepared for prompt adaptation to the needs of new customers. This, in turn, creates a comfortable situation for the Issuer due to the possibility to equip the data center in necessary devices in stages, according to already signed contracts, without the risk of incurring high investment expenses without the guarantee that the area will be sold.

Factors which had positive impact on the Group's financial results in the telecommunications segment in the preceding year include systematic expansion of the portfolio of customers. Due to the regular nature of income in this field, this achievement has great impact on stable financial position in the following periods. The list of hitherto served customers, such as: Onet.pl, Interia.pl, Gazeta.pl, o2.pl; Gadu-Gadu, TVP (including itvp.pl portal), was expanded in 2009 by, inter alia: the largest community portal in Poland — Nasza-Klasa.pl (ATM S.A. provides this portal with collocation and transmission services and lease of optical fiber wires), HBO television. Only in the first half of 2009, the clients who started or expanded their cooperation with the Issuer for subsequent years included: AIG Bank Polska, Murator publishing company, Polsat Media, Energa Koszalin, LG Electronics, Damian Medical Center, Warsaw School of Social Sciences and Humanities and Chancellery of the Prime Minister.

A major event which will significantly affect the Group's financial results in future periods was the conclusion of an agreement with the Minister of Economy in the 4th quarter of 2009. The agreement concerned supplementary financing of the project entitles "ATM Innovation Center". The subject of the planned investment is the construction of a facility developing and implementing services based on the most innovative telecommunications and IT technologies and, which will involve the expansion of the currently used ATMAN-Grochowska Telecommunications Center. The supplementary financing obtained amounts to PLN 72,320,578.20, while total investment expenses related to the project shall amount to PLN 321.33 million until 2015. The Issuer's project covered by the supplementary financing is divided into stages which will be implemented in years 2010–2015. Financial results will be a crucial factor in commencement of subsequent investment stages according to the project implementation schedule. As a part of the abovementioned investment, the Issuer intends, inter alia, to expand the current data centers and construct office premises adjusted to the needs of technology-oriented companies. The entire project will be implemented in accordance with the business plan, which provides for the possibility to adjust the schedule and its implementation to the current market situation and demand for the services. Division of the implementation of the said project over a period of several years will allow for the financing of the project from the Issuer's own funds, with support measures provided by the European Union (pursuant to the abovementioned supplementary financing agreement) and lease of devices constituting the equipment of the developed facilities.

The Issuer is the opinion that the interest in advanced telecommunications services in Poland is constantly increasing, in particular in the field of collocation and hosting. It should be therefore assumed that the demand for such services in modern server rooms will sustain for at least several following years and that the currently commenced investment will allow the Issuer to successfully take advantage of this demand. The completion of this investment project by the Issuer should enable it to gain the leading position in the market of data center-related telecommunications services, as well as ensure stable, foreseeable growth in revenue and profits in subsequent years.

Integration of ICT systems

As a part of organizational clear-up of the Group of Companies, the operating activities in the field of system integration from the second quarter of 2009 was transferred in whole from the parent undertaking to ATM Systemy Informatyczne Sp. z o.o. Due to the fact that shares in ATM Systemy Informatyczne Sp. z o.o. are exclusively owned by ATM S.A., this change did not affect the consolidated result, although it naturally changed individual results. This change has increased the efficiency of both companies, since it allows for better focusing and adjustment of each company to the activities carried out by them.

Operations in the scope of system integration, as compared to telecommunications activity, are more susceptible to economic downturn. In spite of the first three quarters of 2009 being very good, the companies within the Group did not manage to achieve the financial results with would be better than those from 2008. In the segment of ICT systems integration, the Group recorded significantly worse annual results: as compared to the preceding year, sales revenue in 2009 decreased by 2%, sales margin decreased by 12%, while operating profit — by 37%. The main reason for the decrease of results in this field of operations were significantly worse results from sales to the sector of telecommunications providers in the 4th quarter of the year, achieved by ATM Systemy Informatyczne Sp. z o.o. The Issuer estimates that this was a one-off event which should not be expected to occur in the future.

Irrespective of worse results from integration activity in 2009, the companies of this sector have managed to achieve spectacular success in many respects. It is beyond doubt that one of the achievements at the end of the year was winning the tenders in the field of ICT systems integration, including the major tender for construction, implementation and maintenance of the Nationwide ICT Network for the purpose of operating the emergency number 112 (OST 112). This contract shall have definitely positive influence on stabilizing revenue from sales of integration services for two subsequent years. Under this contract, the Issuer shall provide complex ICT solutions based on integration and telecommunication services, as well as on CISCO Systems technology, which will serve as the basis for launching a professional, nation-wide service related to the emergency responses infrastructure. At the same time, OST 112 is one of the most significant ICT projects carried out in Poland in recent years.

It should also be noted that ATM Systemy Informatyczne Sp. z o.o. has had achievements in cooperation with the providers of cable television (CATV), regarding supplies of Cisco and Scientific-Atlanta network devices, implementation of management systems, including the original SMaCS system. The total value of these contracts amounted to PLN 14 million in the second half of the previous year.

Another company from the Group, which in spite of disadvantageous market environment and reduced rate of investment expenses in the IT sector managed to end 2009 with minor profit, is KLK S.A. The company, among others, upon the commission of ELTEL NETWORKS, supplied and launched a technologically advanced emergency power system for server rooms and VATTENFALL office premises in the new Traffic Controllers building. Moreover, in the final quarter of the preceding year, KLK S.A. commenced the implementation of an advanced server room for Wirtualna Polska S.A. — the editor of one of the leading Internet portals. Construction of the new facility will be carried out on the basis of a technical concept and project prepared in whole by KLK S.A. It is yet another contract for this company concerning the delivery of a professional server room, which particularly emphasizes the company's high level of competence in this field.

A distinguishable company within ATM group, which ended 2009 with a very good result, is Sputnik Software. The company, involved in software manufacturing and provision of services for the public sector, gained many new customers in that period and achieved as long-term objective, i.e. development of an integrated IT platform (the Nowoczesny Urząd software suite), covering all areas of activity of a local government unit. Effective implementation of the adopted development strategy by Sputnik Software, together with stronger position of this company in the market of IT solutions for the public sector has translated into an increase in the profitability of this company and, in consequence, into over a 21% growth in net profit and a 5% growth of income as compared to 2008.

The end of 2009 was equally good for a different company from the Group — InONE S.A., which in comparison to 2008 recorded, among others, a 30% growth in value of contracts for complex IT services in the original IT outsourcing model, in spite of noticeable decrease in the value of this market in Poland at the time.

Impulsy Sp. z o.o. has also had significant achievements in 2009 — for the second time in a row, it won the prestigious European award, EuroCertyfikat 2009, awarded for the proprietary program Medicus On-line, created for the medical care center.

ATM Software also performed well in 2009. The company has been operating in the current form since July 1, 2009 and it specializes mainly in offering multimedia solutions and services. The company offers a proprietary platform, ATM InternetTV, which allows for effective implementation of innovative multimedia projects — it solves problems related to content management, storage and distribution. In particular, in cooperation with Redefine — the owner of IPLA.TV service — it has been performing extremely popular internet broadcasting services, such as the transmission of the Gołota-Adamek fight or the European finals in Women's' volleyball championship 2009.

Mobile payments

The Group is active in this segment through the activity of mPay S.A., which promotes the innovative mobile payments system and is the pioneer of this type of solutions in Poland. In the mobile payments segment, the Group achieved the revenue of PLN 0.77 million and recorded losses of PLN 4.6 million at the operating profit level in 2009. These results are significantly better than in analogical period of 2008 (0.35 million revenue, 6.5 million loss at the operating profit level), although similarly to other periods — definitely not satisfactory.

Important information for mPay is that at the end of the MasterCard initiative tests, the largest mobile telephony providers (Plus, Play, Era, Orange) informed about the decision of their Management Boards concerning the undertaking of joint actions aimed at commercial launching of mobile payments under a common trademark "Płać komórką" ("Pay with your cell phone"). The first, and for the time being, the sole entity offering its solutions under this trademark is mPay S.A.

Within the scope of its current operations, mPay S.A. successfully managed to implement, in the 4th quarter of the year, the company's restructuring process, resulting in significant reduction of fixed costs.

Simultaneously, the Issuer is continuing, in consultation with the Management Board of mPay S.A., activities aimed at finding a medium-term investor interested in co-financing the company's development in the period it is approaching the breakeven point.

4.3. The structure of major equity deposits or major equity investments made within the Issuer's Group of Companies

ATM S.A. — the parent company, as at April 30, 2010, holds:

- in ATM Systemy Informatyczne Sp. z o.o.: 20,000 shares of the total value of PLN 1,000,000, which constitutes 100% of the share capital.
- in ATM Software Sp. z o.o.: 10,000 shares of the total value of PLN 500,000, which constitutes 100% of the share capital and entitles to 100% of votes at the General Meeting of the Company's Shareholders,
- in KLK S.A: 476,700 shares of the total value of PLN 476,700, which constitutes 89.37% of the share capital and entitles to 89.37% of votes at the General Meeting of the Company's Shareholders,
- in Impulsy Sp. z o.o.: 51 shares of the total value of PLN 102,000, i.e. 78.47% of the share capital entitling to 78.47% of votes at the General Meeting of the Company's Shareholders,
- in inONE S.A.: 300,000 shares of the total value of PLN 300,000, which constitutes 60% of the share capital and entitles to 60% of votes at the General Meeting of the Company's Shareholders,
- in Sputnik Software Sp. z o.o.: 600 shares of the total value of PLN 3,000,000, i.e. 60% of the share capital entitling to 60% of votes at the General Meeting of the Company's Shareholders,
- in m-Pay International Sp. z o.o.: 11,100 shares of the total value of PLN 5,550,000, which constitutes 60% of the share capital and entitles to 60% of votes at the General Meeting of the Company's Shareholders,
- in mPay S.A.: 19,993,000 shares of the total value of PLN 9,996,500, which constitutes 58.46% of the share capital and entitles to 58.46% of votes at the General Meeting of the Company's Shareholders; the increase of the share capital of mPay S.A. to the amount of PLN 17,100,000 was registered on September 9, 2009.
- in Linx Telecommunications B.V.: 2,754,612 shares of the total value of EUR 27,546.12, which constitutes 21.33% of the share capital and entitles to 21.33% of votes at the General Meeting of the Company's Shareholders,
- in Iloggo Sp. z o.o. 300 shares of the total value of PLN 300,000, which constitutes 60% of the share capital and entitles to 60% of votes at the General Meeting of the Company's Shareholders (the company is currently in liquidation),
- in Rec-order Sp. z o.o.: 1,150 shares of the value of PLN 100 each and the total value of 115,000, which constitutes 100% of the share capital and entitles to 100% of votes at the General Meeting of the Company's Shareholders (the company is currently in liquidation),

mPay International Sp. z o.o. — a subsidiary — holds:

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

KLK S.A. — a subsidiary — holds:

- 500 shares of Górnośląskie Towarzystwo Lotnicze — purchase price: PLN 80 thousand

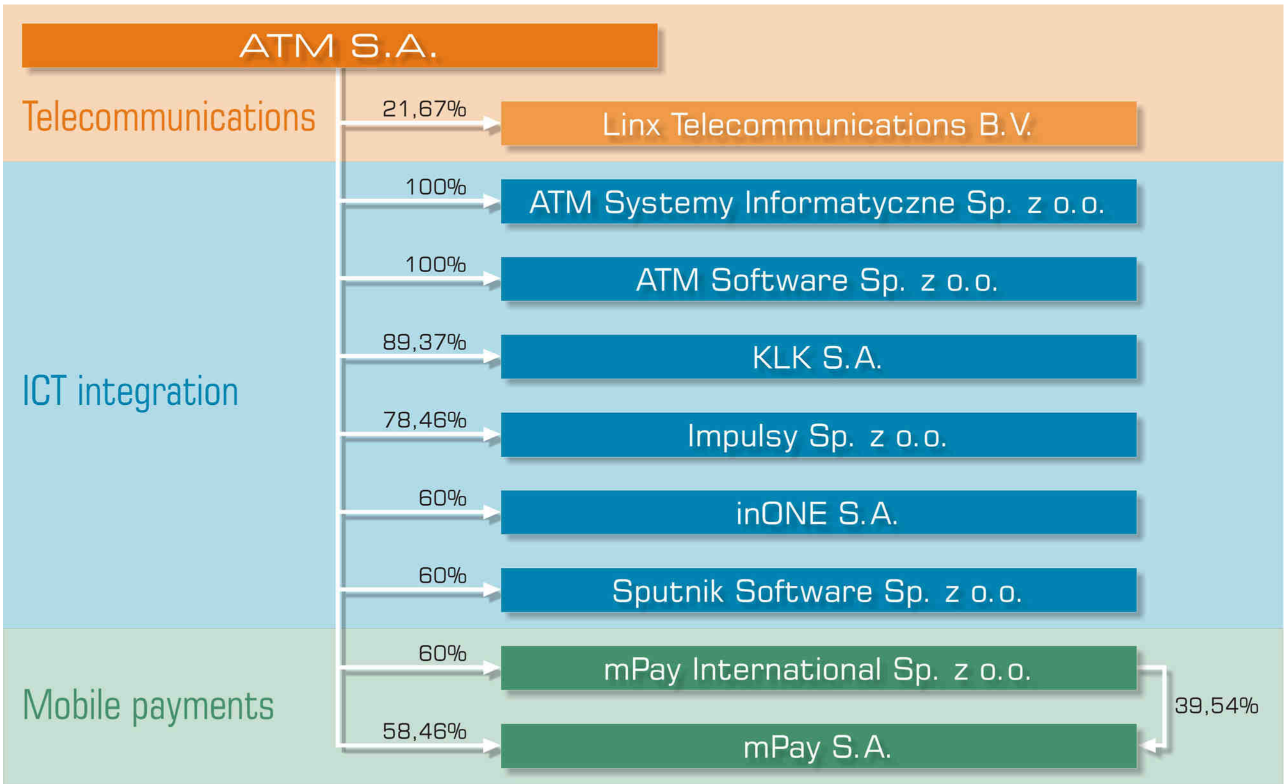
As a result of consolidation adjustments in the consolidated balance sheet, the value of financial assets amounts to PLN 80 thousand, i.e. the value of purchased shares of Górnośląskie Towarzystwo Lotnicze, constituting 0.053% of the company's capital.

The companies within the Group locate free cash into short-term deposits or in safe debt securities with short maturity.

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

On March 24 this year, the Management Board of ATM S.A. made a decision on the commencement of separation of activity in the field of ICT systems integration in the form of a separate company, ATM Systemy Informatyczne (ATM SI Sp. z o.o.), of which the Issuer informed in the current report No. 9/2009. The Management Board is of the opinion that this organizational change will result in a transparent business structure and allow for optimalization of management and cost reduction. Moreover, organizational separation will open up new opportunities for further development of both companies. An additional, although not less important result of division of activity will be an improvement in efficiency of cooperation with business partners and the position in relation to many prominent customers. Separation of the activity of ATM SI will allow this company to cooperate in a more efficient way with telecommunications providers, who naturally perceived a part of ATM S.A. activities as competitive.

The chart below presents the structure of the ATM S.A. Group of Companies as at the date of the report:



As of December 31, 2009 all companies listed in point 4.3. were consolidated.

4.5. Characteristics of policy with respect to the directions of development of the Issuer's Group of Companies

The Group's activity will continue to focus on two main fields: provision of telecommunications services and system integration.

In the field of telecommunications, the upcoming period will be the time to build the Group’s position as the leader in the data center market in Poland and, perhaps, also as a significant player in Europe. Thanks to earlier investments, the Issuer will offer, all the time during 2010, a large area (in Telehouse.Poland facility) which may be offered for collocation and hosting services, taking advantage of worldwide trends and growing demand for such services. In subsequent periods, the Issuer will offer new server areas under ATM Innovation Center. Recently completed investments in metropolitan long-distance and optical fiber networks should contribute to an increase in proceeds from broadband transmission and Internet traffic exchange services. The expected increase in revenue and profits from telecommunications activity should be immune to possible economic downturn. In case of good economic situation, due to the expected increase in demand for the services provided by ATM S.A., the prepared investments should ensure significant acceleration of growth in years 2010–2011 as compared to the previous periods.

As far as integration activity is concerned, the Issuer will be carrying out the already concluded contracts and will experience rapid increase in income due to the implementation of the OST 112 project. The introduced and planned organizational changes, including the planned merger of the largest integration companies and better use of synergy in cooperation among the Group's integration companies, should result not only in accelerated growth, but also in increased predictability of income. The Group's international activity should constitute a pillar of the Group's growth which is equally strong to telecommunications activity.

Moreover, the third area of the Group’s activity is mobile payments, which caused significant loss in the past. This activity is still innovative; however, with the use of the current policy (significant cost reduction), the possibility that it has significant negative impact on the Group's current revenue should be excluded.

4.6. Description of important off-balance sheet items by entity, subject and value

Off-balance sheet items comprise contingent receivables and liabilities. There are no items which may have significant impact on the activity of the Issuer's Group of Companies.

A detailed description of contingent receivables and liabilities has been included in Note 29 to the Consolidated financial statements.

SIGNATURES OF MANAGEMENT BOARD MEMBERS:

Name and surname	**Position/title**	**Date**	**Signature**
Roman Szwed	President of the Management Board	....	....
Tadeusz Czichon	Vice-President of the Management Board	....	....
Maciej Krzyżanowski	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 in accordance with applicable accounting principles and they give a correct, true and fair view of the asset and financial situation of the Issuer's group of companies and its financial performance and that the report on the activities of the Issuer's group of companies gives a true picture of the development, achievements and standing of the Issuer's group of companies, including most important risks and threats.

Name and surname	**Position/title**	**Date**	**Signature**
Roman Szwed	President of the Management Board	....	....
Tadeusz Czichon	Vice-President of the Management Board	....	....
Maciej Krzyżanowski	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 fulfilled the conditions for expressing an impartial and independent opinion about the audit pursuant to applicable Polish laws.

Name and surname	Position/title	Date	Signature
Roman Szwed	President of the Management Board	....	....
Tadeusz Czichon	Vice-President of the Management Board	....	....
Maciej Krzyżanowski	Vice-President of the Management Board	....	....

ATM S.A. MANAGEMENT BOARD STATEMENT CONCERNING THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES BY ATM S.A. IN 2009

A) Indication of corporate governance principles applicable to the Issuer.

ATM S.A. observes the corporate governance principles specified in "Code of Best Practice for WSE Listed Companies", introduced by way of resolution No. 12/1170/2007 of July 4, 2007 of the WSE Supervisory Board.
The principles are available online at:
http://corp-gov.gpw.pl/assets/library/english/best_practices_2007.pdf

B) Indication of the extent to which the Issuer deviated from the provisions of the corporate governance principles, indication of these provisions and explanation of reasons for such deviation.

In 2009, the Issuer did not deviate from the provisions of the corporate governance principles.

C) Description of major features of internal control and risk management systems used in the Issuer's enterprise with respect to preparation of financial statements and consolidated financial statements.

The Management Board of the Company is responsible for the internal control system and its effectiveness with respect to preparation of financial statements and publication of periodical reports. The Company prepares financial statements on the basis of the applicable provisions of the law, pursuant to International Accounting Standards.

The degree and advancement of internal control and risk management systems used by the Issuer with respect to preparation of financial statements are mostly affected by: optimal division of tasks during preparation of financial statements, based on competences; current assessment of the Company's activity and preparation of estimated results on its basis; as well as verification of financial statements by an independent auditor.

According to the procedure applicable in the Company, in order to ensure the effectiveness of financial reporting, the persons responsible for preparation of financial statements are highly qualified employees of the Finance and Accounting Department, managed by the Finance Director and the Company's Management Board and supported by persons responsible for the control of statements and matters related to the publication of reports.

D) Information about shareholders having directly or indirectly major share packages, stating the number of shares held by those companies, their percentage stake in the share capital, the resulting number of votes and percentage share in overall number of votes.

Name and surname or company name	Number of shares	Stake in share capital	Number of votes at the General Meeting	Share in the overall number of votes
Tadeusz Czichon	5,956,887	16.39%	5,956,887	16.39%
POLSAT OFE *)	3,603,624	9.92%	3,603,624	9.92%
ING OFE *)	3,470,517	9.55%	3,470,517	9.55%
Roman Szwed	3,387,993	9.32%	3,387,993	9.32%
Amplico TFI (formerly AIG TFI)***	1,871,376	5.15%	1,871,376	5.15%
Piotr Puteczny **)	1,817,500	5.00%	1,817,500	5.00%

The above figures reflect share ownership of natural persons as at the date of publication of the report.

*) number of shares as of December 31, 2009 based on the "Annual asset structure"

**) jointly with the spouse

*** the number of shares, according to the notification from AMPLICO Towarzystwo Funduszy Inwestycyjnych S.A. (formerly AIG TFI S.A.) as at January 7, 2010 amounts to 1,245,123, of which 3.426% constitutes the share capital. The change in the number of shares resulted from ending the activity of portfolio management for Amplico Life S.A. Prior to the aforementioned change, i.e. as at December 31, 2009, AMPLICO TFI S.A. held, as a part of managed Funds and portfolios, 1,871,376 out of total 36,343,344 shares of the Company, which amounted to 5.149% of the total number of votes at the Company's meeting and 5.149% of the Company's share capital. Full information concerning this matter was submitted by the Issuer in the current reports No. 2/2010 and 3/2010.

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

E) indication of holders of any securities which provide special control rights, complete with a description of these rights.

There are no securities which provide special control rights.

F) Indication of any restrictions concerning the exercise of voting rights, such as restriction of the exercise of voting rights by holders of a particular share or number of votes, temporary restrictions concerning the exercise of voting rights or provisions according to which, with cooperation of the company, equity rights related to securities are separated from the ownership of securities.

Pursuant to Art. 364 § 2 of the Code of Commercial Companies, the Issuer does not exercise its voting right resulting from 8,678 own shares (according to data as at December 31, 2009); these are the only restrictions regarding the exercise of voting rights resulting from the Issuer's shares.

G) Indication of any restrictions regarding the transfer of ownership of the Issuer's securities.

The only restrictions regarding the transfer of ownership of the Issuer's securities concern the shares acquired under the Incentive Scheme for the Employees of ATM S.A. Group of companies for the years 2008–2010 as well as B series shares, issued under authorized capital, which were in whole held for minority shareholders of KLK S.A.

80% of shares acquired by authorized persons under the Incentive Scheme are blocked (it is forbidden to sell them and establish collaterals on them); they 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 ban on sale concerns the Issuer's B series shares, offered to the shareholders of KLK S.A. under the investment agreement of October 24, 2006 so that every buyer is entitled to sale of 1/3 of acquired shares, respectively, not sooner than after March 31, 2010, March 31, 2011 and March 31, 2012.

There are no other restrictions regarding the transfer of ownership of the Issuer's securities.

H) Description of principles regarding the appointment and dismissal of managing persons and their rights, in particular the right to decide upon the issue or purchase of shares.

The Management Board acts on the basis of the Company's Articles of Association, resolutions of the General Meeting, the Code of Commercial Companies, other applicable provisions of the law and Regulations of ATM S.A. Management Board, approved by way of resolution of the Supervisory Board of June 10, 2009. In its actions, the Management Board follows and accepts corporate governance principles. The Management Board comprises three members: the Management Board President and two Vice-Presidents of the Management Board. The Management Board is appointed and dismissed by the Supervisory Board, which also appoints the Management Board President. In the case of dismissal of a Management Board Member, the Supervisory Board is obliged to appoint a new Management Board Member at the same meeting. All matters related to running the Company which are not stipulated by the Articles of Association or the provisions of the Code of Commercial Companies as the competence of the General Meeting or the Supervisory Board are within the scope of activity of the Management Board.

The Company's Management Board, acting collectively, is in particular authorized and obliged to:

- define the strategy of the Company's development and present it to the Supervisory Board;
- implement and carry out the Company's strategy;
- manage the Company's assets;
- assume financial obligations and conclude agreements;
- appoint and dismiss proxies and authorized representatives;
- adopt the organizational structure and internal regulations of the Company;

- determine the assumptions of the staffing and wage policy, in particular to fill important managing positions in the Company and its affiliates, to determine the principles of employment, remuneration and personnel policy;
- create the employee incentive system;
- call ordinary and extraordinary General Meetings of the Company;
- take part in General Meetings of the Company;
- submit applications at the General Meeting regarding profit distribution or loss coverage.

The President and Vice-Presidents of the Management Board are appointed for a joint term of 5 years. Mandates of the Management Board Members expire on the date of the General Meeting approving the Company's financial statements for the fiscal year in which a period of 4 years passes from the date of appointment of the Management Board Members of a given term of office. The Management Board member appointed in place of another member whose mandate had expired, performs their function until the end of the term of office of the whole Management Board. A Management Board Member should not resign from their function during the term of office. However, if they are forced to resign, for objective reasons, from their position in the Management Board, they should take into consideration the issue of sustaining the continuity of the Company's operations and its management and minimizing negative impact of such a decision on the Company.

The Management Board is not entitled to make a decision on the issue of shares. Moreover, the Management Board is not entitled to make a decision concerning purchase of shares, except for the right to purchase the Company's shares in relation to the Incentive Scheme implemented by the Company.

I) Information about the principles of amending the Articles of Association of the Issuer's Company,

Amendment of the Articles of Association requires a resolution of the General Meeting and an entry into the register, pursuant to the Code of Commercial Companies. Resolutions amending the provisions of the Articles of Association are adopted by a three-quarters majority of votes. The Management Board reports each amendment of the Articles of Association to the court register.

J) Information about the manner of operation of the General Shareholders' Meeting, its basic rights and the rights of shareholders and the manner of their execution, in particular with respect to the principles stipulated in the regulations of the general meeting, provided that such information does not follow directly from the provisions of the law.

The General Meeting of the Company, comprising all shareholders of the Company with the right to participate in such a General Meeting, is the highest body of the Company, competent for making the most important decisions. General Meetings are held on the basis of the applicable provisions of the law and relevant provisions of the Company's Articles of Association and the Regulations of the General Meeting, available from ATM S.A. websites. The General Meeting is called by the Company's Management Board. The Supervisory Board is entitled to call an Ordinary General Meeting if the Management Board does not call it within six months of the lapse of each fiscal year, and to call an Extraordinary General Meeting within two weeks of an adequate request of the Supervisory Board. A shareholder or shareholders representing at least one tenth of share capital may request the calling of an Extraordinary General Meeting, as well as inclusion of specific issues in the agenda of the upcoming General Meeting. Such a request should be submitted in writing to the Management Board, not later than a month prior to the proposed date of the General Meeting. The General Meeting is held at the registered office of the Company, on a date specified in the notification about the General Meeting, published in the current report calling the General Meeting, pursuant to the applicable provisions of the law. Notification about the General Meeting should be made at least twenty-six days prior to the date of the General meeting. The notification should include the date, time and place of the General Meeting, as well as its detailed agenda. Draft resolutions included in the agenda of the General Meeting, together with their justification, as well as other available materials related to a given General Meeting, are presented to the shareholders at a time and place allowing for becoming acquainted with them and assessing them. Moreover, the Supervisory Board considers and gives and opinion on the matters which are to be the subject of resolutions of the General Meeting.

Persons entitled to participate in an Ordinary General Meeting need to be shareholders 16 days prior to the date of the Ordinary General Meeting, i.e. on the date of registration of their participation in the Ordinary General Meeting. Persons entitled by registered shares and provisional certificates, as well as pledgees and usufractuaries entitled to vote, have the right to participate in an Ordinary general Meeting provided that on the date of registration they are entered into the share register. Persons entitled by dematerialized bearer shares of ATM S.A. make a request for issuance of an individual certificate of the right to participate in the Ordinary General Meeting to the entity operating the securities account not earlier than after the notification of the Ordinary General Meeting and not later than on the first working day after registration of participation in the Ordinary General meeting. The certificate, according to the will of the shareholder, should indicate a part of or all shares registered on their securities account.

Apart from the matters specified in the provisions of the Code of Commercial Companies and the Company's Articles of Association, the competences of the General Meeting include:

a) creation and cancellation of reserve capitals, special funds and specification of their purpose;
b) determination of remuneration of the member of the Supervisory Board;
c) adoption of regulations of the Supervisory Board operations;
d) adoption of the regulations of the General Meeting.

The agenda of the General Meeting is fixed by the entity calling the Meeting. Withdrawal from agenda or omission of an issue which was placed in the agenda upon request of shareholders requires a resolution of the General Meeting, preceded by an approval of all present shareholders who had submitted such a request, supported with 75% of votes on the General meeting. In the case provided for by the provision of Art. 397 of the Code of Commercial Companies, a resolution to dissolve the Company requires the majority of votes. Change of the subject of the Company's activities is made without purchase of shares held by shareholders who do not agree for the change of the subject of activity if the resolution on change of the subject of the Company's activities is adopted by a two-thirds majority of votes, in the presence of shareholders representing at least a half of the Company's share capital. The General Meeting is opened by the Supervisory Board Chairman or the person appointed by them. Should the Supervisory Board Chairman be absent at the General Meeting or should they fail to appoint the person to open the Meeting, the General Meeting will be opened by a present shareholder or a person representing that shareholder who holds the highest percentage of shares in the Company's share capital. The person opening the General meeting should elect the Chairman from among its participants immediately. The Chairman declares that the General Meeting was called correctly and directs the Meeting in accordance with the adopted agenda, applicable provisions of the law, the Company's Articles of Association, Regulations of the General Meeting and corporate governance principles assumed by the Company. The Chairman of the General Meeting ensures that the Meeting is effectively conducted and that the rights and interests of all shareholders are respected; the Chairman should also prevent the abuse of rights by the participants of the General Meeting and, in particular, ensure that the rights of minority shareholders are respected. After checking and signing the attendance list, the Chairman conducts voting over the agenda of the Meeting. The General Meting may accept the proposed daily agenda without changes, change the order of discussions or remove certain issues from the agenda. A request for withdrawal of an issue included in the agenda should be substantiated by detailed arguments. The General Meeting may not adopt a resolution on withdrawal from the agenda or omission of an issue which was placed in the agenda upon request of shareholders. The General Meeting may also introduce new matters into the agenda and conduct a discussion of these issues; however, it may not adopt resolutions on these matters. If the General Meeting adopts a resolution on withdrawal of any item of the agenda, applications submitted in relation to this matter will not be processed. The Chairman may not single-handedly withdraw issues from the announced agenda, change the order of individual items on the agenda or introduce into discussion issues which are not covered by the subject-matter of the daily agenda. After presenting each issue included in the agenda, the Chairman opens the discussion, giving the floor to speakers in the order in which they apply. Closing of the discussion is subject to the decision of the Chairman. The meeting participants may speak only in relation to matters covered by the agenda, within the scope of the currently considered item on the agenda. With respect to formal issues, the Chairman may give the floor out of turn. The discussion of formal applications should take place immediately after their submission. After closing the discussion of formal issues, the Chairman orders a voting on these issues by the General Meeting. Upon the exhaustion of the agenda, the Chairman closes the General Meeting. With this moment, it stops functioning as the Company's body and the present shareholders of the General Meeting may not adopt valid resolutions. Detailed principles of participation and execution of voting rights at the General Meeting, as well as subsequent stages of the meeting have been specified in the Regulations of the General Meeting and the Articles of Association, available from the Company's websites.

K) Members of the Issuer's managing, supervisory and administrative bodies and their committees, changes to these bodies in the preceding fiscal year and information about their operations.

In 2009, ATM S.A. Management Board comprised the following members:

- Roman Szwed – Management Board President;
- Tadeusz Czichon – Management Board Vice-President;
- Maciej Krzyżanowski – Management Board Vice-President (since May 15, 2009).

The Management Board holds it meetings at least once a month. A Management Board meeting may be called by any Management Board Member, at any time, by notification of other Management Board Members.

A meeting of the Management Board is valid if all Members of the Management board participate in it. Management Board meetings are headed by the Management Board President. Meetings of the management Board are held without a formal call and the meeting agenda is defined each time during the meeting. In the event of a dispute, in particular concerning adopted resolutions, the Management Board strives for a consensus. If reaching a consensus is impossible, resolutions of the Management Board are adopted by majority of votes. If the votes are tied, the vote of the management Board President is decisive. In the event of conflict of interests, the Management Board Member whom this conflict concerns withholds from voting. Voting at the meetings of the Management Board is open. The Management Board may invite to its meetings other persons whose presence may help in managing the Company. In particular, once every 2 weeks, as far as possible, there will be so-called Extended Management Board Meetings, including, apart from the Management Board Members, proxies, department directors, representatives of the Legal Department and the Group of Advisers. Meetings of the Extended Management Board are called on fixed dates, upon the request of the Management Board, by the Management Board Secretariat.

From January 1, 2009 until December 31, 2009, the Company's Supervisory Board included:

- Jan Wojtyński – Supervisory Board Chairman
- Tomasz Tuchołka – Supervisory Board Deputy Chairman
- Sławomir Kamiński – Supervisory Board Member
- Zbigniew Mazur – Supervisory Board Member
- Jan Madey – Supervisory Board Member (until May 15, 2009)
- Mirosław Panek – Supervisory Board Member (from May 15, 2009)

The Company's Supervisory Board acts on the basis of the Company's Articles of Association, resolutions of the General Meeting, applicable provisions of the law and Regulations of the Supervisory Board. In its actions, the Supervisory Board follows and accepts corporate governance principles. The Members of the Supervisory Board are appointed for a joint term of 5 years. Mandates of the Supervisory Board members expire on the date of the General Meeting approving the Company's financial statements for the fiscal year in which a period of 4 years passes from the date of appointment of the Supervisory Board members of a given term of office. The Supervisory Board member appointed in place of another Supervisory Board member whose mandate had expired, performs their function until the end of the term of office of the whole Supervisory Board. Each member of the Supervisory Board may resign from their function during the term of office of the Supervisory Board without specifying the reasons for their resignation; however, such a resignation should respect the applicable corporate governance principles. The Supervisory Board holds its meetings at least once every quarter of a year. Meetings of the Supervisory Board are called by the Supervisory Board Chairman. The above does not restrict the right of the Management Board or a member of the Supervisory Board to call a Board meeting, pursuant to the Code of Commercial Companies and the Company's Articles of Association. The person calling a Supervisory Board meeting informs the Management Board of this meeting immediately. The Supervisory Board Chairman heads the meetings of the Supervisory Board. In the event of their absence, the meeting is headed by the Supervisory Board Deputy Chairman; if this person is also absent, the meeting is headed by another Supervisory Board Member, appointed by the Chairman, or, if no such person has been appointed — by the oldest member of the Supervisory Board.

Members of the Supervisory Board and the Company's Management Board may propose the agenda of the Supervisory Board meetings to the Chairman via email, to the Chairman's address, not later than 7 days before the date of the meeting. The Supervisory Board adopts resolutions by absolute majority of votes of persons present at the meeting. If the votes are tied, the vote of the Board Chairman is decisive. In events provided for by applicable corporate governance principles, the resolution should be adopted only if at least one independent Member of the Supervisory Board votes for its adoption. Votings at the meetings of the Supervisory Board are open. Upon a well-motivated request of at least one Member of the Supervisory Board, in cases stipulated by the provisions of the law, the voting is secret. Meetings of the Supervisory Board, apart from matters which directly concern the Management Board or its members, should be accessible and open to the Members of the Management board. The Supervisory Board may invite to its meetings other persons who may provide the Board with necessary information. Minutes from meetings of the Supervisory Board are kept by a person appointed by the Management Board (the minutes keeper) and accepted by the Supervisory Board. The Board may resign from the assistance of the minutes keeper. In such a case, the minutes are kept by the person heading the meeting of the Board. The minutes should be on a current basis during the meeting and signed by the minutes keeper and all present Board Members immediately after the conclusion of the meeting. In justified cases, Board Members may sign the protocol at a later date. Pursuant to the Company's Articles of Association, the Supervisory Board may adopt resolutions in writing or by using means of remote communication. In the case of resolutions adopted in writing, the text of the resolution must be submitted to the Board Members via email or facsimile.

The person heading the Board meeting immediately submits the minutes from the meeting to the Minutes Book, kept by the Company's Management Board. The Supervisory Board may delegate one or several Board Members to independently fulfill specific supervisory tasks. Detailed principles and the period of such supervision shall each time be specified in a resolution of the Supervisory Board, adopted upon consultation with the Management Board. Such a resolution will specify the amount and the manner of disbursement of remuneration for the performed tasks. Remuneration of the Chairman and other Members of the Supervisory Board is determined by the General Meeting.

Warsaw, April 27, 2010

Roman Szwed – Management Board President ....

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

Maciej Krzyżanowski – Management Board Vice-President ……………………………………………

ATM S.A. CAPITAL GROUP
WARSAW, ULICA GROCHOWSKA 21 A

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2009
TOGETHER WITH THE REGISTERED AUDITOR'S OPINION
AND THE AUDIT REPORT

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REPORT ON ATM S.A. CAPITAL GROUP ACTIVITY IN THE FINANCIAL YEAR 2009

Deloitte

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OPINION OF INDEPENDENT REGISTERED AUDITOR

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

We have audited the attached consolidated financial statements of ATM S.A. Capital Group for which ATM S.A. having its registered office in Warsaw, ulica Grochowska 21A, is a dominant entity, comprising the consolidated statement of financial position made as at 31 December 2009, the consolidated statement of total income, the statement of changes in consolidated equity, the consolidated statement of cash flows for the financial year from 1 January 2009 to 31 December 2009 and notes, comprising information on the adopted accounting policy and other explanatory notes.

The Management Board is responsible for drafting the consolidated financial statements and the report of the Capital Group's activity, consistent with effective regulations.

The Management Board of the dominant Company and members of the Company's Supervisory Board are obliged to ensure that the consolidated financial statements and the report of the Capital Group's activity comply with the requirements laid down in the Accounting Act of 29 September 1994 (Journal of Laws No 152 of 2009, item 1223, as amended), hereinafter referred to as the "Accounting Act".

It was our task to audit the consolidated financial statements and express our opinion as to the compliance thereof with the accounting principles (policy) adopted by the Capital Group and to express our opinion as to whether the statements present truly and fairly, in all material aspects, the assets and financial standing as well as the financial result of the Capital Group.

We planned and conducted the audit of the financial statements in accordance with the provisions of:

- Chapter 7 of the Accounting Act,
- The national standards of financial audit issued by the National Board of Certified Chartered Accountants in Poland.

We planned and conducted the audit of the consolidated financial statements so as to obtain rational certainty allowing to express our opinion on the statements. The audit comprises in particular the verification of the accounting principles (policy) adopted by dominant Company and subsidiaries and verification – in most cases randomly – the basis of figures and information contained in the consolidated financial statements as well as an overall assessment of the consolidated financial statements.

We believe that the audit provided a sufficient basis for us to express our opinion.

Both at the balance sheet date 31 December 2008 and at 31 December 2009, the Capital Group applied a deviation from IAS 21 “The Effects of Changes in Foreign Exchange Rates” in regard to the valuation of liabilities under leasing agreements concluded in foreign currencies, namely the FX variations from the balance sheet valuation were posted under accruals and prepayments, presented under item “Other current assets” of the statement of financial position. In the opinion of the Group’s management, the adopted principle of recognition of FX variations from valuation of leasing liabilities allows to observe the rule of proportionality of costs and revenues. In our opinion and in accordance with the aforesaid standard, the Capital Group should recognise FX variations from the balance sheet valuation of liabilities under leasing agreements as costs or financial revenues of the term those refer to. Should the Group have recognised FX variations from the balance valuation under leasing agreements in the abovementioned manner, the value of other current assets as at 31 December 2009 would be lower by PLN 3,863 thousand, deferred tax assets would be higher by PLN 734 thousand, retained earnings would be lower by PLN 5,398 thousand, an the net result for the year 2009 would be higher by PLN 2,269 thousand.

We believe that, except for the effects of recognition of negative FX variations from the balance sheet valuation of liabilities under leasing agreements concluded in foreign currencies under the balance sheet item “Other current assets”, the audited consolidated financial statements, in all material aspects:

a) present truly and fairly the information of importance for the assessment of the assets and financial standing of the Capital Group as at 31 December 2009, and the Capital Group’s financial result for the financial year from 1 January 2009 to 31 December 2009,

b) were drafted in accordance with the International Accounting Standards, the International Financial Reporting Standards and relating interpretations announced in the form of the European Commission’s regulations, and within the scope not regulated by those standards – in accordance with the requirements of the Accounting Act and secondary legislation thereto,

c) comply with the laws affecting the contents of the consolidated financial statements, binding upon the Capital Group.

The Report of the Capital Group's activity for the financial year 2009 is complete within the meaning of Article 49 Paragraph 2 of the Accounting Act and the Regulation of the Finance Minister of 19 February 2009 on current and periodical disclosures made by issuers of securities and the terms and conditions of recognising as equivalent of information required under the law of a non-member state, and the information contained therein, originating from the audited consolidated financial statements, is compliant therewith.

Radosław Kuboszek
Key Registered Auditor
conducting audit
No 90029

Persons representing the entity

DELOITTE AUDYT Sp. z o.o.
Al Jana Pawła II 19,
00-854 Warsaw
tel. 0-22 511-08-11
fax. 0-22 511-08-13
NIP: 527-020-07-86, Regon 010076

An entity authorised to audit financial statements, entered into the list of authorised entities under number 73, maintained by the National Board of Certified Chartered Accountants

Warsaw, 27 April 2010

SUPPLEMENTARY REPORT TO THE OPINION ON AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF ATM S.A. CAPITAL GROUP FOR THE FINANCIAL YEAR 2009

I. GENERAL INFORMATION

1. Data of the Audited Dominant Company

The dominant company of the Capital Group operates under the corporate name of ATM S.A. The Company's registered office is in Warsaw, ul. Grochowska 21 A.

The dominant company pursues business operations in the form of a joint-stock company, established under the notarial deed on 16 May 1997 before Andrzej Korewicki, assistant notary public, the deputy of Ryszard Domżała, notary public in Raszyn (Register A No 3243/97). ATM S.A. was established as a result of transformation of Advanced Technology Manufacturing Sp. z o.o.

The dominant company was entered into the commercial register maintained by the District Court for the Capital City of Warsaw, 16th Commercial Registration Section in Warsaw, Section B under number RHB 50850, on the basis of the decision of 16 August 2001. Currently, the dominant company is entered in the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 13th Commercial Registration Section in Warsaw under number KRS 0000034947.

The dominant company has tax identification number NIP: 113-00-59-989, assigned by the Tax Office Warsaw-Praga on 22 September 1993, initially for the limited liability company, and it was subsequently confirmed on 18 July 1997 for the joint-stock company.

On 2 June 1993, the Statistical Office assigned REGON number 012677986 to the dominant Company.

The dominant Company operates on the basis of the Commercial Companies Code.

According to the dominant Company's charter, its business operations include:

- reproduction of computer data carriers,
- manufacturing of office machinery,
- manufacturing of computers and other data processing equipment,
- service activity in respect of installation, repair and maintenance of electrical distribution and control apparatus,
- manufacturing of electrical equipment, not elsewhere classified, excluding service activity,
- service activity in respect of installation, repair and maintenance of electrical equipment, not elsewhere classified,
- construction of buildings, construction of line facilities: pipelines, power supply lines, power transmission and telecommunication transmission lines,
- construction of line distribution facilities: pipelines, power supply lines and local telecommunication lines,
- electrical installations in buildings and structures,

- signalling electrical installation,
- other electrical installation,
- other construction installation,
- stationary telephony and telegraphy,
- mobile telephony,
- data transmission and information and communication technology,
- radio-communication,
- radio-diffusion,
- cable television,
- other telecommunications services,
- financial leasing,
- other financial intermediation, not elsewhere classified,
- financial market management,
- auxiliary financial activity, not elsewhere classified,
- development and sale of real property on own account,
- purchase and sale of real property on own account,
- leasing of real property on own account,
- leasing of office machinery and equipment,
- leasing of other machinery and equipment,
- renting personal and household goods,
- hardware-related advisory services,
- software-related activity,
- data processing,
- database-related activity,
- maintenance and repair of office, accounting and calculating machinery,
- other IT-related activity,
- research & development activity in the area of technical sciences,
- research & development activity in the area of other natural and technical sciences,
- business and management advisory services,
- organisation of fairs and exhibitions,
- business management and administration,
- construction, urban planning and technological design activity,
- technical research and analyses,
- advertising,
- out-of-school forms of education, not elsewhere classified,
- activity of other membership organisations, not elsewhere classified,
- other leisure-related activity, not elsewhere classified,
- other publishing activity,
- other printing-related services,
- manufacturing of non-recorded data carriers,
- wholesale of office machinery and equipment,
- other specialised wholesale,
- other non-specialised wholesale,

retail sale of furniture, office equipment, computers and telecommunications equipment,
other activity supporting land transport.

The dominant Company did not amend the charter in view of the mandatory change in PKD classification. The approval of the charter's amendment is included in the agenda of the General Shareholders Meeting convened for 12 May 2010.

During the audited term, the dominant Company was pursuing business in the area of provision of telecommunication services and supply of computer equipment and provision of services relating to the deployment thereof and equipment's maintenance.

The share capital of the dominant Company as at 31 December 2009 amounted to PLN 34,526 thousand and was divided into 36,343,344 ordinary shares of face value of PLN 0.95 each. As at 31 December 2009, the Company's shareholders included:

- Tadeusz Czichon – 16.3 9% of shares,
- Polsat OFE – 9.92% of shares,
- ING OFE – 9.55% of shares,
- Roman Szwed – 9.32% of shares,
- Amplico TFI (formerly AIG TFI) – 5.15% of shares,
- Piotr Puteczny – 5.00% of shares,
- PKO TFI – 4.99% of shares,
- Other (shareholdings below 5% of the number of votes at GSM) – 39.68%.

During the financial year, the following changes in the dominant's Company share capital took place:

- Pursuant to the notarial deed of 5 August 2009, there were issued 343,344 series B ordinary bearer's shares of the face value of PLN 0.95 per share; the total value of the shares issued was PLN 326,176.80. The shares were offered and were taken up in exchange for cash contributions by the persons designated in the abovementioned deed,
- In 2009, the Company made a number of transactions of own shares' repurchase in order to implement the Incentive Programme under Article 362 §1 Paragraph 2 of the Commercial Companies Code, and, in the event that the General Meeting has not passed a relevant resolution, in order to amortise the same,
- During the term from 1 January until 31 December 2009, 306,100 Company's shares were transferred to the brokerage accounts of designated employees of the Company and its subsidiaries. Those transactions took place in connection with the implementation of the Incentive Programme for employees of the Company's Capital Group. The Company's own shares were sold in compliance with the Regulations of the Incentive Programme for employees of ATM S.A. Capital Group's companies, approved by the Company's General Meeting on 5 June 2008.

During the audited term no other changes, except for the abovementioned ones, took place in the ownership structure of the Company's share capital.

After the end of the reporting term the Company's share capital did not change.

The Group's equity as at 31 December 2009 amounted to PLN 256,035 thousand.

The financial year of the Capital Group is the calendar year.

The members of the dominant Company' Management Board as at the date of the opinion's issuance:

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

During the audited term, the composition of the dominant Company's Management Board changed as follows:

Pursuant to the decision of the Supervisory Board of 18 May 2009, under §15 Paragraph 2 Subparagraph a) of the Company's charter, the following persons were appointed for a five-year term of office of the Management Board:

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

The Management Board of the previous term included: Roman Szwed and Tadeusz Czichon. The abovementioned changes were announced and entered into the relevant court register.

As at 31 December 2009, the ATM S.A. Capital Group included:

- the dominant Company - ATM S.A.,
  and

- subsidiaries:
  - ATM Software Sp. z o.o.
  - ATM Systemy Informatyczne Sp. z o.o.
  - mPay S.A.
  - Impulsy Sp. z o.o.
  - KLK S.A.
  - Sputnik Software Sp. z o.o.
  - inONE S.A.
  - mPay International Sp. z o.o.
  - iloggo Sp. z o.o.
  - Rec-order Sp. z o.o.

- associated companies:
  - Linx Telecommunications B.V.

The following companies were included in the consolidated financial statements as at 31 December 2009:

a) The dominant Company – ATM S.A.

We have audited the financial statements of the dominant Company, ATM S.A., for the term from 1 January to 31 December 2009. Following our audit, on 27 April 2010 we issued the following qualified opinion:

"Both at the balance sheet date 31 December 2008 and at 31 December 2009, the Company applied a deviation from IAS 21 "The Effects of Changes in Foreign Exchange Rates" in regard to the valuation of liabilities under leasing agreements concluded in foreign currencies, namely the FX variations from the balance sheet valuation were posted under accruals and prepayments, presented under item "Other current assets" of the statement of financial position. In the opinion of the Company's Management Board, the adopted principle of recognition of FX variations from valuation of leasing liabilities allows to observe the rule of proportionality of costs and revenues. In our opinion and in accordance with the aforesaid standard, the Company should recognise FX variations from the balance sheet valuation of liabilities under leasing agreements as costs or financial revenues of the term those refer to. Should the Company have recognised FX variations from the balance valuation under leasing agreements in the abovementioned manner, the value of other current assets as at 31 December 2009 would be lower by PLN 3,863 thousand, deferred tax asset would be higher by PLN 734 thousand, retained earnings would be lower by PLN 5,398 thousand, an the net result for the year 2009 would be higher by PLN 2,269 thousand."

b) Subsidiaries consolidated using the full consolidation method;

Company's name	Shares in capital in %	Entity auditing the financial statements and the type of opinion issued	Opinion's date
ATM Systemy Informatyczne Sp. z	100.00 %	Deloitte Audyt Sp. z o.o. Unqualified	27 April 2010
ATM Software Sp. z	100.00%	Not subject to audit	Not applicable
mPay S.A.	97.93% (subsidiary of 2nd degree)	Bawateks Audyt sp. z o.o. Opinion with comment	31 March 2010
Impulsy Sp. z o.o.	78.47 %	Not subject to audit	Not applicable
KLK Sp. z o.o.	89.37 %	Europejskie Centrum Audytu Sp. z o.o. Unqualified opinion	10 March 2010
Sputnik Software Sp. z	60.00 %	4AUDYT Sp. z o.o. Unqualified opinion	10 February 2010
inONE SA	60.00 %	U-FIN Biuro Audytorskie i Rachunkowe Unqualified opinion	9 March 2010
mPay International Sp.	60.00 %	Not subject to audit	Not applicable
iloggo Sp. z o.o.	60.00 %	Not subject to audit	Not applicable
Rec-order Sp. z o.o. in liquidation	100.00% (subsidiary of 2nd degree)	Not subject to audit	Not applicable

c) Subsidiaries consolidated using the equity method:

Company's name	Shares in capital in %	Entity auditing the financial statements and the type of opinion issued	Opinion's date
Linx Telecommunications B.V.	21.33%	PricewaterhouseCoopers As at 27 April 2010 the opinion was not issued	Not applicable

2. Information on the Consolidated Financial Statements for the Previous Financial Year

The operations of the Capital Group in the year 2008 resulted in a net profit of PLN 8,938 thousand. The consolidated financial statements of the Capital Group for the financial year 2008 were audited by the registered auditor. The audit was conducted by the authorised entity of Deloitte Audyt Spółka z o.o. On 30 April …, the registered auditor issued the following qualified opinion on the said statements:

"In the year 2008, a deviation from IAS 21 "The Effects of Changes in Foreign Exchange Rates" was applied in regard to the valuation of liabilities under leasing agreements concluded in foreign currencies, namely the FX variations from the balance sheet valuation were posted under accruals and prepayments, presented under the balance sheet item "Other current assets".

In our opinion, as at 31 December 2008, the Capital Group should recognise negative FX variations from the balance sheet valuation of liabilities under leasing agreements as financial expenses of the current term. Should the Group have recognised negative FX variations in the abovementioned manner, the value of other current assets as at 31 December 2008 would be lower by PLN 6,664 thousand, deferred tax asset would be higher by PLN 1,266 thousand, retained earnings would be higher by PLN 654 thousand, an the net result for the year 2008 would be lower by PLN 6,052 thousand."

The Ordinary General Shareholders Meeting approving the financial statements for the financial year 2008 was held on 15 May 2009. The Ordinary General Shareholders Meeting decided on allocating the total net profit for the year 2008 to the reserve capital.

In accordance with applicable laws, the financial statements for the financial year 2008 were filed with the National Court Register on 22 May 2009 and submitted for publication in Monitor Polski B on 28 May 2009. The said statements were published in Monitor Polski B No 1420 on 21 August 2009.

3. Data of the Authorised Entity and Registered Auditor Auditing the Company's Statements on its Behalf

The audit of the consolidated financial statements was conducted on the basis of the agreement of 1 June 2009, signed by and between ATM S.A. and Deloitte Audyt Sp. z o.o., having its registered office in Warsaw, Al. Jana Pawła 19, entered in the list of entities authorised to audit financial statements, maintained by the National Board of Certified Chartered Accountants, under number 73.
On behalf of the authorised entity, the audit of the consolidated financial statements was conducted under the supervision of the registered auditor Radosław Kuboszek (register No 90029) in the dominant's Company premises during the period from 6 until 16 April 2010 and outside its premises until the date of issuance of this opinion.

The authorised entity was selected by the Supervisory Board by the resolution of 18 May 2009, under the authorisation provided for under §15 Paragraph 2 Subparagraph g) of the Company's charter.

Deloitte Audyt Sp. z o.o. and Radosław Kuboszek, the key registered auditor, confirm that they are authorised to audit financial statements and fulfil the terms and conditions laid down in Article 56 of the Act on chartered accountants and their self-governments, entities authorised to audit financial statements and public supervision (Journal of Laws No 77 of 2009, item 649), and to express non-biased and independent opinion on the consolidated financial statements of ATM S.A. Capital Group.

4. Data Availability and Statements of the Company's Management

The scope of our audit was not subject to any limitations.

The authorised entity and the key auditor were provided during the audit with all requested documents and data as well as exhausting information and explanations which was confirmed by the written statement of the dominant Company's Management Board of 27 April 2010.

5. The Financial Standing of the Capital Group

The key figures of the consolidated statements of total income and financial ratios illustrating the Capital Group's financial result, financial standing and assets on a year-on-year basis are presented below.

Key figures of the statement of total income *('000 PLN*)	**2009**	**2008**
Sales revenue	286,462	267,448
Operating expenses	269,658	252,853
Other operating revenue	2,354	673
Other operating expenses	2,280	960
Financial revenue	2,106	3,031
Financial expenses	9,276	7,093
Income tax	1,798	1,308
Net profit (loss)	9,868	8,938
Total income	9,868	8,938

Profitability ratios	**2009**	**2008**
- sales profitability	6%	5%
- net sales profitability	3%	3%
- net equity's profitability	4%	4%
Effectiveness ratio		
- assets turnover ratio	0.78	0.69
- receivables turnover ratio in days	100	119
- liabilities turnover ratio in days	79	90
- inventory turnover ratio in days	14	16
Liquidity/Net working capital		
- leverage	30%	37%
- coverage of assets with equity	70%	63%
- net working capital ('000 PLN)	4,700	10,450
- liquidity ratio	1>05	1.09
- quick ratio	0.98	0.96

Analysis of the abovementioned figures and ratios indicates the following trends observed in 2009:

- an increase in sales profitability,
- maintaining net sales profitability and equity's profitability at the levels similar to the last year,
- a decrease in the duration of the receivables liabilities and inventory turnover ratios,
- an increase in coverage of assets with equity,
- a decrease in leverage ratio and the Company's working capital,
- a decrease in liquidity ratio and an increase in quick ratio.

II. SPECIFIC INFORMATION

1. Information on the Audited Consolidated Financial Statements

The audited consolidated financial statements were drafted as at 31 December 2009 and comprise:

- the consolidated statement of financial position drafted as at 31 December 2009, presenting on the side of assets and liabilities PLN 366,719 thousand,
- the consolidated statement of total income for the term from 1 January 2009 to 31 December 2009, presenting net profit in the amount of PLN 9,868 thousand and total income in the amount of PLN 9,868 thousand,
- the statement of changes in the consolidated equity for the term from 1 January 2009 to 31 December 2009, presenting an increase in equity in the amount of PLN 14,268 thousand,
- the consolidated statement of cash flow for the term from 1 January 2009 to 31 December 2009, presenting an increase in cash funds in the amount of PLN 1,979 thousand,
- notes comprising information on the adopted accounting policy and other explanations.

The structure of assets and liabilities and items affecting the financial results were presented in the consolidated financial statements.

The audit covered the term from 1 January 2009 to 31 December 2009 and consisted mostly in:

- auditing the true and fair nature of the consolidated financial statements prepared by the Management Board of the dominant Company,
- auditing the consolidation documentation,
- assessing the consolidation methods and procedures used during consolidation in terms of correctness thereof,
- reviewing opinions and reports of audit of the financial statements of subsidiaries and associated companies, being subject to consolidation, drafted by other registered auditors.

2. Consolidation Documents

The dominant Company presented the consolidation documentation comprising:

1) financial statements of entities comprised by the consolidated financial statements;
2) financial statements of subsidiaries adjusted to the accounting principles (policy) applicable to consolidation;
3) financial statements of subsidiaries translated into the Polish currency;
4) all adjustments and exclusions made for consolidation purposes, needed in order to draft the consolidated financial statements;
5) calculations of net assets value of subsidiaries;
6) calculations of goodwill and negative goodwill and relevant charges, including impairment charge;
7) calculations of minority interests;
8) calculations of FX variations from re-calculation of financial statements of subsidiaries, denominated in foreign currencies.

The Basis for Drafting the Consolidated Financial Statements

The consolidated financial statements of the Capital Group for the financial year 2009 were drafted in accordance with IFRS.

The Capital Group's Entities

Criteria laid down in IFRS were applied to determine the consolidation's scope and methods as well as the dependencies.

Financial Term

The consolidated financial statements were drafted as at the same day of the reporting term and for the same financial year as the financial statements of the dominant company – ATM S.A. The consolidated subsidiaries and the associated company drafted financial statements as at the same day of the reporting term as the dominant Company. The financial year of all subsidiaries and the associated company ended on 31 December 2009.

Consolidation Method

The consolidation of the Capital Group's statements, in respect of all subsidiaries, was carried out using the full method by the summing up in full amounts of all relevant items of the financial statements of the dominant Company and consolidated subsidiaries.

Upon summing up, there were made consolidation adjustments and exclusions which referred to:

- the acquisition value of the dominant Company's shares in subsidiaries and a part of the subsidiaries' net assets corresponding to the dominant Company's share in the ownership of those subsidiaries,
- mutual receivables and liabilities of consolidated companies,
- material revenues and expenses concerning operations between the consolidated companies.

The equity method was applied to the associated companies. The value of the dominant Company's share in the associated company was adjusted with the increases or decreases of the associated company's equity, attributable to the dominant Company, which occurred during the consolidation's term and decreased by dividends owing from those companies.

3. Justification of the Opinion Issued

We have issued a qualified opinion concerning the deviation from IAS 21 "The Effects of Changes in Foreign Exchange Rates" in regard to the valuation of liabilities under leasing agreements concluded in foreign currencies. The Capital Group applied a partial deviation from IAS 21, namely the FX variations from balance sheet valuation were posted in accruals and prepayments, presented under the balance sheet item "Other current assets".

Detailed information in this respect is presented in Note 2 "Significant Accounting Principles", item "Transactions in Foreign Currencies", Note 18 "Other Current Assets" and Note 26 "Other Financial Liabilities".

In our opinion, the Capital Group should recognise the FX variations from balance sheet valuation of liabilities under leasing agreements as the financial revenues or costs of the term those refer to.

Should the Group have recognised FX variations in the abovementioned manner, the value of other current assets as at 31 December 2009 would be lower by PLN 3,862 thousand, deferred tax asset would be higher by PLN 734 thousand, retained earnings would be lower by PLN 5,399 thousand, an the net result for the year 2009 would be higher by PLN 2,269 thousand.

4. Complete and True Additional Notes and Explanations and of Report of the Capital Group's Activity

The dominant Company confirmed the grounds for application of the going concern basis when drafting the consolidated financial statements. The principles of valuation of assets and liabilities, measurement of the financial result and the method of drafting the consolidated financial statements were described in a proper and complete manner in the notes and explanations to the consolidated financial statements.

The dominant Company drafted the notes and explanations in the form of tables accompanying specific items of the consolidated statement of financial position and the statement of total income and narratives, in accordance with the principles laid down in IRFS.

Explanatory notes to such items as: tangible fixed assets, intangible assets, investments, liabilities and provisions properly illustrate increases and decreases and reasons for those changes over the financial year.

For specific assets recognised in the consolidated statement of financial position, the possibility of disposing of the same was presented in view of collaterals established for creditors.

The dominant Company made a proper presentation of specific assets and liabilities and revenues and costs in the consolidated financial statements. The consolidated statement of financial position, the consolidated statement of total income, the statement of changes in consolidated equity and the consolidated statement of cash flows, including additional notes and explanations, representing an integral part thereof, contain all items the disclosure of which in the consolidated financial statements is required under IFRS.

The Management Board drafted and enclosed with the consolidated financial statements the report on the Capital Group's operations in the financial year 2009. The said report contains information required under Article 49 Paragraph 2 of the Accounting Act and the regulation of the Finance Minister of 19 February 2009 concerning current and periodical disclosures filed by issuers of securities and the terms and conditions of recognising as equivalent of information required under the regulations of a non-member state. We have audited the said report in terms of the information scope disclosed therein, which originated directly from the audited consolidated financial statements.

5. Final Information and Conclusions

Statements of the Management Board

Deloitte Audyt Sp. z o.o. and the key registered auditor received from the Management Board of the dominant Company a statement in writing where the Management Board stated that the Capital Group complied with the law.

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Radosław Kuboszek
Key Registered Auditor
conducting audit No 90029

An entity authorised to audit financial statements, entered into the list of authorised entities under number 73, maintained by the National Board of Certified Chartered Accountants

Persons representing the Company

Warszawa, 27 April 2010