



ATM S.A. CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT FOR
THE FIRST QUARTER OF 2008**

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KEY CONSOLIDATED QUARTERLY REPORT DATA

This consolidated quarterly 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 the consolidated financial statements of ATM S.A. Group of Companies, drawn up according to the International Financial Reporting Standards as approved by the European Union.

Submission date: 12.05.08

Key Issuer details:

Full name of the Issuer: ATM S.A.

Short name of the Issuer: ATM

Sector according to Warsaw Stock Exchange classification: Information Technology

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NIP (tax identification number): 113-00-59-989

Regon (statistical number): 012677986

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF THE ATM S.A. CAPITAL GROUP FOR THE FIRST QUARTER OF 2008

1. CONSOLIDATED PROFIT AND LOSS STATEMENT

	<u>January 1 to March 31, 2008</u>	<u>January 1 to March 31, 2007</u>
Continued operations		
Sales revenue	43 640	38 732
Cost of goods sold	30 574	30 560
Gross profit (loss) on sales	13 066	8 172
Other operating revenue	108	85
Selling costs	274	411
General and administrative costs	15 374	10 140
Other operating expenses	31	139
Restructuring costs	-	-
Operating profit (loss)	(2 505)	(2 433)
Share of undertakings valued using the equity method in the financial result	446	0
Financial revenue	1 817	61
Financial expenses	390	492
Profit (loss) before tax	(631)	(2 864)
Income tax	44	(828)
Net profit (loss) on continued operations	(675)	(2 036)
Discontinued operations		
Net profit (loss) on discontinued operations	-	-
Net profit (loss)	(675)	(2 036)
Net profit (loss) for the Group's shareholders	(255)	(1 927)
Net profit (loss) for minority shareholders	(420)	(109)
Profit (loss) per share *)		
From continued operations:		
Ordinary	(0.02)	(0.56)
Diluted	(0.02)	(0.56)
From continued and discontinued operations:		
Ordinary	(0.02)	(0.56)
Diluted	(0.02)	(0.56)

*) In the first quarter of 2008, the Issuer's shares were split by ratio of 1:8. A new number of shares is 36,000,000. Data for a corresponding period were recalculated by number of shares before split.

2. CONSOLIDATED BALANCE SHEET — ASSETS

	<u>End of period. March 31, 2008</u>	<u>End of period. December 31, 2007</u>
Fixed assets		
Goodwill	54 949	54 949
Intangible assets	27 850	23 241
Property, plant and equipment	113 812	86 852
Investment in affiliates consolidated according to the equity method	23 058	20 810
Other financial assets	81	80
Deferred income tax assets	1 433	1 154
Other fixed assets	16 074	13 937
	<u>237 258</u>	<u>201 024</u>
Current assets		
Inventories	8 170	8 320
Financial assets held for trading	1 090	2 133
Trade and other receivables	39 482	80 910
Income tax receivables	33	20
Other current assets	2 062	3 812
Cash and cash equivalents	31 752	69 769
	<u>82 589</u>	<u>164 963</u>
Fixed assets classified as held for sale	<u>-</u>	<u>-</u>
Total assets	<u>319 846</u>	<u>365 986</u>

3. CONSOLIDATED BALANCE SHEET — LIABILITIES

	<u>End of period, March 31, 2008</u>	<u>End of period, December 31, 2007</u>
Equity		
Share capital	34 397	34 397
Share premium reserve	-	157 252
Revaluation reserve	157 252	-
Revaluation FX gain/loss	(1 892)	(1 522)
Treasury shares	-	-
Capital reserves	25 073	24 607
Hedge valuation reserve and FX gains/losses due to consolidation	-	-
Retained earnings	34 383	34 717
Total Group shareholders' equity	249 213	249 450
Minority share	6 022	5 641
Total shareholders' equity	255 235	255 091
Long-term liabilities		
Long-term loans and credits	2 137	3 283
Provisions for deferred tax	186	-
Provisions for liabilities	98	132
Long-term trade and other liabilities	4 492	3 245
Other financial liabilities	18 814	11 657
	25 726	18 316
Short-term liabilities		
Bank and other loans	2 934	-
Provisions for liabilities	79	484
Income tax liabilities	7	4312
Trade and other liabilities	30 667	82 295
Other financial liabilities	5 198	5 488
	38 885	92 579
Liabilities related directly to fixed assets classified as held for sale	-	-
Total liabilities	319 846	365 986

4. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	<u>Core capital</u>	<u>Share premium</u>	<u>Revaluation FX gain/loss</u>	<u>Capital reserve</u>	<u>Retained earnings</u>	<u>Total Group shareholders' equity</u>	<u>Minority share</u>	<u>Total shareholders' equity</u>
As at January 1, 2007	24 572	4 558	-	23 362	42 374	94 866	2 679	97 545
Increases:								
Issue of new series of shares	521	7 684	-	-	-	8 205	-	8 205
Changes to the Group's structure	-	-	-	-	(9)	(9)	2 409	2 401
Decreases:								
Current period results	-	-	-	-	1 927	1 927	109	2 036
As at March 31, 2007	25 093	12 242	-	23 362	40 438	101 135	4 979	106 115
As at January 1, 2008	34 397	157 251	(1 522)	24 607	34 717	249 450	5 641	255 091
Increases:								
Capital increase	-	-	-	-	-	-	800	800
Changes to the Group's structure	-	-	-	466	(80)	386	-	386
Decreases:								
Current period results	-	-	-	-	254	254	419	673
Revaluation FX gain/loss	-	-	370	-	-	370	-	370
As at March 31, 2008	34 397	157 251	(1 892)	25 073	34 383	249 212	6 022	255 234

5. CONSOLIDATED CASH FLOW STATEMENT

	<u>End of period, March 31, 2008</u>	<u>End of period, March 31, 2007</u>
Operating activities		
Profit (loss) before tax	(632)	(2 864)
Adjustment (items):	(7 268)	(6 070)
Share in profit (loss) after tax of entities based on the equity method	(446)	-
Amortization and depreciation	3 423	2 028
FX gains/losses	(47)	86
Interest paid	305	275
Profit (loss) on investment activities	(25)	30
Movements in inventories	173	(908)
Movements in receivables	35 790	28 701
Movements in liabilities and provisions	(45 828)	(26 226)
Movements in other assets	3 507	(4 686)
Income tax paid	(3 987)	(5 370)
Other	(133)	-
	<u>(7 900)</u>	<u>(8 934)</u>
Investment activities		
Expenses on property, plant and equipment purchases	(40 724)	(6 807)
Expenses on financial asset purchases	-	(7 039)
Revenue from property, plant and equipment sale	9 864	(18 098)
Repayment of long-term loans granted	2 183	-
Long-term loans granted	(1 092)	-
FX gains/losses	-	27
Other	119	0
	<u>(29 651)</u>	<u>4 279</u>
Financial activities		
Net inflows from the issue of shares and other capital contributions	800	8 151
Subsidies received	-	735
Proceeds from loans	58	1 054
Payment of liabilities arising from finance leases	(1 583)	(765)
Interest paid	(335)	(275)
Other	606	0
	<u>(453)</u>	<u>8 900</u>
Movements in net cash and cash equivalents		
	<u>(38 004)</u>	<u>4 245</u>
Opening balance of cash	69 756	9 507
Closing balance of cash	<u>31 752</u>	<u>13 755</u>

NOTES TO SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC INFORMATION

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

The registered office of the Company is located in Warsaw at ul. Grochowska 21a. The Company 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. According to the Warsaw Stock Exchange classification, the core business of the Group concerns the IT sector.

2. GROUNDS FOR DRAWING UP THE CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOUNTING PRINCIPLES (POLICY)

The mid-year summary financial statements for the period of 3 months ending on 31.03.08, were drawn up pursuant to the IAS 34 *Interim Financial Reporting*.

The accounting principles (policy) applied to drawing up the Group's mid-year summary financial statements are consistent with those applied to drawing up the Group's annual consolidated financial statements for 2007. Pursuant to the resolutions passed, as of January 1, 2008, the Company adopted International Accounting Standards for drawing up individual financial statements by Issuer and Group members: KLK Sp. z o.o. and Sputnik Software Sp. z o.o.

3. SEASONALITY OF OPERATIONS

Consistent with the Management Board's expectations, during the quarter in question, the sales revenue was lower than the expected revenue in the remaining quarters of the year. Companies within the ATM group realize a considerable part of their annual revenue and the majority of their annual profits in the fourth quarter of the year. This is a normal occurrence resulting from the nature of the activities of the parent undertaking and its subsidiaries.

4. THE ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITIES

During the quarter in question there was no issue of shares, redemption and repayment of debt securities or equities.

5. DIVIDENDS PAID AND DECLARED

During the quarter in question there were no dividends paid.

In line with the dividend policy announced by the Issuer's Management Board in the current report No. 25/2006 of June 8, 2006, the dividend for 2007 paid by the Company should be no

less than PLN 19,440,000, i.e. 54 groszy per share. Such dividend can be paid in line with resolution of Ordinary General Meeting of Shareholders by distributing the whole net profit earned by ATM S.A. in 2007 and a portion of capital reserve created from previous years' profit to pay dividend. In view of the aforesaid, the Management Board will submit recommendations to the General Meeting of Shareholders to pay dividend worth 54 groszy per share.

6. SEGMENTS OF OPERATIONS

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

Revenue from the sales of major products are as follows:

	January 1 to March 31, 2008	January 1 to March 31, 2007
Telecommunications and value-added services	16 073	13 349
Integrated ICT infrastructure systems	22 316	22 019
Business security solutions and services	2 191	2 462
Application solutions	2 303	421
Multimedia solutions and services	553	453
Other services	204	29
Total sales revenue	43 640	38 732

Revenue from sales divided by territory is as follows:

	January 1 to March 31, 2008	January 1 to March 31, 2007
Domestic	43 208	38 719
Exports	432	13
Total sales revenue	43 640	38 732

7. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On April 10, 2008, core capital increase was recorded at mPay International. Capital was increased pursuant to resolution of the Extraordinary General Meeting of Company Shareholders adopted on January 22, 2008. Capital was increased by PLN 2,000 thousand, i.e. from PLN 7,250 thousand up to PLN 9,250 thousand by establishment of 4,000 new shares, PLN 500 each. 2,400 shares were taken up by ATM S.A. and 1,600 by Henryk Kułakowski. Pursuant to the resolution of February 7, 2008, the newly established shares were covered with cash contribution by March 31, 2008.

8. CHANGES TO THE COMPANY'S STRUCTURE

On March 26, 2008, ATM S.A. took up all shares in the newly established company named Centrum Innowacji ATM sp. z o.o. with its registered office in Warsaw. The share capital of the newly established company amounts to PLN 50,000. ATM S.A. took up 1000 shares with the face value of 50 PLN each, worth 50,000 PLN in total, which constitutes 100 per cent of shares in the company's initial capital. Centrum Innowacji ATM sp. z o.o. was established with a view to the intended commencement of activity of ATM S.A. in the Łódź Special Economic Zone, Warsaw subzone, Grochowska complex. To make it reality, there is a need to assign this part of ATM S.A. operations, which is to be run solely in the Zone, to a separate company. The company was established to enable taking legal and formal steps to sign applicable agreements with the entity managing the Special Economic Zone to be able to run business in the Zone.

On March 8, 2008, by resolution of the Extraordinary General Meeting of Shareholders, capital in Impulsy Sp. z o.o. was increased by PLN 30 thousand by establishment of 15 new shares. All new shares were taken over by ATM S.A. As a result, the Issuer's share increased from 72 per cent to 78.47 per cent.

During the quarter in question there were no mergers, divestment or acquisitions of business units. There was no restructuring or discontinuity of operations.

9. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	As at 31/03/2008	As at 31/12/2007
1. Contingent receivables	291	291
1.1 from other entities	291	291
2. Contingent liabilities	25 743	29 793
2.1 to other entities, including:	25 743	29 793
- guarantees and sureties granted	6 530	10 580
- mortgage security:	18 060	18 060
- pledges	1 153	1 153

Since the end of the fiscal year 2007 there have occurred the following changes in contingent liabilities:

a) granted guarantees and sureties were decreased by the amount of PLN 4,050 thousand which results from:

the expiration of bank and insurance guarantees (tender guarantees and performance bonds) at PLN 5,766 thousand;

the establishment of performance bonds for tenders and contracts in the form of insurance guarantees at PLN 1,716 thousand;

b) mortgages and pledges have not changed.

OTHER INFORMATION**(AS REQUIRED PURSUANT TO THE REGULATION OF THE MINISTER OF FINANCE REGARDING ONGOING AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES)****SELECTED FINANCIAL DATA**

	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	PLN thou		EUR thou	
Total sales revenue	43 640	38 732	12 267	9 915
Operating profit	(2 505)	(2 433)	(704)	(623)
Profit before tax	(631)	(2 864)	(177)	(733)
Net profit of parent undertaking shareholders	(255)	(1 927)	(72)	(493)
Net cash from operating activities	(7 900)	(8 934)	(2 221)	(2 287)
Net cash from financial activities	(453)	8 900	(127)	2 278
Net cash from investment activities	(29 651)	4 279	(8 335)	1 095
Increase (decrease) in cash	(38 004)	4 245	(10 683)	1 087
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
	PLN thou		EUR thou	
Fixed assets	237 258	201 024	67 292	56 120
Current assets	82 589	164 963	23 424	46 053
Total assets	319 846	365 986	90 716	102 174
Long-term liabilities	25 726	18 316	7 297	5 113
Short-term liabilities	38 885	92 579	11 029	25 845
Equity	255 235	255 091	72 391	71 215
Share capital*	34 397	34 397	9 756	9 603
Parent undertaking shareholders' equity	249 213	249 450	70 683	69 640
Number of shares	36 000 000	4 500 000	36 000 000	4 500 000
Book value per share (PLN/EUR)	6.92	55.43	1.96	15.48
Diluted book value per share (PLN/EUR)	6.92	55.43	1.96	15.48

* Shareholders' equity revaluated pursuant to IAS 29.

The above financial data for Q1 2008 and 2007 have been converted to EUR according to the following procedure:

- Individual asset and liability items have been converted using the average exchange rate published by the National Bank of Poland on March 31, 2008 (PLN 3.5258 to EUR 1), and on December 31, 2007 (PLN 3.5820 to EUR 1).
- Individual consolidated profit and loss statement and consolidated cash flow statement items have been converted using the arithmetic mean of average exchange rates determined by the National Bank of Poland as at the last day of each month of the fiscal periods between January 1 and March 31, 2008 (PLN 3.5574 to EUR 1) and between January 1 and March 31, 2007 (PLN 3.9063 to EUR 1).

DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES DURING THE REPORTING PERIOD

During the Q1 2008, the Group's revenue increased by more than 13 per cent and gross profit on sales by 60 per cent as compared to the corresponding period last year. Overheads also grew by 49 per cent. Despite significant increase in cost, brought by fast growth of the Group member companies, the Group managed to improve its net profit by ca. PLN 1 million as compared to Q1 2007. It is worth noting that the parent undertaking increased its sales revenue by 26 per cent and improved net profit by almost PLN 2 million as compared to Q1 2007, which is a moderate success.

In the past quarter, ATM S.A. noted excellent performance in some product sales, including communications services and proprietary software sale. As regards the most precious class of communications services, i.e. subscriptions for corporate customers, the past quarter has shown the largest increase in sales for 5 years, which is spectacular performance. The success also includes three successful implementations of Atmosfera family applications and signature of agreements for implementations with two new customers. As far as integration services are concerned, sales revenue decreased during that season as usual, whereas projects that will affect revenue and profit in subsequent fiscal periods were launched.

Several interesting contracts executed in the past quarter are worth noting. The Company signed a contract for collocation services with **eCard**. Communications services recipients were joined by **PFRON**, the State Fund for Rehabilitation of Disabled Persons, in result of contract awarded in tender in consortium with Crowley Data Poland for provision and maintenance of WAN and its contact points to the Internet between PFRON headquarters in Warsaw and 16 PFRON branches countrywide. The network is created based on VPN MPLS (Multiprotocol Label Switching) technology, which enables to adjust package service through transmission devices to the type of transmission performed by the packages, i.e. "traffic engineering". The contract is worth ca. PLN 1 million. The company became a link provider for **ASTER Sp. z o.o.** — one of the major Polish carriers, providing TV, Internet and telephony services. Total bandwidth of the contact points given for use is 22 Gbps and provides for development matching increasing user needs. New services use the potential of the IP backbone restructured in 2007 and the introduced 10 Gigabit Ethernet. The contract value exceeded PLN 1 million. Another contract originated from tender covers access to the Internet resources for **Polskie Radio S.A.**, whereby ATM is to provide a 1 Gbps line to the Radio's Warsaw location. The contract is worth over PLN 1.6 million. Another contract for communications services awarded in tender is a new link for **Komenda Wojewódzka Państwowej Straży Pożarnej in Poznań**, provincial national fire brigade headquarters. The contract will be performed based on a newly built 10 Mbps fiber optic link, being part of ATMAN city area network in Poznań. In the future, the communication services provided to the Great Poland's Fire Brigade may be expanded with Internet access and VoIP. The Company also became communications services provider for **Empik Sp. z o.o.**, for which ATM provides collocation services at ATMAN Data Center and powerful Internet access of 50 Mbps. The role of the completed security audit procedure for ATM communications services confirmed by ISO/IEC 27001:2005 (ISMS) in winning new contracts should not be underestimated.

During the period in question, ATM successfully completed the implementation of Atmosfera Service Desk system in three financial institutions and won two new customers. One of the awarded contracts for a new Atmosfera product, i.e. Atmosfera TenStep (Enterprise Project Management) deserves a special mention, as it has been the first such solution in the country.

ATM also executed an interesting integration contract. It signed a contract with **Raiffeisen Bank Polska S.A.** for implementation of own application for Business Continuity Planning (BCP). As part for the contract, Raiffeisen Bank will receive licenses for the system implemented by ATM. The BCP helps satisfy one of the most fundamental requirements for security policy in financial institutions. Financial institutions are obliged to mitigate operational risk as prescribed by the New Capital Accord ("Basel II"), specified by the Basel Committee on Banking Supervision.

As planned, the company performs infrastructure investment for communications services on an ongoing basis. ATM has given for use first subscriber long-distance 10 Gbps links. Such large bandwidth helps serve not only the growing Internet traffic, but also provides for transmitting digital TV programs. 10 Gbps link sale is related to completion of investment in the so-called "southern ring" of ATMAN network connecting Łódź, Katowice, Kraków and Warsaw. The new network is based on fiber optic links and DWDM devices, that enable to transmit up to 160 Gbps using just one fiber pair, with upgrade potential up to 400 Gbps. Completed investment in the southern ring and the ongoing works on the northern ring lay a stable foundation for ATMAN to make the business grow and give a possibility to use communications infrastructure necessary to meet quickly growing customer needs.

In the past quarter, an ATM group member, **mPay**, signed a contract for joint deployment of mobile payment system with Play, a mobile operator. Play users can now pay for goods and services using their mobile phones. This modern solution enables both to use the most advanced Near Field Communication (NFC) technologies and supports easily all current mobile phones available. The service is available both at traditional POS and in online and remote payments. mPay system users may also top up their mobiles and send money to each other. mPay estimates that, over the next five years, the service may be used by several million Poles and it will become as universal as paying with the card. mPay, together with Zarząd Dróg Miejskich in Warsaw, also launched payments for parking toll using mobile phones. The service provides for paying the exact toll for the actual parking time. The service has been available since mid-February for Plus, Play, Simplus, MixPlus, Sami Swoi and mBank mobile users. Parking cards are distributed in selected kiosks within the Warsaw toll parking zone. Parking toll verification takes place using NFC technology applied in the parking card, which streamlines and accelerates the toll payment as compared to traditional parking ticket.

DESCRIPTION OF FACTORS AND EXTRAORDINARY EVENTS WHICH HAVE SIGNIFICANT IMPACT ON PERFORMANCE

During the Q1 2008, no factors or extraordinary events occurred which would have had significant impact on net profit.

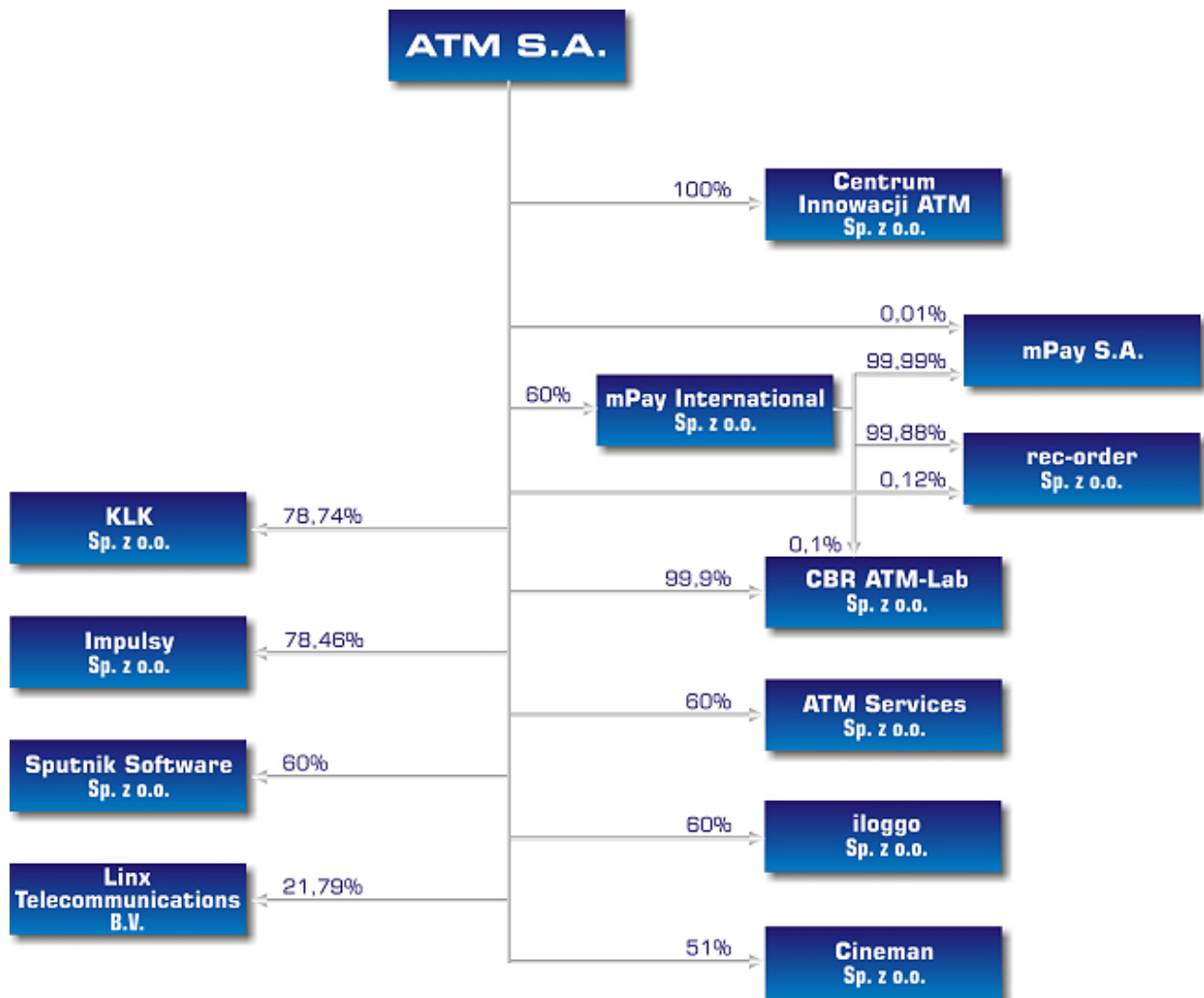
ORGANIZATIONAL DESCRIPTION OF THE ISSUER'S GROUP OF COMPANIES WITH AN INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION

As of the publication date of this report, ATM S.A. holds stakes in the following companies:

- at m-Pay International Sp. z o.o. (formerly ATM-Mobile Sp. z o.o.): 8,700 shares with a total value of PLN 4,350 thousand, i.e. 60 per cent of the initial capital and 60 per cent of votes at the Company's Partners' Meeting;
- iloggo Sp. z o.o.: 300 shares with a total value of PLN 300 thousand, i.e. 60 per cent of the initial capital and 60 per cent of votes at the Company's Partners' Meeting;

- mPay S.A.: 1 share with a value of PLN 500, i.e. 0.01 per cent of the initial capital and 0.01 per cent of votes at the Company's Annual General Meeting (the remaining shares were assumed by m-Pay International Sp. z o.o.);
- rec-order Sp. z o.o.: 1 share with a value of PLN 100, i.e. 0.125 per cent of the initial capital and 0.125 per cent of votes at the Company's Partners' Meeting (the remaining shares were assumed by m-Pay International sp. z o.o.);
- ATM Services Sp. z o.o.: 480 shares with a total value of PLN 300,000, i.e. 60 per cent of the initial capital and 60 per cent of votes at the Company's Partners' Meeting;
- Cineman sp. z o.o.: 612 shares with a total value of PLN 306,000, i.e. 51 per cent of the initial capital and 51 per cent of votes at the Company's Partners' Meeting;
- KLK Sp. z o.o.: 400 shares with a total value of PLN 240,000, i.e. 78.74 per cent of the initial capital and 78.74 per cent of votes at the Company's Partners' Meeting;
- Sputnik Software sp. z o.o.: 600 shares with a total value of PLN 3,000,000, i.e. 60 per cent of the initial capital and 60 per cent of votes at the Company's Partners' Meeting;
- • at Linx Telecommunications B.V.: 2,750,000 shares with a total value of EUR 27,500, i.e. 21.79 per cent of the initial capital and 21.79 per cent of votes at the Company's Partners' Meeting;
- • Centrum Badawczo Rozwojowe ATM-Lab Sp. z o.o.: 1,000 shares with a value of PLN 50 thousand, i.e. 99.9 per cent of the initial capital and 99.9 per cent of votes at the Company's Partners' Meeting (the remaining shares were assumed by mPay International Sp. z o.o.);
- Impulsy Sp. z o.o.: 51 shares with a total value of PLN 102,000, i.e. 78.47 per cent of the initial capital and 78.47 per cent of votes at the Company's Partners' Meeting;
- Centrum Innowacji ATM Sp. z o.o.: 1,000 shares with a total value of PLN 50 thousand, i.e. 100 per cent of the initial capital.

The diagram below shows the structure of the ATM S.A. group of companies.



As at March 31, 2007, all companies were subject to consolidation except Centrum Innowacji ATM Sp. z o.o., which was registered on March 26, 2008, and by the quarter end did not launch operating activities.

THE MANAGEMENT BOARD'S POSITION ON THE POSSIBILITY OF GETTING THE PREVIOUSLY PUBLISHED FORECAST RESULTS FOR A PARTICULAR YEAR, TAKING INTO ACCOUNT THE RESULTS SHOWN IN THE QUARTERLY REPORT COMPARED TO FORECAST RESULTS

The Company has not announced forecasts for 2008. However, the Management Board would like to state that the Company is growing successfully, in line with 2008 budget and expectations and roadmaps covering the next few years.

SHAREHOLDERS WHO HAVE AT LEAST 5 PER CENT OF THE OVERALL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING (EITHER DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES) AS OF THE QUARTERLY REPORT SUBMISSION DATE; NUMBER OF SHARES HELD BY THESE PARTIES, THE PERCENTAGE STAKE IN THE INITIAL CAPITAL, THE RESULTING NUMBER OF VOTES AND SHARE IN THE OVERALL NUMBER OF VOTES AT THE GENERAL MEETING; CHANGES TO THE OWNERSHIP STRUCTURE OF SIGNIFICANT STAKES IN THE ISSUER'S COMPANY SINCE THE SUBMISSION OF THE LAST QUARTERLY REPORT

Pursuant to the current report No. 1/2008 of January 4, 2008, on January 10, 2008 ATM S.A. shares listed on the WSE were divided 1:8 (split). This increased the number of shares from 4.5 million to 36 million. The face value of 1 share was PLN 0.95.

A summary of information on shareholders with at least 5 per cent of the overall number of votes at the Issuer's General Meeting is provided in the table below.

Full name or company name	Shares held	Share in initial capital	Number of votes at the GM	Share in the overall number of votes
Tadeusz Czichon	5 904 000	16.40%	5 904 000	16.40%
Roman Szwed	3 635 984	10.10%	3 635 984	10.10%
POLSAT PTE *)	3 580 920	9.95%	3 580 920	9.95%
ING Nationale-Nederlanden Polska OFE *)	3 505 144	9.74%	3 505 144	9.74%
PKO TFI **)	1 917 896	5.33%	1 917 896	5.33%
AIG TFI ***)	1 860 624	5.17%	1 860 624	5.17%
Millennium TFI ****)	1 822 912	5.06%	1 822 912	5.06%

The details listed above present the shares ownership by individuals as at May 12, 2008. *) The POLSAT PTE and ING Nationale-Nederlanden Polska OFE (ING Nationale-Nederlanden Poland Open Pension Fund) present the number of shares held by these shareholders as at December 31, 2007 (*according to the Annual Asset Structure*). **) Details related to PKO TFI present the number of shares held by this entity, as notified in the notice of January 28, 2008 ***). Details related to AIG TFI present the number of shares held by this entity as notified in the notice of July 13, 2007, and series H shares allotted as at August 9, 2007. ****) Details related to Millenium TFI present the number of shares held by this entity as notified in the notice of April 29, 2008. The Company has no information whatsoever relating to possible changes in its share ownership after those dates.

Furthermore, the Company's Management Board has not received any other notifications that the 5 per cent threshold has been crossed by shareholders purchasing shares on the stock market.

Since the submission of the last quarterly report, the following changes to the ownership structure of major stakes have taken place:

Full name or company name	Number of shares according to the last quarterly report	Number of shares according to the current quarterly report	Change in the number of shares and votes
Tadeusz Czichon	5 904 000	5 904 000	0
Roman Szwed	3 635 984	3 635 984	0
POLSAT PTE	2 362 264	3 580 920	1 218 656
ING Nationale-Nederlanden Polska OFE	3 200 000	3 505 144	305 144
AIG TFI	1 860 624	1 860 624	0
PKO TFI	1 917 896	1 917 896	0
Millennium TFI	0	1 822 912	1 822 912

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

During the time from submitting the last quarterly report, information on sale of 8,259 ATM S.A. shares by Board of Directors' member, Tomasz Tuchołka, was received.

PROCEEDINGS BEFORE COURTS, ARBITRATION PANELS OR PUBLIC AUTHORITIES

No proceedings are pending before courts, arbitration panels or public authorities regarding the Issuer's liabilities or claims (or any liabilities or claims of the Issuer's subsidiaries) valued at 10 per cent of the Issuer's shareholders' equity or more.

INFORMATION REGARDING THE COMPLETION OF ONE OR MORE TRANSACTIONS BY THE ISSUER OR ANY OF THE ISSUER'S SUBSIDIARIES WITH AFFILIATED COMPANIES

On January 21, 2008, the Issuer purchased from ATM PP Sp. z o.o. the leased fragment of fiber optic infrastructure (sale-and-lease-back) under lease agreement executed by and between ATM S.A. and ATM PP Sp. z o.o. of December 28, 2006 for PLN 20,381,167 (excl. VAT). The transaction value follows from the previously executed lease agreement and is equal to the leased subject matter residual value (cost price less all paid principal installments) as at transaction date. Transaction finalization and thus termination of sale-and-lease-back agreement is related to connection of the property situated in Warsaw at ul. Grochowska 21a to the Łódź Special Economic Zone, Warsaw Subzone, Grochowska Complex, and also to the planned investment being construction of Centrum Innowacji ATM on the a/m property. Therefore, acquisition of a vital component of fiber optic infrastructure connecting the territories joining Łódź Special Economic Zone with Warsaw downtown was necessary.

During the reporting period, neither the Issuer nor any of the Issuer's subsidiaries completed other transactions with affiliated companies valued at more than the PLN equivalent of EUR 500,000.

INFORMATION REGARDING CREDIT/LOAN SECURITIES OR GUARANTEES MADE BY THE ISSUER OR ANY OF THE ISSUER'S SUBSIDIARIES

During the reporting period, no credit or loan securities or guarantees were made by the Issuer or any of the Issuer's subsidiaries to any party in excess of 10 per cent of the Issuer's shareholders' equity.

OTHER INFORMATION CONSIDERED BY THE ISSUER AS IMPORTANT IN THE EVALUATION OF THE ISSUER'S PERSONNEL, ASSET OR FINANCIAL POSITION, PERFORMANCE, OR CHANGES TO SUCH ITEMS; INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S ABILITY TO FULFILL OBLIGATIONS

The Company has a stable personnel, asset and financial position. There are no known premises to adversely affect the Issuer's ability to fulfill its obligations.

FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT ITS PERFORMANCE WITHIN AT LEAST THE FOLLOWING QUARTER

During the next year, the Company's performance will be affected by Poland's political and economic stability.

A large number of tenders are pending for the construction of extensive information and communications technology systems and the provision of communications services, and the Company may actively participate in these projects. The smooth resolution of such tenders and the commencement date of deliveries will affect the Issuer's revenue significantly.

Another factor relevant to the Issuer's performance will be the efficiency in the utilization of European Union resources for the financing of business activities in Poland. This will have significant impact on the ability of domestic companies, research facilities and central/local government agencies (for which the Issuer may develop compelling offerings) to complete large investment projects. These resources may also be used by the Company to subsidize its own investments into the construction and upgrade of the communications infrastructure, and to support research and development activities, which will translate into a reduction in the Issuer's own expenses for such purposes.

The Company's future performance will also be significantly affected by the accuracy of decisions made with respect to the marketing of new solutions and products, many of which are innovative, or even revolutionary. A widespread adoption by the market and/or industry partners may result in an above-average growth in the Company's profit. A particularly important issue will be the development rate of the mobile payment and video-on-demand service markets, and the positioning of the solutions developed by the Issuer's group of companies on these markets.

ATM S.A. QUARTERLY FINANCIAL INFORMATION

(AS REQUIRED PURSUANT TO THE REGULATION OF THE MINISTER OF FINANCE REGARDING ONGOING AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES)

1. PROFIT AND LOSS STATEMENT

	<u>January 1</u> <u>to March</u> <u>31, 2008</u>	<u>January 1</u> <u>to March</u> <u>31, 2008</u>	<u>January 1</u> <u>to March</u> <u>31, 2007</u>	<u>January 1</u> <u>to March</u> <u>31, 2007</u>
Continued operations				
Sales revenue	32 714		25 922	
Cost of goods sold (variable)	19 447		15 972	
Cost of goods sold (fixed)	2 885		2 948	
Gross profit (loss) on sales	10 382		7 003	
Other operating revenue	93		61	
General and administrative costs	11 942		9 366	
Other operating expenses	25		27	
Restructuring costs	-		-	
Operating profit (loss)	(1 491)		(2 330)	
Share in the financial result of undertakings valued using the equity method	-		-	
Financial revenue	1 785		48	
Financial expenses	292		424	
Profit (loss) before tax	2		(2 706)	
Income tax	149		(791)	
Net profit (loss) on continued operations	(146)		(1 915)	
Discontinued operations				
Net profit (loss) on discontinued operations	-		-	
Net profit (loss)	(146)		(1 915)	
Profit (loss) per share				
From continued operations:				
Ordinary	0.00		(0.58)	
Diluted	0.00		(0.58)	
From continued and discontinued operations:				
Ordinary	0.00		(0.58)	
Diluted	0.00		(0.58)	

2. BALANCE SHEET

	<u>End of period. March 31, 2008</u>	<u>End of period. December 31, 2007</u>
Fixed assets		
Goodwill	-	-
Intangible assets	17 266	16 586
Property, plant and equipment	104 213	77 734
Investment in affiliates consolidated according to the equity method	63 391	63 391
Other financial assets	28 545	26 785
Trade and other long-term receivables	15 686	13 559
Deferred income tax assets	190	339
Other fixed assets	126	126
	<u>229 418</u>	<u>198 520</u>
Current assets		
Inventories	5 916	6 325
Financial assets held for trading	1 092	2 033
Trade and other receivables	29 484	63 567
Income tax receivables	31	36
Other current assets	1 161	1 364
Cash and cash equivalents	30 837	62 873
	<u>68 521</u>	<u>136 198</u>
Fixed assets classified as held for sale	<u>-</u>	<u>-</u>
Total assets	<u><u>297 938</u></u>	<u><u>334 718</u></u>

	<u>End of period. March 31, 2008</u>	<u>End of period. December 31, 2007</u>
Equity		
Share capital	34 397	34 397
Share premium reserve	157 252	157 252
Revaluation reserve	-	-
Treasury shares	-	-
Capital reserves	24 607	24 607
Hedge valuation reserve and FX gains/losses due to consolidation	-	-
Retained earnings	31 334	31 481
	<u>247 590</u>	<u>247 737</u>
Long-term liabilities		
Long-term loans and credits	-	-
Provisions for deferred tax	-	-
Provisions for liabilities	-	-
Long-term trade and other liabilities	4 476	3 226
Other financial liabilities	16 990	13 078
	<u>21 466</u>	<u>16 304</u>
Short-term liabilities		
Bank and other loans	-	-
Provisions for liabilities	-	-
Income tax liabilities	-	3 271
Trade and other liabilities	24 319	62 495
Other financial liabilities	4 564	4 911
	<u>28 883</u>	<u>70 677</u>
Liabilities related directly to fixed assets classified as held for sale	-	-
Total liabilities	<u><u>297 938</u></u>	<u><u>334 718</u></u>

3. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<u>Core capital</u>	<u>Share premium</u>	<u>Capital reserve</u>	<u>Retained earnings</u>	<u>Equity</u>
As at January 1, 2007	24 572	4 558	23 362	41 208	93 700
Increases:					
Issue of shares	521	7 684	-	-	8 205
Decreases:					
Current period results	-	-	-	(1 915)	(1 915)
As at March 31, 2007	25 093	12 242	23 362	39 293	99 990
As at January 1, 2008	34 397	157 252	24 607	31 481	247 737
Decreases:					
Current period results	-	-	-	(146)	(146)
As at March 31, 2007	34 397	157 252	24 607	31 334	247 590

4. CASH FLOW STATEMENT

	<u>End of period,</u> <u>March 31, 2008</u>	<u>End of period,</u> <u>March 31, 2007</u>
Operating activities		
Profit (loss) before tax	2	(2 706)
Adjustment (items):	(475)	(2 583)
Share in profit (loss) of entities valued using the equity method	-	-
Amortization and depreciation	2 911	1 815
FX gains/losses	(47)	86
Interest received	(42)	-
Interest paid	272	241
Dividends received	-	-
Profit (loss) on investment activities	(25)	(18)
Movements in inventories	409	(110)
Movements in receivables	29 360	16 581
Movements in liabilities and provisions	(34 915)	(14 017)
Movements in other assets	5 001	(1 647)
Income tax paid	(3 266)	(5 370)
Other	(133)	(144)
	<u>(472)</u>	<u>(5 288)</u>
Investment activities		
Expenses on property, plant and equipment purchases	(39 080)	(6 598)
Expenses on financial asset purchases	(2 160)	(7 439)
Loans granted	(1 092)	-
Revenue from property, plant and equipment sale	9 864	18 076
Revenue from financial asset sale	-	-
Revenue from loan repayment	2 433	-
Interest received	-	-
Dividends received	-	-
FX gains/losses	119	27
Other	-	-
	<u>(29 917)</u>	<u>4 066</u>
Financial activities		
Net proceeds from issue of shares	-	8 151
Subsidies received	81	735
Proceeds from loans	-	-
Repayment of loans	-	-
Payment of liabilities arising from finance leases	(1 517)	(692)
Dividends paid	-	-
Interest received	42	-
Interest paid	(272)	(241)
Other payments from profit	-	-
FX gains/losses	19	1
Other	-	-
	<u>(1 647)</u>	<u>7 954</u>
Movements in net cash and cash equivalents		
	<u>(32 036)</u>	<u>6 732</u>
Opening balance of cash	62 873	4 310
Closing balance of cash	<u>30 837</u>	<u>11 041</u>

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER OF 2008

1. SEGMENTS OF OPERATIONS

Revenue from the sales of major products are as follows:

	January 1 to March 31, 2008		January 1 to March 31, 2007	
Telecommunications and value-added services	16 073		13 349	
Integrated ICT infrastructure systems	13 176		9 208	
Business security solutions and services	1 832		2 462	
Application solutions	1 090		421	
Multimedia solutions and services	542		453	
Other services	1		29	
Total sales revenue	32 714		25 922	

Revenue from sales divided by territory is as follows:

	January 1 to March 31, 2008		January 1 to March 31, 2007	
Domestic	32 351		25 747	
Exports	363		174	
Total sales revenue	32 714		25 922	

2. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	As at 31/03/2008	As at 31/12/2007
1. Contingent receivables	291	291
1.1 from other entities	291	291
2. Contingent liabilities	6 289	9 804
2.1 to other entities, including:	6 289	9 804
- guarantees and sureties granted	6 289	9 804

Since the end of the fiscal year 2007 there have occurred the following changes in contingent liabilities:

a) granted guarantees and sureties were decreased by the amount of PLN 3,515 thousand which results from:

the expiration of bank and insurance guarantees (tender guarantees and performance bonds) at PLN 5,022 thousand;

the establishment of performance bonds for tenders and contracts in the form of insurance guarantees at PLN 1,507 thousand;

b) mortgages and pledges have not changed.

OTHER INFORMATION**(AS REQUIRED PURSUANT TO THE REGULATION OF THE MINISTER OF FINANCE REGARDING ONGOING AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES)****SELECTED FINANCIAL DATA**

	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	PLN thou		EUR thou	
Total sales revenue	32 714	25 922	9 196	9 636
Operating profit	(1 491)	(2 330)	(419)	(596)
Profit before tax	(2)	(2 706)	0	(693)
Net profit	(146)	(1 915)	(37)	(490)
Net cash from operating activities	(472)	(5 288)	(133)	(1 354)
Net cash from financial activities	(1 647)	7 954	(463)	2 036
Net cash from investment activities	(29 917)	4 279	(8 410)	1 095
Increase (decrease) in cash	(38 004)	4 066	(10 683)	1 041
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
	PLN thou		EUR thou	
Fixed assets	229 418	198 520	65 068	55 422
Current assets	68 521	136 198	19 434	38 023
Total assets	297 938	334 718	84 502	93 444
Long-term liabilities	21 466	16 304	6 088	4 552
Short-term liabilities	28 883	70 677	8 192	19 731
Equity	247 590	247 737	70 222	69 162
Share capital*	34 397	34 397	9 756	9 603
Number of shares	36 000 000	4 500 000	36 000 000	4 500 000
Book value per share (PLN/EUR)	6.88	55.05	1.95	15.37
Diluted book value per share (PLN/EUR)	6.88	55.05	1.95	15.37

* Share capital was revaluated pursuant to IAS 29.

The above financial data for Q1 2008 and 2007 have been converted to EUR according to the following procedure:

- Individual asset and liability items have been converted using the average exchange rate published by the National Bank of Poland on March 31, 2008 (PLN 3.5258 to EUR 1), and on December 31, 2007 (PLN 3.5820 to EUR 1).
- Individual consolidated profit and loss statement and consolidated cash flow statement items have been converted using the arithmetic mean of average exchange rates determined by the National Bank of Poland as at the last day of each month of the fiscal periods between January 1 and March 31, 2008 (PLN 3.5574 to EUR 1) and between January 1 and March 31, 2007 (PLN 3.9063 to EUR 1).