



ATM S.A. GROUP OF COMPANIES

**CONSOLIDATED QUARTERLY REPORT
FOR THE FOURTH QUARTER OF 2010**

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KEY INFORMATION REGARDING CONSOLIDATED QUARTERLY REPORT

This consolidated quarterly report covers information prepared pursuant to § 86 item 2 and § 87 item 1 of the Regulation of the Minister of Finance of 19 October 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.

Submission date: 25 February 2011

Information on Issuer:

Full name of the Issuer: ATM S.A.

Short name of the Issuer: ATM

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REGON (statistical ID): 012677986

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ATM S.A. GROUP OF COMPANIES FOR THE FOURTH QUARTER 2010

1. CONSOLIDATED STATEMENT OF TOTAL INCOME

	<u>For the period</u> 01/01 - 31/12/2010	<u>For the period</u> 01/10 - 31/12/2010	<u>For the period</u> 01/01 - 31/12/2009	<u>For the period</u> 01/10 - 31/12/2009
Continued operations				
Sales revenue	401,837	155,037	286,462	80,149
Cost of sales (variable)	271,031	115,623	179,317	51,172
Cost of sales (fixed)	30,764	8,638	27,235	7,104
Gross profit (loss) on sales	100,043	30,776	79,910	21,873
Other operating revenue	2,141	506	2,354	424
Selling costs	455	264	351	-1,063
General and administrative costs	64,903	18,859	62,755	15,663
Other operating expenses	3,354	1,793	2,280	1,793
Restructuring costs				
Operating profit (loss)	33,471	10,366	16,878	5,904
Share in the financial result of undertakings valued using the equity method	1,032	41	1,958	824
Financial revenue	9,152	1,127	2,106	-151
Financial expenses	17,570	3,835	9,276	1,497
Profit (loss) before tax	26,085	7,700	11,666	5,080
Income tax	4,632	1,931	1,798	659
Net profit (loss) on continued operations	21,453	5,770	9,868	4,421
Discontinued operations				
Net profit (loss) on discontinued operations	-	-	-	-
Net profit (loss)	21,453	5,770	9,868	4,421
Net profit (loss) for the Group's shareholders	20,522	5,530	9,828	1,356
Net profit (loss) for minority shareholders	931	240	40	40
Profit (loss) per share *)				
<i>From continued operations:</i>				
Ordinary	0.59	0.16	0.27	0.12
Diluted	0.59	0.16	0.27	0.12
<i>From continued and discontinued operations:</i>				
Ordinary	0.59	0.16	0.27	0.12
Diluted	0.59	0.16	0.27	0.12
EBITDA	56,284	16,912	36,606	11,163

2. CONSOLIDATED FINANCIAL SITUATION STATEMENT – ASSETS

	<u>End of period</u> <u>31/12/2010</u>	<u>End of period</u> <u>31/12/2009</u>
Fixed assets		
Goodwill	18,579	18,580
Intangible assets	68,243	33,480
Tangible fixed assets	181,671	147,237
Investments in associates consolidated using the equity method	67,640	66,608
Other financial assets	80	80
Deferred income tax assets	1,725	1,037
Other fixed assets	3,280	5,174
	<u>341,219</u>	<u>272,196</u>
Current assets		
Inventories	26,088	6,337
Financial assets held for trading	94	124
Trading and other receivables	128,217	67,681
Income tax receivables	25	539
Other current assets	7,994	13,881
Other financial receivables	-	-
Cash and cash equivalents	40,091	5,961
	<u>202,509</u>	<u>94,523</u>
Fixed assets classified as held for sale	-	-
Total assets	<u>543,728</u>	<u>366,719</u>

3. CONSOLIDATED FINANCIAL SITUATION STATEMENT – LIABILITIES

	<u>End of period</u> <u>31/12/2010</u>	<u>End of period</u> <u>31/12/2009</u>
Equity		
Share capital	34,724	34,723
Supplementary capital from share premium	159,030	159,030
Revaluation reserve	-	72
Treasury shares	(13)	(8)
Capital reserves	38,298	30,608
Hedge valuation reserve and FX gains/losses due to consolidation	-	-
Retained earnings	<u>37,317</u>	<u>23,392</u>
Total Group shareholders' equity	269,356	247,817
Non-controlling shares	<u>7,903</u>	<u>8,218</u>
Total shareholders' equity	<u>277,259</u>	<u>256,035</u>
Long-term liabilities		
Long-term loans	1,889	2,620
Provisions for deferred tax	-	-
Provisions for liabilities	10	7
Long-term trade and other liabilities	31,426	2,489
Other financial liabilities	<u>22,736</u>	<u>15,746</u>
	<u>56,061</u>	<u>20,862</u>
Short-term liabilities		
Bank and other loans	13,847	7,698
Provisions for liabilities	1,028	308
Income tax liabilities	2,751	321
Trading and other liabilities	177,862	69,893
Other financial liabilities	<u>14,920</u>	<u>11,602</u>
	<u>210,409</u>	<u>89,822</u>
Liabilities related directly to fixed assets classified as held for sale	<u>-</u>	<u>-</u>
Total liabilities	<u>543,728</u>	<u>366,719</u>

4. STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	<u>Core capital</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total Group shareholders' equity</u>	<u>Minority share</u>	<u>Total shareholders' equity</u>
As at 1 January 2009	34,397	157,252	(1,984)	21,320	0	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 stock 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	-	-	-	-	-	-	-	-	-
As at 31 December 2009	34,723	159,030	(8)	30,608	72	23,392	247,817	8,218	256,035

As at 1 January 2010	34,723	159,030	(8)	30,608	72	23,392	247,817	8,218	256,035
Increases:									
Issue of shares	-	-	-	-	-	-	-	-	-
Current period results	-	-	-	-	-	20,522	20,522	931	21,453
Share subscription under the stock option plan	-	-	8	-	-	-	8	-	8
Valuation of management options	-	-	-	-	-	1,441	1,441	-	1,441
Changes to the Group's structure	-	-	-	-	-	1,065	1,065	-	1,065
Profit distribution	-	-	-	9,047	-	-	9,047	-	9,047
Sale of treasury shares under the Incentive Scheme	-	-	2,335	714	-	-	3,049	-	3,049
Revaluation	-	-	-	-	-	-	-	-	-
Decreases:									
Purchase of treasury shares under stock option plan	-	-	2,348	-	-	-	2,348	-	2,348
Revision of previous years' results	-	-	-	-	-	-	-	-	-
Adjustment concerning the result from previous years - changes in minority share	-	-	-	-	-	57	57	1,246	1,303
Current period results	-	-	-	-	-	-	-	-	-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	9,047	9,047	-	9,047
Other	-	-	-	-	72	-	70	-	70
Financing of incentive scheme	-	-	-	2,071	-	-	2,071	-	2,071
As at 31 December 2010	34,723	159,030	(13)	38,298	-	37,316	269,357	7,903	277,259

5. CONSOLIDATED CASH FLOW STATEMENT

	<u>For the period 01/01 - 31/12/2010</u>	<u>For the period 01/01 - 31/12/2009</u>
Operating activities		
Profit (loss) before tax	26,086	11,666
Adjustment by items:	54,775	32,108
Share in net loss (profit) of undertakings valued using the equity method	1,032	1,958
Amortization and depreciation	22,812	19,728
FX gains/losses	2,454	2,416
Interest received	88	24
Interest paid	4,718	2,303
Dividends received	-	-
Profit (loss) on investment activities	21	473
Movements in inventories	(16,208)	8,379
Movements in receivables	(60,795)	6,645
Movements in liabilities and provisions	102,666	6,403
Movements in other assets	3,603	(9,384)
Income tax paid	(2,192)	(2,224)
Other	(3,424)	(4,613)
	80,861	43,774
Investing activities		
Expenses on tangible fixed assets purchases	(42,335)	(28,210)
Expenses on financial asset purchases	(1,893)	-
Revenue from sale of tangible fixed assets	12,042	11,811
Repayments of long-term loans	1,025	-
Long-term loans granted	-	-
Revenue from sale of financial assets	-	(94)
Interest received	-	-
Dividends received	-	-
FX gains/losses	46	(111)
Other	-	12
	(31,115)	(16,592)
Financing activities		
Net proceeds from issue of shares and other capital contributions	-	2,209
Subsidies received	360	37
Proceeds from loans	5,943	591
Repayments of loans	220	(14,940)
Purchase of treasury shares	(2,352)	(16)
Payment of liabilities arising from finance leases	(14,387)	(10,769)
Dividends paid	-	-
Interest received	10	22
Interest paid	(4,885)	(2,257)
Other profit-sharing	-	-
FX gains/losses	(414)	(158)
Other	157	78
	(15,348)	(25,203)
Movements in cash	34,398	1,979
Opening balance of cash	5,961	3,982
Closing balance of cash	40,091	5,961

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIC INFORMATION

ATM S.A., being the parent company 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. limited liability company. On 10 July 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 16 May 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 THE DRAWING UP OF CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICIES)

The interim condensed financial statements for the fourth quarter ended 31 December 2010 were prepared in accordance with IAS 34 *Condensed Interim Financial Reporting*.

Pursuant to IAS 1 *Presentation of Financial Statements* § 19, 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 fulfil their purpose, specified in *The conceptual framework*. Therefore, the Company, starting from the quarterly report for the fourth quarter 2008, withdrew from full application of the said requirement and adopted 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. Because of the global financial crisis, significant and rapid fluctuations in currency exchange rates have occurred, beginning from the fourth quarter of 2008. In this situation, recognition of the valuation of currency lease liabilities directly in profit and loss account would result in a substantial change in the Company's profit in a given reporting period, unrelated to the factual state of the Company's business activity. Only a small portion of exchange rate differences on lease liabilities – related to instalments 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 instalments falls. Costs or profit on the revaluation of lease liabilities are actually realised (it affects the Company's finances) in the periods of lease instalments payment, taking into account the actual currency exchange rates as at the dates of lease instalments payment.

Therefore, pursuant to IAS 1 § 19, the Company adopted a partial exemption from IAS 21 (for the first time in the quarterly report for the fourth quarter 2008), i.e. exchange rate differences on currency lease liabilities are recognised as the Company's financial costs for a given reporting period only in the portion concerning actually paid instalments. The remaining amount of exchange rate differences is recognised in the accruals, which are charged to financial costs for the month in which they are actually paid. Simultaneously, accruals shall be adjusted for subsequent exchange rate differences arising on lease liabilities (both gains and losses). This exemption from IAS 21 shall be applied by the Company also in the present financial statements and shall be applied up to the time of permanent stabilisation of currency exchange rates on the global markets, but no longer than until the third quarter 2013, when the final payments of lease instalments in foreign currencies are due.

Detailed calculations and financial implications of the adopted solution for presenting exchange rate differences on currency lease liabilities have been presented below.

As at 31.12.2010 the balance of accruals resulting from exchange rate differences on lease liabilities was PLN 3,670,930.05. If exchange rates of EUR and JPY remain at the level from the balance sheet day, this sum would be recognised in costs for the following periods in the following amounts:

Year	Quarter	Amount
2011	1	601,054.80
	2	608,397.58
	3	614,287.39
	4	565,451.26
2012	1	231,237.63
	2	234,857.73
	3	233,220.08
	4	228,430.15
2013	1	183,496.09
	2	127,167.94
	3	43,329.39
	4	0.00
TOTAL		3,670,930.05

The Issuer shall consistently present accruals resulting from an increase or decrease in the value of lease instalments which are due in future periods.

Adopting the partial exemption from IAS 21 as at 31 December 2010 resulted in an increase in the value of other current assets by the aforementioned amount of PLN 3,670,930.05, as a result of which the gross income in the years 2008-2010 was increased by the same amount, and after deferred tax (19% of gross profit) in the amount of PLN 697,476.71 the net profit was higher by PLN 2,973,453.34. This result includes the increase in net profit for the years 2008-2009 amounting to PLN 3,128,609.75 and the decrease in net profit for the current period amounting to PLN 155,156.41.

Analogically as at 31 December 2009 adopting the aforementioned exemption resulted in an increase in the value of other current assets by the amount of PLN 3,862,481.17, as a result of which the gross income in the years 2008-2009 was increased by the same amount, and after deferred tax (19% of profit) in the amount of PLN 733,871.42 the net profit was higher by PLN 3,128,609.75. This result includes the increase of net profit for 2008 amounting to PLN 5,397,821.37 and the decrease of net profit for 2009 amounting to PLN 2,269,211.62.

In summary, if the aforementioned exemption from IAS 21 had not been adopted by the company, its consolidated net profit in 2008 would have been lower by PLN 5.4 million, higher by PLN 2.3 million in 2009 and higher by PLN 0.15 million in 2010.

The Management Board acknowledges that the financial statements (including the exception from IAS 21 pursuant to IAS 1 § 19) present fairly the financial position of the Company, financial results of its operations and its cash flows.

Accounting principles (policy) used for preparing the interim condensed financial statements are consistent with those used for preparing the annual consolidated financial statements of the Group for the previous year.

3. SEASONALITY OF OPERATIONS

Revenue from sales of telecommunications services is stable, recurrent and relatively resistant to the business cycle, mainly owing to the subscription nature of the contracts. This revenue is not seasonal, but grows steadily from quarter to quarter. The commencement of the provision of telecommunications services for the purposes of the OST 112 contract was an exception in the fourth quarter of 2010 and it increased the sales revenue by PLN 12.6 million but it had no significant impact on the sales profit.

The Group's activity in the segment of ICT systems integration demonstrates seasonal nature of sales which is characteristic of the whole industry. In this segment in the first three quarters, sales revenue is usually lower and it increases in the fourth quarter. In 2010 this effect was considerably weakened because of a higher share of revenue from long-term contracts implemented during all four quarters.

Activity in the segment of mobile payments does not demonstrate any seasonality. This activity conducted by mPay S.A. records low revenue. The pace of revenue increase in subsequent quarters of the year will depend mainly on the pace of growth of the market of mobile payments in Poland and mPay's market share.

4. DIVIDENDS PAID AND DECLARED

The dividend policy, announced by the Issuer's Management Board in the current report No 25/2006 of 8 June 2006, made the dividend amount paid per share dependent on share prices in the last month of the year. In accordance with this policy, the dividend amount paid per one share should be calculated on the basis of the average closing rate of ATM shares as at December 2010, in accordance with the rate of EURIBOR 12M for EUR, increased by 0.5%.

The Issuer's Management Board will suggest to the Company's General Meeting that part of the profit from 2010 be used for dividend payout. In accordance with the dividend policy, this should amount to PLN 0.23 per share, which amounts to the total value of dividend of PLN 8,358,969.12. However, if the situation on financial markets becomes worse and if there are difficulties with obtaining financing for investments, this decision can be altered and a recommendation to allocate all the profit from 2010 to the Company's capital reserve can be made.

5. SEGMENTS OF OPERATION

Telecommunications activity is the first segment characterised by stable increases of revenue and profit in the consequent reporting periods, it includes the activity of ATM S.A. and Linx Telecommunications B.V. (Linxtelecom's operating results are not consolidated).

ICT systems integration is another segment responsible for the biggest portion of revenue, it comprises the activity carried out in 2010 by: ATM Systemy Informatyczne Sp. z o.o., ATM Software Sp. z o.o., KLK S.A., Impulsy Sp. z o.o., Sputnik Software Sp. z o.o. and inONE S.A. This activity is characterised by a high increase of results in 2010, in comparison with the preceding years, and by very good prognosis for 2011.

Finally, mobile payment services (payments made with the use of a mobile phone) are the third crucial segment, including the activity of subsidiaries: mPay S.A. and mPay International Sp. z o.o. In this segment losses in 2010 were considerably lowered but it still brings no profits.

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

<u>For the period 01/01 - 31/12/2010</u>	Telecommunications	ICT systems integration	Mobile payments	Consolidation eliminations	Total
Fixed assets	279,065	49,927	11,259	969	341,219
Sales revenue	116,832	312,283	1,963	(28,083)	401,837
Sales margin*	62,270	67,491	1,045	-	130,806
Operating profit (loss)	15,871	19,229	-1,688	59	33,471

For the period 01/01 - 31/12/2009	Telecommunications	ICT systems integration	Mobile payments	Other	Total
Fixed assets	196,316	40,675	11,504	23,702	272,197
Sales revenue	90,367	191,712	771	3,613	286,463
Sales margin*	50,554	53,605	243	2,744	107,146
Operating profit (loss)	13,975	6,923	(4,573)	553	16,878

*) sales revenue less variable selling costs

Sales revenues broken down into geographical distribution are as follows:

	For the period 01/01 - 31/12/2010	For the period 01/10 - 31/12/2010	For the period 01/01 - 31/12/2009	For the period 01/10 - 31/12/2009
Country	395,099	150,972	281,157	77,517
Export	6,739	4,066	5,305	2,632
Total sales revenue	401,837	155,037	286,462	80,149

6. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On 3 January 2010 the District Court for the Capital City of Warsaw in Warsaw registered the merger of the Group's two largest integration companies (ATM SI and KLK), as a result an entity under the business name ATM Systemy Informatyczne S.A. was created, in which 100% of capital and 100% of votes at the General Meeting are held by ATM S.A. In 2011 a full operational merger of the companies will take place. It is aimed at creating one of the largest system integrators in Poland, specialising in ICT projects. The potential of the merged companies will enable the implementation of planned projects and successful cooperation on the market.

There were no other significant events after the end of the quarter.

7. CHANGE IN THE COMPANY STRUCTURE

On 12 October 2010, ATM S.A. acquired 8.70% of shares of KLK S.A. As a result of this transaction, ATM S.A. obtained 100% of share capital entitling to 100% of votes at the General Meeting.

On 16 November 2010 the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register registered the increase of share capital of mPay S.A. by PLN 300,000, subscribed for in full by ATM S.A.

On 3 January 2010 the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register registered the merger of ATM Systemy Informatyczne Sp. z o.o. and KLK S.A, as a result an entity under the business name ATM Systemy Informatyczne Spółka Akcyjna was created, in which 100% of share capital and 100% of votes at the General Meeting are held by ATM S.A.

On 4 January 2011 the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register registered the increase of share capital of mPay S.A. by PLN 1,075,000 subscribed for in full by ATM S.A.

8. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	As at 31/12/2010	As at 31/12/2009
1. Contingent receivables	0	0
1.1 from other undertakings	0	0
2. Contingent liabilities	71,306	23,455
2.1 to other undertakings, including:	71,306	23,452
- guarantees, sureties granted	57,832	6,464
- mortgage collateral	9,595	11,545
- collateral pledge	3,879	5,443

Since the end of the fiscal year 2009, the following changes have occurred with respect to contingent liabilities:

a) guarantees and sureties granted have increased by PLN 51,368 thousand due to:

- the expiry of bank and insurance guarantees (tender guarantees and performance bonds) at PLN 6,333 thousand;
- submitting the bank and insurance guarantees securing tenders and contracts — for the total amount of PLN 57,701 thousand;

b) pledge security decreased by PLN 1,564 thousand,

c) mortgage security decreased by PLN 1,950 thousand.

OTHER INFORMATION**(REQUIRED BY REGULATION OF THE FINANCE MINISTER ON THE CURRENT AND PERIODICAL INFORMATION SUBMITTED BY THE ISSUERS OF SECURITIES)****SELECTED FINANCIAL DATA**

	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	in PLN thousand		in EUR thousand	
Total sales revenue	401,837	286,462	100,350	65,996
Operating profit (loss)	33,471	16,878	8,359	3,888
Profit before tax	26,085	11,666	6,514	2,688
Net profit of parent undertaking shareholders	20,522	9,828	5,125	2,264
Net cash from operating activities	80,861	43,774	20,193	10,085
Net cash from financing activities	(15,348)	(25,203)	(3,833)	(5,806)
Net cash from investing activities	(31,115)	(16,592)	(7,770)	(3,823)
Increase (decrease) in cash	34,398	1,979	8,590	456
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Fixed assets	341,219	272,196	86,160	66,257
Current assets	202,509	94,523	51,135	23,008
Total assets	543,728	366,719	137,295	89,265
Long-term liabilities	56,061	20,862	14,156	5,078
Short-term liabilities	210,409	89,822	53,129	21,864
Equity	277,259	256,035	70,009	62,323
Share capital*	34,724	34,723	8,768	8,452
Parent undertaking shareholders' equity	269,356	247,817	68,014	60,323
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	7.41	6.82	1.87	1.66
Diluted book value per share (PLN/EUR)	7.41	6.82	1.87	1.66

The share capital was restated in accordance with IAS 29.

The above financial data for the third quarter 2010 and 2009 were converted to EUR according to the following principles:

- individual items of assets and liabilities were calculated with the average FX rate of the National Bank of Poland as of 31 December 2010 at PLN/EUR 3.9603 and as of 31 December 2009 at PLN/EUR 4.1082,
- individual items of the profit and loss account and the cash flow statement were calculated with the rate being arithmetic mean of rates of the National Bank of Poland as at the last day of each month of the fiscal year between 1 January and 31 December 2010 at PLN/EUR 4.0044 PLN/EUR and between 1 January and 31 December 2009 at 4.3406.

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

The financial results of ATM in the fourth quarter 2010 were very good and showed a considerable increase when compared with the previous year. Sales revenue at PLN 155 million doubled the result from the last quarter of the previous year. However, since a portion of this sale had a low sales margin, the effective sales margin increase was 36%. This enabled obtaining an increase in the operating profit by 76% and in the net profit (PLN 5.7 million) by 31%.

The good result in the fourth quarter added to the satisfactory results in all previous quarters of the year. As a result, in 2010 ATM Group of Companies achieved record sales revenue in the amount of PLN 402 million. Thus, there was also a record operating profit in the amount of PLN 33 million — almost two times higher than in 2009. The annual net profit also increased by 117% as compared with the last year and amounted to over PLN 21 million. Very good results in 2010 are particularly pleasing considering that the situation in the ICT sector was not very impressive during the previous year, and in fact 2011 is expected to be particularly promising in this respect.

In particular, the independent, parallel growth of the two basic operating segments: ICT services and integration of ICT systems should be positively evaluated. Each of the segments regularly generated about a half of consolidated profit in every quarter.

The Issuer's activity in the scope of investor relations and communication with the capital market was positively evaluated by its participants. In the fourth quarter of 2010 ATM S.A. was the only public company in Poland to be awarded for the third time in a row for the best investor relations service among companies from the sWIG80 index and for communication with the capital market via a website. The company won the award in The GOLDEN WEBSITE 2010 competition organised by the Association of Listed Companies.

Moreover, ATM S.A. was granted the title of Company of High Reputation Spółka Premium Brand, on the basis of research conducted by the Millward Brown SMG/KRC research institute on a group of representatives of institutional investors operating on the Polish capital market. This was the second significant award for the company. The evaluation of the companies was made in accordance with four aspects: being business-oriented, opinion on management, reliability in business contacts and image. The Issuer received very high notes in all these categories.

I. Telecommunications and value-added services

In the fourth quarter of 2010, by providing telecommunications services under the ATMAN and Telehouse.Poland brand names, the company achieved record sales revenue exceeding PLN 40 million. However, it should be noted that this amount includes PLN 12.6 million of low-margin revenue related to the commencement of provision of telecommunications services for the purposes of the OST 112 contract (the development of the Nation-Wide ICT Network for the purposes of operating the emergency number 112). However, even after the exclusion of revenue from that contract, both income and sales margin and operating profit were by 22-23% higher than in the last quarter of the previous year.

In the whole year 2010 the Group significantly exceeded PLN 100 million of annual revenue from telecommunications activity, which enables including the ATM's operator in the group of the largest entities offering telecommunications services for business in Poland. The year to year revenue growth dynamics was nearly 29%, and 14% for operating profit. In 2011 this dynamics should be considerably higher as a result of increase in the share of services provided on the basis of data centres (collocation and hosting) and continuation of telecommunications services under the OST 112 project.

The leading position on the collocation and hosting market

In 2010 particular attention should be paid to the increase by 37% of the number of customers in the Issuer's data centres, which translated into an increase in revenue from collocation and hosting services. This was made possible by the successful investment policy in construction and equipment of data centres and sale of services in new server rooms in the building of Telehouse.Poland, performed in accordance with the schedule. In the fourth quarter of 2010 the development of a new F3 server room was launched in the ATMAN-Grochowska campus. The building of 2,200 m² will be one of the most modern server rooms in Poland, successively equipped for new customers. In 2011 the commissioning of consecutive modules of the Telehouse.Poland data centre to the customers is also

panned. With two independent server rooms in Warsaw, ATM may offer to its customers services ensuring additional safety connected with installation of ICT equipment in two sites.

The agreement with the operator of the Play network, regarding the rent of collocation area in Telehouse.Poland and concluded in the fourth quarter of 2010, should also be considered the Issuer's particular achievement. The agreement valued at over PLN 3.5 million was concluded for the period of the next few years and it concerns the lease of a dedicated server room with a complete technical and telecommunications infrastructure in the Issuer's data centre.

Currently, foreign customers' interest in the offer of ATM's data centres is growing. It is reflected among others by the signing of an important partnership agreement with Interoute, an international telecommunications operator, holding one of the biggest telecommunications networks in Europe. This agreement enables Interoute to offer to its customers services of ICT resources collocation in the Telehouse.Poland data centre.

The implementation of investments planned for 2011 will increase the Issuer's resources in the server rooms to 8,100 m² gross, which is an increase by more than 150% when compared with the currently used area. This will also make ATM an unquestionable leader on the Polish market of collocation and hosting services, and one of the largest entities in CEE.

ATM has high expectations for the development of LTE technology in its customers' networks

Providing data transmission services and fibre optic services is the second significant area of the telecommunications activity of the ATM Group, which had a 25% revenue growth and 14% of growth in the number of customers. In this area important contracts were concluded at the end of the year, for the total amount of almost PLN 10 million. This revenue consists of a contract with one of the operators listed on the Warsaw Stock Exchange and of an agreement with a company from one of the largest media-telecommunications groups in Poland. The first fibre optic services for these customers were provided in the fourth quarter of 2010 and their value was over PLN 3.6 million. In the next stages planned for 2011, ATMAN will provide services for these customers of the expected value over PLN 6 million.

The influence on the growing interest of other operators in ATMAN's fibre optic networks results mainly from the beginning of implementation of LTE technologies in Poland. The Issuer has a strong position on the market of professional operator services and specialises in providing data transmission and Internet access services of high speed which are necessary for the popularisation of this technology. ATMAN has one of the largest metropolitan fibre optic networks in Poland, also in cities where the development of own fibre optics networks for the purposes of creating an LTE network would be very time consuming and expensive.

In the third sector of telecommunications activity — Internet access services, the Issuer observed a slight slowdown in 2010. Despite the 14% growth in the number of customers, sales revenue in this area were by 10% lower than in 2009. One of the main reasons for this phenomenon lies in the significant drop in unit prices for wholesale customers which, in spite of an increased volume of sales, had negative influence on revenue. However, it is worth to notice a positive change in the customer structure where an increase in the number of small customers is noticed. These customers use higher-margin products and services.

Considering the telecommunications activity by sectors, in the fourth quarter of 2010 the Issuer strengthened its position as the leading provider of telecommunications services for the finance-security sector. In the previous year there was a 23% increase in the number of customers served and it reached the number of 70 Polish and international financial institutions. There was also an increase in revenue from services dedicated to customers from the telecommunications sector. In 2010 these two sectors jointly generated 68% of the whole telecommunications revenue of the Issuer (excluding the revenue from the OST 112 contract) and they are the most stable group of customers of the ATMAN operator.

II. ICT systems integration

The year 2010 was a critical year for activity related to providing ICT systems integration services. For the first time in ATM's history this operating segment brought stable, high revenue and profits during all quarters of the year, generating not only 78% of all sales revenue but, most of all, 57% of consolidated operating profit (almost PLN 19 million). Undoubtedly, these good results were influenced

by the implementation of the biggest contract by ATM SI (OST 112). However, at the same time "integration" companies of the ATM Group had very good results on the market, also in other, smaller contracts.

In this respect, the fourth quarter was not different from the rest of the year. In comparison with the fourth quarter of 2009, revenue was doubled and operating profit was increased by 88%. During the whole year integration activities brought record sales revenue in the amount of PLN 312 million, improving the last year's result by 63%, whereas the operating profit was almost tripled.

83% of operating profit was generated by the two largest companies, namely ATM SI and KLK. Two other companies, inONE and Sputnik Software, should also be distinguished. Their jointly profit was above PLN 3 million.

The biggest integration contract implemented in 2010 was the development of the Nation-Wide ICT Network for the purposes of operating the emergency number 112 (OST 112). This project, implemented by ATM SI in the area of integration, is planned for the years 2010-2011 and is proceeding in accordance with the assumptions and approved schedule. Considering the long term of the contract and even engagement of company's resources in its implementation during 8 consecutive quarters, the sales margin on this contract in the financial statements is evenly recognised during the whole period of its implementation.

With effective implementation of this big and difficult undertaking, ATM proved its ability to implement similar projects: with high degree of technical, logistics and financial complexity. Therefore ATM SI successfully obtains and implements further contracts in the public sector. Among others, in the fourth quarter of 2010 the company executed two prestigious contracts with Polish diplomatic posts, regarding delivery of equipment for the IP telephony system and construction of LAN network.

The company also signed a contract with the Air Force Institute of Technology of the Ministry of National Defence. The subject of the contract comprised the supply of a computer system for the implementation of the supporting information system for F-16 aircraft (SIWESF-16). Moreover, ATM SI provided network equipment for the Armed Forces Procurement Department of the Ministry of National Defence, valued at more than PLN 15 million.

Apart from realising contracts in the public sector, in the fourth quarter of 2010 ATM SI consistently increased the sales of its integration services on the market for ICT operators. Among others, a contract was signed with one of the mobile telephony operators for the modernisation and extension of a backbone network (LAN/WAN/MAN) together with a five-year service support, valued at over PLN 7 million net. A contract with another operator was also signed, regarding supply, implementation and service of key elements of a mobile production network (the so called GGSN) and the construction of a backbone network (the so called IP RAN) for the amount of more than PLN 6 million. In addition, ATM SI extended the contract with one of mobile network operators, regarding the development of a data transmission network, valued at about PLN 10 million net. It is worth noting that the majority of contracts for development of telecommunications and data transmission networks were implemented with the use of equipment of Cisco Systems, the biggest technology partner in ATM's integration activity.

The fourth quarter of 2010 was also successful for KLK which, among others, signed further contracts with Kompania Węglowa S.A. regarding the development of a network for the Data Processing Centre and the launch of an IP telephony system. In addition, KLK signed a contract regarding the modernisation of telecommunications infrastructure for Południowy Koncern Energetyczny S.A. and several other contracts with customers from the energy sector, thus strengthening its good position in this market sector. Among interesting contracts signed by KLK one may also note the development of IT infrastructure with the use of HP servers and arrays for ArcelorMittal Poland S.A.

ATM Software proved its competence as the leading provider of multimedia content transmission solutions in telecommunications networks. Among others, the company provided the Internet transmission of the 16th International Chopin Piano Competition, the concert marking the 85th anniversary of Polskie Radio S.A., the conference from the Chancellery of the President of the Republic of Poland and many more. What is more, in the fourth quarter ATM Software provided two ATM Webcast solutions and the proprietary ATM InternetTV platform for IDG Poland S.A. publishing house and Puls Biznesu daily, as well as a professional information portal for Rzeczpospolita daily. The majority of services sold by ATM Soft are subscription services implemented in the *cloud computing* model.

In the fourth quarter of 2010 the Impulsy company, specialising in integration of ICT systems for health protection, also had significant achievements. In this period the Independent Public Complexes of Health Care Facilities from the following sites became the company's customers: Przasnysz, Bełżyce, Szczeczeszyn and Opole Lubelskie, and The Nicolas Copernicus State Hospital in Koszalin. The integration projects realised in all these facilities include the implementation of the Impulsy's flagship product: the Medicus On-Line system. The total value of the signed contracts exceeded PLN 8 million net and their implementation is planned by the end of 2011.

The implementations of the Atmosfera Service Desk solution for Operator Gazociągów Przemysłowych GAZ-SYSTEM S.A. and for US Pharmacia Sp. z o.o. were among the most significant achievements of inONE, the company offering outsourcing and IT systems optimisation. Moreover, the company successfully continued and extended the service of outsourcing contracts of subscription nature for current customers.

In 2010 Sputnik Software achieved the best results among smaller integration companies from the ATM Group of Companies. The biggest contract (for over PLN 3 million) concluded in the fourth quarter of 2010 regarded the implementation and technical support of a system of smart cards for the IT Department of State Forests.

It is worth noting that the last quarter of 2010 was a period of preparation for the merger of the two largest integration companies from the ATM Group (namely ATM Systemy Informatyczne and KLK). On 27 December 2010 the General Meeting of KLK and the General Meeting of Shareholders of ATM Systemy Informatyczne adopted resolutions regarding the merger of the companies and since the merger, namely since the beginning of 2011, the company has been operating under the following business name: ATM Systemy Informatyczne S.A.

III. Mobile payments

The mPay S.A. company operates in the operating segment of mobile payments. Jointly with its partners among mobile telephony operators and financial institutions, the company undertakes activities aimed at popularising mobile payments in Poland. mPay S.A. is the pioneer in this type of solutions in Poland, however, this does not yet grant operating profitability. In 2010 the company conducted restructuring aimed at lowering current costs, which enabled the decrease of operating loss from PLN 4.6 million in 2009 to PLN 1.7 million in 2010. In addition to lowering costs, mPay also had an increase in revenue by 155%.

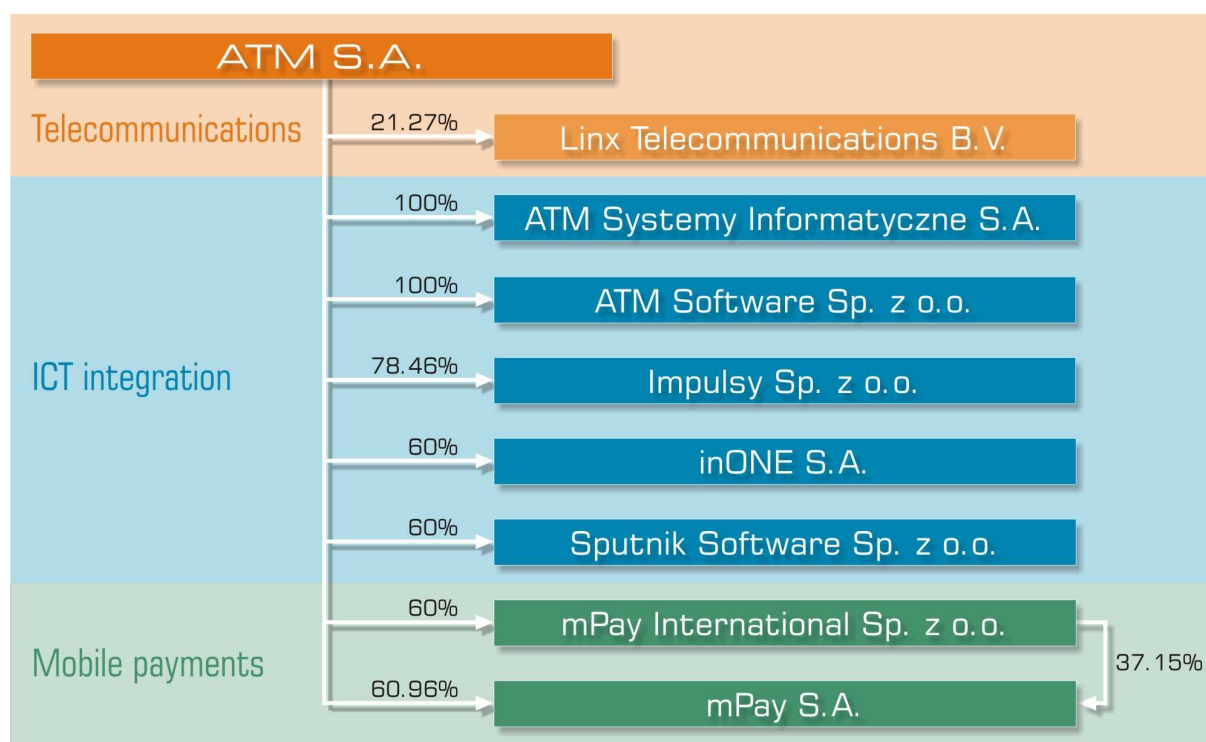
The situation of mPay at the beginning of 2011 seems particularly positive, since the interest of the market, mobile telephony operators and financial institutions in solutions enabling mobile payments is growing. This interest is reflected by concluding, in the fourth quarter, the long-awaited contract between mPay and Orange, a mobile operator, regarding the use of operator's infrastructure for providing services in the text mode (with USSD protocol). Consequently, mPay's services are currently provided in the basic mode (USDD protocol) in the networks of three mobile operators (Plus, Play and Orange) and in the voice mode in the Era network.

DESCRIPTION OF UNTYPICAL FACTORS AND EVENTS WHICH MATERIALLY AFFECT FINANCIAL RESULTS ACHIEVED

In the period concerned, no atypical factors and events occurred.

DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S GROUP OF COMPANIES, WITH THE LIST OF CONSOLIDATED COMPANIES

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



All of the aforementioned subsidiaries were subject to consolidation. Linxtelecom's operating results are not consolidated. ATM Systemy Informatyczne and KLK were merged at the end of 2010.

POSITION OF THE MANAGEMENT BOARD REGARDING THE VIABILITY OF ACHIEVING PREVIOUSLY PUBLISHED FORECAST RESULTS FOR A PARTICULAR YEAR, TAKING INTO ACCOUNT THE RESULTS PRESENTED IN THE QUARTERLY REPORT VERSUS PROJECTED RESULTS

The Company did not make the 2010 forecasts public.

INFORMATION ON SHAREHOLDERS HAVING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S ANNUAL GENERAL MEETING AS OF THE DATE OF SUBMISSION OF A QUARTERLY REPORT, 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 AT THE ANNUAL GENERAL MEETING AS WELL STATING CHANGES

IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT STAKES OF ISSUER'S SHARES IN THE PERIOD SINCE SUBMISSION OF PREVIOUS QUARTERLY REPORT

The table below presents data on shareholders holding at least 5% of the total number of shares at a general meeting of the Issuer:

Shareholder	Number of shares held	Stake in share capital	Number of votes at the Annual General Meeting	Share in the overall number of votes
Tadeusz Czichon	5,956,887	16.39%	5,956,887	16.39%
ING OFE	3,517,923	9.68%	3,517,923	9.68%
Polsat OFE	3,346,343	9.21%	3,346,343	9.21%
Roman Szwed	3,287,993	9.05%	3,287,993	9.05%
ING TFI*	1,868,360	5.14%	1,868,360	5.14%

Piotr Puteczny**	1,817,500	5.00%	1,817,500	5.00%
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*) number of shares as of 20 December 2010 based on the current report No 31/2010

**) jointly with his spouse

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

The data concerning Polsat OFE and ING OFE refer to the number of shares owned by these shareholders as at 31 December 2010 based on the "Annual asset structure".

Since the submission of the previous quarterly report the following changes have occurred in the ownership structure of significant stakes:

Shareholder	Number of shares in accordance with the previous quarterly report	Number of shares in accordance with the current quarterly report	Change in the number of shares and number of votes
Tadeusz Czichon	5,956,887	5,956,887	0
Polsat OFE	3,603,624	3,346,343	-257,281
ING OFE	3,470,517	3,517,923	47,406
Roman Szwed	3,287,993	3,287,993	0
ING TFI*	No data available	1,868,360	1,868,360
Piotr Puteczny**	1,817,500	1,817,500	0

The number of shares is equal to the number of votes at the General Meeting

*) number of shares as of 20 December 2010 based on the current report No 31/2010

**) jointly with his spouse

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

The data concerning POLSAT OFE and ING OFE refer to the number of shares owned by these shareholders as at 31 December 2010 based on the "Annual asset structure".

SUMMARY OF CHANGES IN THE NUMBER OF ISSUER'S SHARES OR STOCK OPTIONS HELD BY THE ISSUER'S MANAGERS AND SUPERVISORS, IN ACCORDANCE WITH THE INFORMATION AVAILABLE TO THE ISSUER, SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT

A summary of changes in the ownership of Issuer's shares by the Issuer's managers and supervisors since the submission of the previous quarterly report is presented in the table below:

Forename and surname	As at 15 November 2010	Increases	Decreases	As at 25 February 2011
Tadeusz Czichon	5,956,887	-	-	5,956,887
Roman Szwed	3,387,993	-	-	3,287,993
Maciej Krzyżanowski	55,408	-	-	55,408
Anna Bugajska	58,000	-	2,600	55,400
Tomasz Tuchołka	925	-	925	0

PURCHASE OF TREASURY SHARES

Pursuant to the resolution of 5 June 2008, the Ordinary General Meeting of Shareholders approved a purchase by the Issuer of treasury shares which will be offered for sale to employees of companies from the ATM S.A. Group of Companies, in accordance with the Rules of the Incentive Scheme (as per the current report No 22/2008 of 5 June 2008).

On 13 October 2010 Beskidzki Dom Maklerski S.A. informed the Issuer about the transfer of 13,260 shares of ATM S.A. on 12 October 2010 to the investment account owned by the Issuer, from broker accounts of indicated employees of ATM S.A., in relation to the broker service of the Incentive Scheme provided by BDM S.A. to the employees of ATM S.A. Group of Companies. The repurchase of treasury shares was a result of realisation of the Issuer's right to repurchase treasury shares in the case of termination of an authorised person's employment.

The average unit purchase price of shares was PLN 0.95. The total face value of shares purchased was PLN 12,597. The purchased holding constitutes 0.036% of the share capital and gives 13,260 votes (0.036%) at the General Meeting.

INFORMATION ON PENDING PROCEEDINGS BEFORE COURT, ARBITRATION PANEL OR PUBLIC ADMINISTRATION BODY

There are no proceedings before the court, arbitration panel or a public administration body concerning liabilities or receivables of the Issuer or its subsidiary the value of which would constitute at least 10% of the Issuer's equity.

INFORMATION ON CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED UNDERTAKINGS WHICH ARE NOT TYPICAL OR ROUTINE TRANSACTIONS

During the reporting period, neither the Issuer nor any of the Issuer's subsidiaries concluded transactions with related undertakings, neither individually nor jointly, which were not typical or routine transactions concluded in the course of daily operations.

INFORMATION ON GRANTING BY THE ISSUER OR ISSUER'S SUBSIDIARY A LOAN OR BORROWING SURETY OR A GUARANTEE, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES IS EQUAL TO AT LEAST 10% OF THE ISSUER'S SHAREHOLDERS' EQUITY

During the reporting period, no loan or borrowing sureties or guarantees were extended by the Issuer or any of the Issuer's subsidiaries to any party that would in total exceed 10% of the Issuer's shareholders' equity.

OTHER INFORMATION CONSIDERED BY THE ISSUER AS IMPORTANT IN THE ASSESSMENT OF THE ISSUER'S PERSONNEL, ASSET AND FINANCIAL STANDING, NET PROFIT AND CHANGES TO SUCH ITEMS; INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S ABILITY TO FULFIL OBLIGATIONS

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

INFORMATION ON FACTORS WHICH IN THE ISSUER'S OPINION WILL AFFECT ITS PERFORMANCE DURING AT LEAST THE FOLLOWING QUARTER

With regard to telecommunications services, the Company still has high potential to increase revenue and generate profits, owing to its good investment policy. The demand for broadband data transmission and data centres services increases fast, which demonstrates the guarantee of a stable growth of this segment of activity. Therefore the Issuer continues its investments by preparing further modules of Telehouse.Poland data centre for sale and executing a project of construction of ATM Innovation Centre. The implementation of these investments shall bring a notable result in the increase of revenue and profits in the next financial periods.

Integration services are more exposed to economic phenomena and therefore it is more difficult to predict the behaviour of this segment. Therefore, it is so important to have orders to be fulfilled over the next couple of quarters. In 2011, owing to won public tenders, the biggest of which is OST 112, integration companies concluded significant contracts realised throughout several consecutive quarters, which increases the stability of sales revenue and profits achieved.

QUARTERLY FINANCIAL INFORMATION OF ATM S.A.

(REQUIRED BY REGULATION OF THE FINANCE MINISTER ON THE CURRENT AND PERIODICAL INFORMATION SUBMITTED BY THE ISSUERS OF SECURITIES)

1. TOTAL INCOME STATEMENT

	For the period 01/01 - 31/12/2010	For the period 01/10 - 31/12/2010	For the period 01/01 - 31/12/2009	For the period 01/10 - 31/12/2009
Continued operations				
Sales revenue	126,686	42,060	138,005	29,621
Cost of sales (variable)	63,963	25,208	73,849	14,455
Cost of sales (fixed)	13,717	3,284	13,896	3,251
Gross profit (loss) on sales	49,006	13,569	50,260	11,915
Other operating revenue	363	75	847	93
Selling costs	-	-	-	-
General and administrative costs	31,706	9,032	33,562	7,727
Other operating expenses	1,792	1,086	1,656	1,470
Restructuring costs	-	-	-	-
Operating profit (loss)	15,871	3,525	15,889	2,812
Share in the financial result of undertakings valued using the equity method	-	-	-	-
Financial revenue	567	120	1,626	15
Financial expenses	6,758	2,003	8,412	1,590
	0	0	0	0
Profit (loss) before tax	9,680	1,643	9,104	1,237
Income tax	1,174	680	1,361	245
Net profit (loss) on continued operations	8,506	963	7,743	992
Discontinued operations				
Net profit (loss) on discontinued operations	-	-	-	-
Net profit (loss)	8,506	963	7,743	992
Profit (loss) per share *)				
From continued operations:				
Ordinary	0.23	0.03	0.21	0.03
Diluted	0.24	0.03	0.21	0.03
From continued and discontinued operations:				
Ordinary	0.24	0.03	0.21	0.03
Diluted	0.24	0.03	0.21	0.03
EBITDA	33,533	8,564	31,714	7,013

*) the individual data of ATM S.A. were adjusted by the reduction in revenues and sales costs (variable) by PLN 168,852 thousand resulting from recharging the integration activity between ATM S.A. and ATM SI S.A.

The stand-alone results of ATM S.A. in 2010 are not comparable with the previous year, since in the first quarter of 2009 ATM S.A. operated also in the segments of system integration. This operation from the beginning of the second quarter of 2009 was continued by ATM SI Sp. z o.o. In order to obtain comparability of results achieved from these two types of operation, the following summary has been drawn up.

Total income statement – comparison of results from 2010 and 2009

The table below presents the comparison of consolidated results of ATM S.A. and ATM Systemy Informatyczne Sp. z o.o. achieved in the four quarters of 2010, as compared to the analogous period in the previous year.

	ATM S.A. (according to total income statement)	ATM Systemy Informatyczne sp. z o.o.*	Consolidated total income statement **	ATM S.A. (according to total income statement**)
	For the period 01/01-31/12/2010	For the period 01/01-31/12/2010	For the period 01/01-31/12/2010	For the period 01/01 - 31/12/2009
Sales revenue	126,686	184,402	301,998	192,450
Cost of sales (variable)	63,963	150,299	205,172	114,278
Cost of sales (fixed)	13,717	6,142	19,859	16,538
Gross profit (loss) on sales	49,006	27,961	76,967	61,634
Other operating revenue	363	282	645	286
General and administrative costs	31,706	14,172	45,878	42,104
Other operating expenses	1,791	505	2,296	1,262
Operating profit (loss)	15,872	13,566	29,438	18,554
Financial revenue	567	8,429	8,996	2,218
Financial expenses	6,758	9,830	16,588	8,340
Net financial activity	(6,191)	(1,401)	(7,592)	(6,122)
Profit (loss) before tax	9,681	12,165	21,846	12,432
Income tax	1,174	2,490	3,664	2,043
Net profit (loss) on continued operations	8,507	9,675	18,182	10,388
Net profit (loss)	8,507	9,675	18,182	10,388
Other total net income	-	-	-	-
Total amount of total income	8,507	9,675	18,182	10,388

*) on the basis of financial statement of ATM Systemy Informatyczne for the fourth quarter of 2010

***) consolidation of total income statements of ATM S.A. and ATM Systemy Informatyczne Sp. z o.o. has been carried out, excluding mutual transactions

2. FINANCIAL SITUATION STATEMENT

	<u>End of period 31/12/2010</u>	<u>End of period 31/12/2009</u>
Fixed assets		
Goodwill		
Intangible assets	48,565	16,424
Tangible fixed assets	165,082	133,860
Investments in associates consolidated using the equity method	63,487	63,487
Other financial assets	46,973	42,418
Deferred income tax assets	-	-
Other fixed assets	1,931	4,594
	<u>326,038</u>	<u>260,783</u>
Current assets		
Inventories	1,127	1,531
Financial assets held for trading	1,906	2,817
Trading and other receivables	71,708	45,804
Income tax receivables	25	308
Other current assets	4,115	5,092
Other financial receivables		
Cash and cash equivalents	20,513	2,381
	<u>99,393</u>	<u>57,933</u>
Fixed assets classified as held for sale	-	-
Total assets	<u><u>425,431</u></u>	<u><u>318,716</u></u>

	<u>End of period</u> <u>31/12/2010</u>	<u>End of period</u> <u>31/12/2009</u>
Equity		
Share capital	34,723	34,723
Supplementary capital from share premium	159,030	159,030
Revaluation reserve		
Treasury shares	(13)	(8)
Capital reserves	35,969	29,584
Hedge valuation reserve and FX gains/losses due to consolidation		
Retained earnings	24,088	21,883
Total shareholders' equity	<u>253,798</u>	<u>245,212</u>
Long-term liabilities		
Long-term loans		
Provisions for deferred tax	2,409	1,874
Provisions for liabilities		
Long-term trade and other liabilities	29,912	378
Other financial liabilities	20,311	14,287
	<u>52,632</u>	<u>16,539</u>
Short-term liabilities		
Bank and other loans	10,000	3,136
Provisions for liabilities		
Income tax liabilities	554	-
Trading and other liabilities	95,018	43,357
Other financial liabilities	13,429	10,472
	<u>119,001</u>	<u>56,965</u>
Liabilities related directly to fixed assets classified as held for sale	<u>-</u>	<u>-</u>
Total liabilities	<u>425,431</u>	<u>318,716</u>

3. STATEMENT OF CHANGES IN EQUITY

	<u>Core capital</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Retained earnings</u>	<u>Equity</u>
As at 1 January 2009	34,397	157,252	(1,984)	20,831	23,047	233,543
Increases:						
Issue of shares	326	1,778	-	-	-	2,104
Current period results	-	-	-	-	7,743	7,743
Share subscription under the stock option plan	-	-	1,992	-	-	1,992
Valuation of the incentive scheme	-	-	-	-	1,546	1,546
Profit distribution	-	-	-	10,452	-	10,452
Decreases:						
Share issue costs	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	10,452	10,452
Dividends paid out	-	-	-	-	-	-
Current period results	-	-	-	-	-	-
Share subscription under the stock option plan	-	-	-	1,701	-	1,701
Purchase of treasury shares	-	-	16	-	-	16
As at 31 December 2009	34,723	159,030	(8)	29,584	21,884	245,212

As at 1 January 2010	34,723	159,030	(8)	29,584	21,883	245,212
Increases:						
Issue of shares	-	-	-	-	-	-
Current period results	-	-	-	-	8,506	8,506
Share subscription under the stock option plan	-	-	8	-	-	8
Valuation of management options	-	-	-	-	1,441	1,441
Profit distribution	-	-	-	7,742	-	7,742
Sale of treasury shares under the Incentive Scheme	-	-	2,335	714	-	3,049
Decreases:						
Share issue costs	-	-	-	-	-	-
Current period results	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	7,742	7,742
Revision of previous years' results	-	-	-	-	-	-
Dividends paid out	-	-	-	-	-	-
Financing of Incentive Scheme	-	-	-	2,071	-	2,071
Purchase of treasury shares	-	-	2,348	-	-	2,348
As at 31 December 2010	34,723	159,030	(13)	35,969	24,088	253,797

4. CASH FLOW STATEMENT

	<u>For the period 01/01</u> <u>- 31/12/2010</u>	<u>For the period 01/01</u> <u>- 31/12/2009</u>
<i>Operating activities</i>		
Profit (loss) before tax	9,681	9,104
Adjustment by items:	46,362	25,880
Amortization and depreciation	17,662	15,825
FX gains/losses	2,304	2,416
Interest received	(130)	(95)
Interest paid	4,014	1,854
Dividends received	-	(180)
Profit (loss) on investment activities	316	453
Movements in inventories	794	9,022
Movements in receivables	(22,361)	15,609
Movements in liabilities and provisions	43,162	(17,104)
Movements in other assets	797	252
Income tax paid	198	(522)
Other	(394)	(1,650)
	56,043	34,984
<i>Investing activities</i>		
Expenses on tangible fixed assets purchases	(37,018)	(22,216)
Expenses on financial asset purchases	(1,846)	(7,040)
Revenue from sale of tangible fixed assets	11,993	11,482
Repayments of long-term loans	1,025	850
Long-term loans granted	-	(1,890)
Revenue from sale of financial assets	4	-
Interest received	-	180
Dividends received	-	180
FX gains/losses	44	(111)
Other	-	-
	(25,798)	(18,745)
<i>Financing activities</i>		
Net proceeds from issue of shares and other capital contributions	-	2,105
Subsidies received	360	37
Proceeds from loans	6,864	-
Repayments of loans	-	(7,091)
Purchase of treasury shares	(2,352)	(16)
Sale of treasury shares under the incentive scheme	(272)	291
Payment of liabilities arising from finance leases	(12,446)	(9,510)
Dividends paid	-	-
Interest received	8	101
Interest paid	(4,014)	(1,854)
Other profit-sharing	-	-
FX gains/losses	(265)	(154)
Other	8	13
	(12,110)	(16,080)
Movements in cash	18,135	158
Opening balance of cash	2,381	2,223
Closing balance of cash	20,513	2,381

NOTES TO QUARTERLY REPORT FOR THE FOURTH QUARTER 2010

1. SALES REVENUES BROKEN DOWN INTO GEOGRAPHICAL DISTRIBUTION

Sales revenues broken down into geographical distribution are as follows:

	For the period 01/01 - 31/12/2010	For the period 01/07 - 30/09/2010	For the period 01/01 - 31/12/2009	For the period 01/07 - 30/09/2009
Country	123,624	41,392	133,463	27,752
Export	3,062	668	4,542	1,869
Total sales revenue	126,686	42,060	138,005	29,621

2. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	As at 31/12/2010	As at 31/12/2009
1. Contingent receivables		
1.1 from other undertakings		
2. Contingent liabilities	49,293	5,645
2.1 to other undertakings, including:	49,293	5,645
- guarantees, sureties granted	49,293	5,645
- mortgage collateral	-	-
- collateral pledge	-	-

Since the end of the accounting year 2009, the following changes in contingent liabilities have occurred:

a) guarantees and sureties granted have increased by PLN 43,648 thousand due to:

- term expiry of bank and insurance guarantees (tender bonds, performance bonds) for the total amount of PLN 5,455 thousand;
- submitting the bank and insurance guarantees securing tenders and contracts — for the total amount of PLN 49,103 thousand;

b) mortgage collaterals and collateral pledges remain unchanged.

OTHER INFORMATION**(REQUIRED BY REGULATION OF THE FINANCE MINISTER ON THE CURRENT AND PERIODICAL INFORMATION SUBMITTED BY THE ISSUERS OF SECURITIES)****SELECTED FINANCIAL DATA**

	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	in PLN thousand		in EUR thousand	
Total sales revenue	126,686	138,005	31,637	31,794
Operating profit (loss)	15,871	15,889	3,964	3,661
Profit before tax	9,680	9,104	2,417	2,097
Net profit	8,506	7,743	2,124	1,784
Net cash from operating activities	56,043	34,984	13,995	8,060
Net cash from investing activities	(25,798)	(18,745)	(6,443)	(4,319)
Net cash from financing activities	(12,110)	(16,080)	(3,024)	(3,705)
Increase (decrease) in cash	18,135	158	4,529	36
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Fixed assets	326,038	260,783	82,327	63,395
Current assets	99,393	57,933	25,097	14,102
Total assets	425,431	318,716	107,424	77,580
Long-term liabilities	52,632	16,539	13,290	4,026
Short-term liabilities	119,001	56,965	30,049	13,866
Equity	253,798	245,212	64,086	59,689
Share capital*	34,723	34,723	8,768	8,452
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.98	6.75	1.76	1.64
Diluted book value per share (PLN/EUR)	6.98	6.75	1.76	1.64

The share capital was restated in accordance with IAS 29.

The above financial data for the third quarter 2010 and 2009 were converted to EUR according to the following principles:

- individual items of assets and liabilities were calculated with the average FX rate of the National Bank of Poland as of 31 December 2010 at PLN/EUR 3.9603 and as of 31 December 2009 at PLN/EUR 4.1082,
- individual items of the profit and loss account and the cash flow statement were calculated with the rate being arithmetic mean of rates of the National Bank of Poland as at the last day of each month of the fiscal year between 1 January and 31 December 2010 at PLN/EUR 4.0044 PLN/EUR and between 1 January and 31 December 2009 at 4.3406.