ATM S.A. GROUP

CONSOLIDATED SEMI-ANNUAL REPORT FOR THE FIRST HALF OF 2012

KEY CONSOLIDATED SEMI-ANNUAL REPORT DATA

This consolidated semi-annual report covers information prepared pursuant to Section 86, Subsection 2 and Section 87, Subsection 1 of the Regulation of the Minister of Finance of February 19, 2009, and includes consolidated financial statements of the ATM S.A. Group prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.

Submission date: 31 August 2012

Information on the Issuer:

Full name of the Issuer: ATM S.A.
Abbreviated name of the Issuer: ATM
Sector according to the Warsaw Stock Exchange classification: information technology
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REGON (statistical number): 012677986

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF ATM S.A. GROUP FOR THE FIRST HALF OF 2012

1. CONDENSED CONSOLIDATED STATEMENT OF TOTAL INCOME

	For the period 01/01- 30/06/2012	For the period 01/01- 30/06/2011
Continued operations		
Sales revenue*	96,904	65,923
Cost of sales (variable)	60,830	31,282
Sales margin**	**36,074**	**34,641**
Cost of sales (fixed)***	10,071	6,781
Gross profit (loss) on sales	**26,003**	**27,860**
		-
Other operating revenue	896	224
Selling costs		-
General and administrative costs	15,939	19,041
Other operating expenses	1,061	659
Restructuring costs		-
Operating profit (loss)	**9,899**	**8,385**
Share in the financial result of undertakings valued using the equity method	222	(39)
Financial revenues****	548	6,898
Financial expenses****	4,115	5,741
Profit (loss) before tax	**6,554**	**9,503**
		-
Income tax	(277)	1,778
Net profit (loss) on continued operations	**6,831**	**7,726**
Discontinued operations		
Net profit (loss) on discontinued activity	(251)	2,909
of which:		
referring to the separation of the organized part of the enterprise relating to IP operations	1,100	2,946
referring to the liquidation of mPay International Sp. z o.o.	(1,351)	(37)
Net profit (loss)	**6,580**	**10,635**
		-
Net profit (loss) for the Group's shareholders	6,800	10,334
Net profit (loss) for minority shareholders	(220)	299
Other total income		
Share in other total income of associates	-	-
Income tax related to other total income items	-	-
	-	-
Other total net income	-	-
Total amount of total income	**6,580**	**10,635**
Total income for the Group's shareholders	6,800	10,334
Total income for minority shareholders	(220)	299
Profit (loss) per share		
From continued operations:		
Ordinary	0.19	0.21
Diluted	0.19	0.21
From continued and discontinued operations:		
Ordinary	0.18	0.19
Diluted	0.18	0.19
EBITDA	19,795	17,450

Data for the period of 01/01-30/06/2011 have been restated in accordance with par. 34 of IFRS 5

NOTES:
*) Sales revenue includes, among others, revenue from sales of telecommunications services provided as a part of the implementation of the OST 112 contract. Since the telecommunications part of the contract is implemented by subcontractors, this part of the revenue has a negligible effect on the achieved sales margin and operating profit. This type of revenue amounted to: PLN 35,656 thousand in the first half of 2012 and PLN 8,786 thousand in the first half of 2011.
**) The Issuer discloses additionally in relation to the IFRS requirements the “Sales margin” category which represents the difference of sales revenue and variable costs of sales, i.e. those that are directly related to the value of the revenue (cost of goods sold, costs of subcontractors in the implementation of services). This category — according to the Issuer's Management Board — is important for the analysis of the company's finances as it is correlated with the value of sales and determines a break-even point for fixed costs, i.e. a point at which company’s activities are operationally profitable.
***) The Issuer partially transferred general and administrative costs for 2012 to fixed costs of sales (the cost of depreciation of certain fixed assets). Therefore, the change of fixed costs against the previous year should be analyzed jointly in both of these items (fixed costs of sales + general administrative costs).
****) Financial revenues and expenses in the first half of 2011 included the effects of a one-off event which was related to the sale of shares in inONE S.A. by the Issuer. As a result of this sale, profit on financial operations in the first half of 2011 amounted to PLN 6,731 thousand and related net profit was PLN 5,452 thousand.

2. CONDENSED CONSOLIDATED FINANCIAL SITUATION STATEMENT – ASSETS

	End of period 30/06/2012	End of period 31/12/2011	End of period 30/06/2011
Fixed assets			
Goodwill	128	18,579	18,579
Intangible assets	45,614	64,775	65,375
Tangible fixed assets	204,316	218,167	195,515
Investments in associates consolidated using the equity method	67,545	67,324	67,638
Other financial assets	0	80	80
Deferred income tax assets	0	0	534
Other fixed assets	297	808	2,434
	317,901	**369,733**	**350,155**
Current assets			
Inventories	1,268	15,240	12,731
Financial assets held for trading	1,819	104	101
Trading and other receivables	65,572	88,681	56,834
Income tax receivables	57	71	443
Other current assets	4,823	8,243	8,310
Other financial receivables		-	-
Cash and cash equivalents	5,683	56,566	10,328
	79,221	**168,905**	**88,747**
Fixed assets classified as held for sale*	5,709	-	-
Total assets	**402,830**	**538,638**	**438,902**

NOTES:
*) The value of assets as at 31 December 2011 includes values before the division of the Issuer by separation of an organized part of the enterprise relating to IT operations, including ATM subsidiaries conducting these operations. The value of assets as at 30.06.2012 represents the Issuer’s assets after the division.

3. CONDENSED CONSOLIDATED FINANCIAL SITUATION STATEMENT – LIABILITIES

	End of period 30/06/2012	End of period 31/12/2011	End of period 30/06/2011
Equity			
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	159,030	159,030
Revaluation reserve	-	-	-
Treasury shares	-	-	-
Capital reserves	52,505	40,429	40,428
Hedge valuation reserve and FX gains/losses due to consolidation	-	-	-
Retained earnings	15,975	41,589	31,353
Total Group shareholders' equity	**226,938**	**275,771**	**265,535**
Non-controlling shares	2,494	7,319	7,055
Total shareholders' equity	**229,432**	**283,090**	**272,590**
Long-term liabilities			
Long-term loans	33,706	2,103	1,523
Provisions for deferred tax	955	1,224	-
Provisions for liabilities	-		-
Long-term trade and other liabilities	30,616	31,068	29,471
Other financial liabilities	25,865	28,964	26,301
	91,142	**63,359**	**57,295**
Short-term liabilities			
Bank and other loans	16,321	41,338	35,242
Provisions for liabilities	-		-
Income tax liabilities	317	996	273
Trading and other liabilities	51,112	135,056	49,138
Other financial liabilities	12,999	14,799	24,363
	80,748	**192,189**	**109,016**
Liabilities related directly to fixed assets classified as held for sale*	1,507	-	-
Total liabilities	**402,830**	**538,638**	**438,902**

NOTES:
*) The value of liabilities as at 31 December 2011 includes values before the division of the Issuer by separation of an organized part of the enterprise relating to IT operations, including ATM subsidiaries conducting these operations. The value of liabilities as at 30.06.2012 represents the Issuer's assets after the division.

4. CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Non-controlling shares	Total equity
As at 1 January 2012	**34,723**	**159,030**	**-**	**40,429**	**-**	**41,589**	**275,771**	**7,319**	**283,090**
Increases:									
Capital increase	-	-	-	-	-	-	-	-	-
Current period results	-	-	-	-	-	6,800	6,800	(220)	6,580
Share subscription under the stock option plan	-	-	-	-	-	139	139	-	139
Valuation of management options	-	-	-	-	-	-	-	-	-
Changes to the Group's structure	-	-	-	-	-	-	-	-	-
Profit distribution	-	-	-	16,381	-	-	16,381	-	16,381
Decreases:									
Purchase of treasury shares under stock option plan	-	-	-	-	-	-	-	-	-
Purchase of shares after the control taking date		-	-	-	-		-	-	-
Current period results	-	-	-	-	-	-	-	-	-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	16,381	16,381	-	16,381
Dividend payout	-	-	-	-	-	-	-	-	-
Changes to the Group's structure (division)	-	35,295	-	4,305	-	16,172	55,772	4,605	60,377
									-
As at June 30 2012	**34,723**	**123,735**	**-**	**52,505**	**-**	**15,975**	**226,938**	**2,494**	**229,432**

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Non-controlling shares	Total equity
As at 1 January 2011	**34,723**	**159,030**	**(13)**	**38,298**	**-**	**35,424**	**267,462**	**7,811**	**275,273**
Increases:									
Capital increase	-	-	-	-	-	-	-		-
Current period results	-	-	-	-	-	10,334	10,334	299	10,634
Share subscription under the stock option plan	-	-	13	9	-		22	-	22
Valuation of management options	-	-	-	-	-	76	76	(1,055)	(979)
Changes to the Group's structure	-		-	2,121	-		2,121		2,121
Sale of treasury shares under the incentive scheme							-		-
Profit distribution	-	-	-		-	-	-	-	-
									-
Decreases:									-
Purchase of treasury shares under stock option plan	-	-		-	-	-	-	-	-
Adjustment concerning the result from previous years - changes in minority share					-		-		-
Current period results	-	-	-	-	-	-	-	-	-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	2,122	2,122	-	2,122
Dividend payout	-	-	-	-	-	12,359	12,359	-	12,359
Other	-	-	-	-		-		-	-
Financing of incentive scheme	-	-			-	-		-	-
As at 30 June 2011	**34,723**	**159,030**	**-**	**40,428**	**-**	**31,353**	**265,534**	**7,055**	**272,590**

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Revaluation reserve	Retained earnings	Total Group shareholders' equity	Non-controlling shares	Total equity
As at 1 January 2011	**34,723**	**159,030**	**(13)**	**38,298**	**-**	**35,424**	**267,462**	**7,811**	**275,273**
Increases:									
Capital increase	-	-	-	-	-	-	-	-	-
Current period results	-	-	-	-	-	16,323	16,323	111	16,434
Share subscription under the stock option plan	-	-	13	9	-	-	22	-	22
Valuation of management options	-	-	-	-	-	878	878	-	878
Changes to the Group's structure	-	-	-	-					-
Profit distribution	-	-	-	2,122	-	-	2,122	-	2,122
Decreases:									
Purchase of treasury shares under stock option plan	-	-	-	-	-	-	-	-	-
Purchase of shares after the control taking date		-	-	-	-	-	-	-	-
Current period results	-	-	-	-	-	-	-	-	-
Profit distribution to be allocated to reserve capital	-	-	-	-	-	2,122	2,122	-	2,122
Dividend payout	-	-	-	-	-	8,359	8,359	-	8,359
Changes to the Group's structure	-	-		-	-	555	555	603	1,158
As at 31 December 2011	**34,723**	**159,030**	**-**	**40,429**	**-**	**41,589**	**275,771**	**7,319**	**283,090**

5. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the period 01/01-30/06/2012	For the period 01/01-30/06/2011
Operating activities		
Profit (loss) before tax	**6,554**	**9,503**
Adjustment by items:	(30,313)	(16,432)
Share in net loss (profit) of undertakings valued using the equity method	222	(39)
Amortization and depreciation	9,896	9,065
FX gains/losses	752	1,007
Interest received	29	(29)
Interest paid	3,452	2,890
Dividends received	-	-
(Profit) loss on investment activities	(5,491)	(5,422)
Movements in inventories	86	(49)
Movements in receivables	(14,178)	45,284
Movements in liabilities and provisions	(21,623)	(65,671)
Movements in other assets	(583)	(1,375)
Income tax paid	(1,206)	(1,704)
Other	(1,669)	(387)
	(23,759)	**(6,929)**
Investing activities		
Expenses on tangible fixed assets purchases	(18,649)	(33,710)
Expenses on financial asset purchases		
Revenue from sales of tangible fixed assets	9896	6,852
Repayments of long-term loans	-	
Long-term loans granted	(142)	-
Revenue from sales of financial assets	-	7,200
Interest received	1	-
Dividends received		-
FX gains/losses	(1)	59
Other	(30)	(17)
	(9,495)	**(19,616)**
Financing activities		
Net proceeds from issue of shares and other capital contributions	-	
Subsidies received	(2,822)	136
Proceeds from loans	9,855	17,797
Repayments of loans	-	0
Purchase of treasury shares	-	13
Payment of liabilities arising from finance leases	(2,024)	(7,358)
Dividends paid	-	-
Interest received	-	-
Interest paid	(3,453)	(2,905)
Other profit-sharing	-	-
FX gains/losses	(8)	9
Other (division adjustment)	(19,177)	(18,322)
	(17,628)	**(10,631)**
Movements in cash	**(50,882)**	**(37,175)**
Opening balance of cash	56,566	40,269
Closing balance of cash	**5,682**	**3,092**

Data for the period of 01/01-30/06/2011 have been restated in accordance with par. 34 of IFRS 5

ADDITIONAL 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 operation 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 a notarial deed drawn up at the Notarial Office in Raszyn on 16 May 1997 (Repertory No 3243/97).

The registered office of the Company is located in Warsaw at ul. Grochowska 21a. The Company is registered at the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The Company is registered under the National Court Register 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 ACCOUNTING PRINCIPLES (POLICIES)

The interim condensed financial statements for the first half year ended 30 June 2012 were prepared in accordance with IAS 34 *Interim Financial Reporting in a condensed form* and in compliance with the relevant International Financial Reporting Standards (MSSF) applicable to interim financial reporting, approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union and applicable as at 30 June 2012.

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 fulfill their purpose, specified in the Conceptual Framework. Therefore, the Company, starting from the quarterly report for the fourth quarter of 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 installments paid in a given reporting period — concerns the current reporting period, while the majority of these differences concern well-defined future periods for which the maturity date of subsequent lease installments falls. Costs or profit on the revaluation of lease liabilities are actually realized (it affects the Company’s finances) in the periods of lease installments payment, taking into account the actual currency exchange rates as at the dates of lease installments 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 of 2008), i.e. exchange rate differences on currency lease liabilities are recognized as the Company's financial costs for a given reporting period only in the portion concerning actually paid installments. The remaining amount of exchange rate differences is recognized in 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). The exemption from IAS 21 shall be applied by the Company also in the present financial statements and shall be applied until the third quarter of 2013 when the final payments of lease installments in foreign currencies are due.

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

As at 30 June 2012, the balance of accruals resulting from exchange rate differences on lease liabilities was PLN 1,200,260.54. If the exchange rates of JPY remained at the level from the balance sheet day, this sum would be recognized in costs for the following periods in the following amounts:

Year	Quarter	Amount
2012		
	3	340,022.16
	4	334,554.51
2013	1	271,584.32
	2	188,011.94
	3	66,087.62
	4	0.00
TOTAL		**1,200,260.54**

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

Adopting the partial exemption from IAS 21 as at 30 June 2012 resulted in an increase in the value of other current assets by the aforementioned amount of PLN 1,200,260.54, as a result of which the gross income in the years 2008–2012 was increased by the same amount, and after deferred tax (19% of gross profit) in the amount of PLN 228,049.50, the net profit was higher by PLN 972,211.83. This result included the increase in net profit for the years 2008–2011 amounting to PLN 1,738,541.34 and the decrease in net profit for the current period, amounting to PLN 538,280.80.

Adopting the partial exemption from IAS 21 as at 31 December 2011 resulted in an increase in the value of other current assets by the aforementioned amount of PLN 2,146,347.34, as a result of which the gross income in the years 2008–2011 was increased by the same amount, and after deferred tax (19% of gross profit) in the amount of PLN 407,805.99, the net profit was higher by PLN 1,738,541.34. This result includes the increase in net profit for the years 2008–2010 amounting to PLN 2,973,453 and the decrease in net profit for the current period amounting to PLN 1,234,911.66.

Analogically, as at 31 December 2010, adopting the aforementioned exemption resulted in an increase in the value of other current assets by the amount of PLN 3,670,930.05, as a result of which the gross income in the years 2008–2010 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 included 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.

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, higher by PLN 0.15 million in 2010, higher by PLN 1.234 million in 2011 and higher by PLN 0.54 million in the first half of 2012.

The Management Board acknowledges that the financial statements (including the exception from IAS 21 pursuant to IAS 1 §19) present fairly the financial situation 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.

Interim condensed consolidated financial statements do not include all the information and disclosures required in annual consolidated financial statements and they should be read together with annual consolidated financial statements of the Group for 2011, including notes for the period of 12 months ended 31 December 2011, prepared according to IFRS, as approved by the EU.

These condensed interim consolidated statements were not subject to examination by an independent statutory auditor. The last consolidated financial statements which were subject to verification by an independent statutory auditor were the consolidated financial statements for 2011.

These condensed interim consolidated financial statements were subject to review by a statutory auditor. The report on such a review is published together with these financial statements.

3. SEASONALITY OF OPERATIONS

Revenue from sales of telecommunications services is stable, recurrent and relatively resistant to the business cycle, owing to the predominant subscription nature of the contracts. This revenue is not seasonal but grows steadily from quarter to quarter. An exception to this rule are fluctuations of revenue from sales arising from revenue for the setup of telecommunications lines as part of the implementation of the contract on operating the emergency number 112. In the first half of 2012, revenue in this respect amounted to PLN 35,656 thousand, whereas in the first half of 2011 it stood at PLN 8,786 thousand. However, this part of the revenue has no significant impact on the margin and sales profit. Revenues on that account will also occur in subsequent reporting periods.

Activity in the segment of mobile payments does not demonstrate any seasonality. A gradual growth of revenue from this activity is, however, expected due to dynamic development of mobile payments in Poland and in the world.

4. DIVIDENDS PAID AND DECLARED

In connection with ATM's division into two listed companies — ATM and ATM Systemy Informatyczne — the previous dividend policy applicable in ATM S.A. was cancelled (Current Report No 25/2012). This decision is connected with investment needs of the Company related to the construction of new server rooms which will allow further dynamic growth of revenue from collocation and hosting services (data center services).

The ATM S.A. Ordinary General Meeting of Shareholders adopted a resolution on transferring the company's full profit for 2011 to reserve capital.

5. SEGMENTS OF OPERATION

Telecommunications activity is the principal segment of the Issuer's operations characterized by stable revenues and profits in consequent reporting periods. It includes the activity of ATM S.A. and Linx Telecommunications B.V. (Linxtelecom's operating results are not consolidated). This segment is responsible for a considerable portion of the generated revenue and profit of the Group.

The second distinguished segment of the Group's operations with a minor effect on consolidated results is the provision of mobile payment services (payments made with the use of mobile phone), including the operations of a subsidiary, mPay S.A., listed on the NewConnect market.

ICT systems integration is a segment that constituted a part of the 2011 financial results. This activity was conducted by the companies belonging in that time to the ATM Group, i.e. ATM Systemy Informatyczne S.A., ATM Software Sp. z o.o., Impulsy Sp. z o.o. and Sputnik Software Sp. z o.o. Currently, this segment of operations is not present in ATM due to the separation of a part of the enterprise related to IT activities and its acquisition by ATM Systemy Informatyczne S.A. This operating segment is reported in these financial statements — from the Issuer's perspective — as discontinued operations.

Basic financial parameters of the distinguished segments are presented below:

	Continued operations				Discontinued operations	
For the period 01/01-30/06/2012	**Telecommunications**	**Mobile payments**	**Consolidation eliminations**	**Total**	**ICT systems integration**	**mPay International**
Fixed assets	308,416	6,608	3,536	317,901	44,860	5,709
Sales revenue*	95,663	1,276	(34)	96,904	55,573	0
of which: revenue excluding the OST 112 contract	60,007	565		60,572		0
Sales margin**	**35,493**	**541**	**40**	**36,074**	**18,448**	0
Operating profit (loss)	**10,490**	**(652)**	**62**	**9,899**	**2,040**	(1,843)
Profit (loss) before tax	6,915	(641)	281	6,554	**1,681**	(3197)
Net profit (loss) on continued operations	**7,192**	**(641)**	**281**	**6,831**	**1,568**	(3,599)
EBITDA	19,675	59	61	19,795	3,375	(1,843)

	Continued operations				Discontinued operations	
For the period 01/01-30/06/2011	**Telecommunications**	**Mobile payments**	**Consolidation eliminations**	**Total**	**ICT systems integration**	**mPay International**
Fixed assets	320,570	10,901		350,155	46,890	9,010
Sales revenue*	64,821	1,244	(142)	65,923	109,725	0
of which: revenue excluding the OST 112 contract	56,035	1,244	(142)	57,138		0
Sales margin**	**33,726**	**857**	**59**	**34641**	**29,781**	**0**
Operating profit (loss)	**8,864**	**(539)**	**60**	**8,385**	**4,805**	**(14)**
Profit (loss) before tax	11,739	(548)	(1,688)	9,503	**3,345**	**(58)**
Net profit (loss) on continued operations	**9,961**	**(548)**	(1,688)	7,726	**2,794**	**(61)**
EBITDA	17,382	3	65	17,450	7,922	(14)

Data for the period of 01/01-30/06/2011 have been restated in accordance with par. 34 of IFRS 5

NOTES:
*) Sales revenue in the “Telecommunications” segment includes revenue from sales of telecommunications services provided as part of the implementation of the OST 112 contract. Since the telecommunications part of the contract is implemented by subcontractors, this part of the revenue has a negligible effect on the achieved sales margin and operating profit. This type of revenue amounted to: PLN 35,656 thousand in the first half of 2012 and PLN 8,786 thousand in the first half of 2011. For the purposes of clarity, the table above shows revenue from sales for individual segments excluding revenue achieved by the Issuer on the telecommunications part of the OST 112 contract.
**) The Issuer discloses additionally in relation to the IFRS requirements the “Sales margin” category which represents the difference of sales revenue and variable costs of sales, i.e. those that are directly related to the value of the revenue (cost of goods sold, costs of subcontractors in the implementation of services). This category — according to the Issuer's Management Board — is important for the analysis of the company's finances as it is correlated with the value of sales and determines a break-even point for fixed costs, i.e. a point at which the company’s activities are operationally profitable.

Sales revenues broken down into geographical distribution are as follows:

	For the period 01/01- 30/06/2012	**For the period 01/01-30/06/2011**
Country	94,358	64,091
Export	2,547	1,832
Total sales revenue	**96,904**	**65,923**

6. SIGNIFICANT EVENTS AFTER THE END OF THE HALF OF THE YEAR

On 30 July 2012, the District Court for Warsaw Praga – Północ, 9th Commercial Division, issued a decision on the bankruptcy of mPay International, involving the liquidation of the company assets of mPay International Sp. z o.o., which is a subsidiary of the Issuer. District Court Judge – Sławomir Bezak – was appointed Judge Commissioner. Gaweł Jarosiński was appointed Offical Receiver.

Currently, mPay International Sp. z o.o. is not conducting any active operating activities, and shares in mPay S.A., a company listed on the NewConnect market and engaged in the implementation and servicing of payment systems for mobile phones, remain its most important assets. The bankruptcy of mPay International has no impact on the functioning of mPay S.A. and it does not involve any outflow of cash from ATM S.A. More information on this matter is included in the management board report on the activities of ATM S.A. Group for the first half of 2012, on page 23.

7. CHANGE IN THE COMPANY STRUCTURE

In the first half of 2012, the following changes occurred with respect to the ATM S.A. Group:

- on 25 April 2012, the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered an increase in the share capital of ATM Systemy Informatyczne S.A. by transfer of a part of assets of ATM S.A. to ATM Systemy Informatyczne S.A., as a result of which share capital of ATM SI amounts to PLN 7,268,668.80 and is divided into 36,343,344 shares with the nominal value of PLN 0.20.
- on 30 July 2012, the District Court for Warsaw Praga – Północ declared the bankruptcy of mPay International Sp. z o.o.

8. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	End of period 30/06/2012	End of period 31/12/2011
1. Contingent receivables		
1.1 from other undertakings		
2. Contingent liabilities	49,426	71,745
2.1 to other undertakings, of which:	49,426	71,745
- guarantees, sureties granted	7,426	33,987
- mortgage collateral	42,000	35,395
- collateral pledge		2,363

Since the end of the fiscal year 2011, the following changes have occurred with respect to contingent liabilities:

a) guarantees and sureties granted have decreased by PLN 26,561 thousand as a result of a transfer of operations as part of the division for the amount of PLN 12,978 thousand and expiry for the amount of PLN 13,583 thousand;

b) pledge security decreased by PLN 2,363 thousand as a result of a transfer of operations as part of the division;

b) mortgage collaterals decreased by PLN 35,395 thousand as a result of a transfer of operations as part of the division and increased by PLN 42,000 thousand as a result of conversion of authorized overdrafts into investment loans.

The Issuer is a party to a dispute under arbitration proceedings, which was described in details in the Report on the activities of the Group of Companies, on page 26.

9. PRESENTATION OF DISCONTINUED OPERATIONS

As at the date of the publication of the semi-annual report, the Issuer has performed a division of the Company by separating an organized part of the enterprise (OPE), consisting mainly of assets related to IT activities, including shares in companies belonging to the ATM Group of Companies engaged in IT activity, i.e.: ATM Systemy Informatyczne, ATM Software, Impulsy and Sputnik Software, and transferring it to ATM Systemy Informatyczne. As a result of the division, the Issuer's existing shareholders became shareholders of ATM and ATM Systemy Informatyczne, holding the same number of shares in both companies as before the division. Entry in the National Court Register was made on 25 April 2012.

Consolidated result from discontinued operations, calculated from 1 January 2012 to 30 April 2012, amounted to PLN 1,100 thousand.

In addition, the results from operations and assets and liabilities of the bankrupt company mPay International Sp. of o.o. were presented as discontinued operations.

In accordance with IFRS 5, the Issuer informs that as at 30 June 2012, if mPay International had been liquidated as of that date, the following amounts would have been subject to discontinuance:

TOTAL INCOME STATEMENT OF DISCONTINUED OPERATIONS

	For the period 01/01-30/06/2012
Continued operations	
Sales revenue	-
Cost of sales (variable)	-
Cost of sales (fixed)	
Gross profit (loss) on sales	**-**
Other operating revenue	0
Selling costs	-
General and administrative costs	11
Other operating expenses	1,832
Restructuring costs	-
Operating profit (loss)	**(1,843)**
Share in the financial result of undertakings valued using the equity method	-
Financial revenues	-
Financial expenses	1354
Profit (loss) before tax	**(3,197)**
Income tax	402
Net profit (loss) on continued activity	**(3,599)**
Discontinued operations	
Net profit (loss) on discontinued activity	(267)
Net profit (loss)	**(3,866)**
Net profit (loss) for the Group's shareholders	(1,350)
Net profit (loss) for minority shareholders	(2,516)

FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — ASSETS

	End of period 30/06/2012
Fixed assets	
Goodwill	-
Intangible assets	-
Tangible fixed assets	-
Investments in associates consolidated using the equity method	-
Other financial assets	5,669
Deferred income tax assets	-
Other fixed assets	-
	5,669
Current assets	
Inventories	-
Financial assets held for trading	-
Trade and other receivables	10
Income tax receivables	-
Other current assets	-
Cash and cash equivalents	30
	40
Fixed assets classified as held for sale	-
Total assets	**5,709**

FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — LIABILITIES

	End of period 30/06/2012
Equity	
Share capital	9,250
Supplementary capital from share premium	-
Revaluation reserve	-
Treasury shares	-
Capital reserves	-
Hedge valuation reserve and exchange differences due to consolidation	-
Retained earnings	(2,518)
Net profit	(3,867)
Total Group shareholders' equity	**2,688**
Minority share	175
Total shareholders’ equity	**2,865**
Long-term liabilities	
Long-term credits and loans	-
Provisions for deferred tax	-
Provisions for liabilities	-
Long-term trade and other liabilities	-
Other financial liabilities	-
	-
Short-term liabilities	
Bank loans	-
Provisions for liabilities	-
Income tax liabilities	-
Trade and other liabilities	2,844
Other financial liabilities	-
	2,844
Liabilities related directly to fixed assets classified as held for sale	-
Total liabilities	**5,709**

MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF ATM S.A. GROUP OF COMPANIES FOR THE FIRST HALF OF 2012

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

PRESENTED PERIODS

Interim condensed consolidated financial statements contain data for the period from 1 January 2012 to 30 June 2012. Comparative data are presented as at 31 December 2011 for condensed interim consolidated statement on financial situation, for the period from 1 January 2011 to 30 June 2011, for interim condensed consolidated total income statement, interim condensed consolidated statement of cash flow, and interim condensed statement of changes in consolidated shareholders' equity.

SELECTED FINANCIAL DATA

	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	in PLN thousand		in EUR thousand	
Total sales revenue	96,904	65,923	22,938	16,617
Operating profit (loss)	9,899	8,385	2,343	2,113
Profit before tax	6,554	9,503	1,551	2,395
Net profit of parent undertaking shareholders	6,800	10,334	1,610	2,605
Net cash from operating activities	(23,759)	(6,929)	(5,624)	(1,746)
Net cash from financial activities	(17,628)	(10,631)	(4,173)	(2,680)
Net cash from investing activities	(9,495)	(19,616)	(2,248)	(4,943)
Increase (decrease) in cash	(50,882)	(37,175)	(12,044)	(9,369)
	30/06/2012	**31/12/2011**	**30/06/2012**	**31/12/2011**
Fixed assets	317,901	369,733	74,602	83,711
Current assets	79,221	168,905	18,591	38,242
Total assets	402,830	538,638	94,532	121,952
Long-term liabilities	91,142	63,358	21,388	14,345
Short-term liabilities	80,748	192,188	18,949	43,513
Equity	229,432	283,090	53,841	64,094
Share capital*	34,723	34,723	8,149	7,862
Parent undertaking shareholders' equity	226,938	275,771	53,256	62,437
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.24	7.59	1.47	1.86
Diluted book value per share (PLN/EUR)	6.24	7.59	1.47	1.86

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

The above financial data for the first half of 2011 and 2012 were converted to EUR in accordance with the following principles:

- particular items of assets and liabilities were calculated with average FX rate of the National Bank of Poland as of 30 June 2012 at PLN/EUR 4.2613;

- 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 30 June 2012 at PLN/EUR 4.2246 and between 1 January and 30 June 2011 at PLN/EUR 3.9673.

The financial data for 2011 was converted to EUR according to the following principles:

- particular items of assets and liabilities were calculated with average FX rate of the National Bank of Poland as of 31 December 2011 at PLN/EUR 4.4168;

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

Since the first quarter of 2012 a material change has occurred in the manner of presentation of financial results generated by the Issuer and its capital group. In connection with the decision of the Extraordinary General Meeting of ATM S.A. of 20 April 2012, the IT activities of ATM S.A. and thus one of the existing operating segments of the ATM S.A. Group of Companies, were separated and transferred to ATM Systemy Informatyczne which is currently not related by capital with the Issuer and is developing this area of operations independently. The above changes affect significantly the presentation of this year's results of ATM because the IT activities conducted in the previous years by ATM Systemy Informatyczne, ATM Software, Impulsy and Sputnik Software are presented in the results as discontinued operations. The information on discontinued operations (operating segment: ICT systems integration) is presented by the Issuer in clause 9 of the notes to the condensed consolidated financial statements.

The first half of 2012 was successful for the Group. In spite of clearly weaker second quarter in the first half of the year, the consolidated sales revenue amounted to PLN 96.9 million (a 47% increase y/y), sales margin of PLN 36.1 million (a 4% increase y/y), and the Group generated operating profit of PLN 9,90 million (a 18% increase y/y) and an EBITDA profit of PLN 19.8 million (a 13% increase y/y). Compared to the corresponding period in the previous year, net profit from continuing operations dropped by 12% to PLN 6.83 million, and it is only the result of additional financial profit from the sale of 60% share in the inONE company in the first quarter of 2011. This transaction brought an additional net profit of PLN 4.23 million.

The first half of 2012 was important in terms of organizing the structure of the group of companies. We have successfully managed to complete the process of dividing the Issuer into two companies listed on the Warsaw Stock Exchange, and in the opinion of the Issuer's management board, the completion of this almost four-year process, now, after almost four months after the division, has brought real benefits to the shareholders. From the first day of trading of the Issuer in the new structure, the value of the share price of ATM has grown by 48%, reaching a level similar to that of the Reference Date, on which the company was quoted in the old structure, and what is more important, the value of both of independent companies, which are owned by the existing shareholders of ATM, has increased by 17%.

In the second quarter of 2012, a petition was filed for liquidation bankruptcy of mPay International, in which the Insurer held 60% stake. That company did not conduct operating activities in recent years and its only valuable assets are the shares of mPay S.A. As a result of liquidation of mPay International Sp. z o.o., the mPay S.A. shares belonging to it will be sold and the funds obtained from such a sale will be used to pay off its liabilities. It is worth noting that both the bankruptcy of mPay International Sp. z o.o and the related revaluation write-down do not charge the Issuer in form of cash nor have any impact on the functioning of mPay S.A., which successfully operates on the mobile payment market. From accounting point of view, the loss resulting from the valuation write-down is recognized in discontinued operations and amounts to PLN 1.35 million in consolidated statements and PLN 5.51 million in separate financial statement, accordingly.

Telecommunications and value-added services

The first half of 2012 was successful for the Issuers' telecommunications business, in spite of the weaker-than-expected results for the second quarter due to the fact that in that time, exceptionally, there were no significant revenues from the sale other that fixed subscription revenues from telecommunication services. As a result, in the second quarter, the Issuer realized margins mainly on the basis of subscription revenue, and the lack of significant revenues - resulting from delivery of new lines and installation of bigger clients on collocation space - weakened the growth of total revenue in the first half of the year.

However, the Group generated sales revenues of more than PLN 60.6 million (without OST 112) (a 7% increase y/y), sales margin of PLN 35.5 million (a 5% increase y/y), operating profit of PLN 10.5 million (a 18% increase y/y) and EBITDA profit of PLN 19.7 million (a 13% increase y/y).

At the beginning of 2012, ATM entered an another stage of the implementation of the second part of the OST 112 contract, consisting in the provision of telecommunications services as part of the Nation-Wide ICT Network for the purposes of operating the emergency number 112. In contrast to the integration part of that contract (implemented by ATM Systemy Informatyczne), the telecommunications part since the fourth quarter of 2010 has been implemented by two national operators subcontracted by ATM, which also does not generate a significant additional margin despite a considerable revenue realized by the Company in each quarter of the year, therefore, for the purposes of the analysis of the operating activities, this contract is excluded from the calculations. It is also worth emphasizing that the implementation of the OST 112 network was successfully completed in the first quarter of 2012. This network was designed and constructed by a team of ATM S.A. specialists based on data transmission lines of Telekomunikacja Polska S.A. and Exatel S.A. As far as the telecommunications part is concerned, the contract consisted in constructing and commissioning for use first-class data transmission lines with different bandwidth parameters and classes of services and in configuring them in a uniform transmission network structure.

The first half of 2012 was another period in which sales of data center services (collocation and hosting), offered under the brands of ATMAN and Thinx Poland, were the main driver of growth in the telecommunications business. In this area, ATM continues to develop its offer, which is currently used by more than 400 Polish and foreign clients. Revenues generated from data center services in the first half of 2012 exceeded PLN 22.39 million, which is a 30% increase compared to the corresponding period in 2011. Currently, this revenue accounts for 39% of total revenues from the sales of telecommunications services (excluding revenue from the OST 112 contract), constituting the main source of the Company's revenue.

The market position and the current structure of ATM telecommunications revenue not only confirm the Company's leading position on the Polish data centers market, but also allow it to look forward to becoming one of the largest telecommunications operators in Central and Eastern Europe whose main source of revenue is the provision of collocation services. ATM is currently the only entity of this type listed on the stock exchange in this part of Europe.

In discussing telecommunications results, very good sales of telecommunications services to the financial sector should be emphasized. In the first half of 2012, they increased by over 28% and currently it is the second largest area of sales of the Issuer's services after the telecommunications operators sector.

The provision of data transmission services and fiber optic services is the second area of the telecommunications activity of ATM, with over 35% share in the telecommunications revenue. In this area, the Company usually achieves a 10-12% growth of revenue from sales, resulting both from contracts implemented for other telecommunications operators and from an increase in sales of data transmission services to the business sector. An important driver of growth in this area are the ATM infrastructure resources: one of the most developed metropolitan fiber networks in 8 major Polish cities, as well as a long-haul broadband optical transmission network.

In the third sector of telecommunications activity — Internet access services, the Issuer still observes a slowdown, characterized by a 2% decrease in sales revenue compared to the corresponding period of 2011. Revenues from the Internet access services have an increasingly smaller share in total telecommunications revenue, which amounted to 18% in the first half of 2012 (excluding the revenue from the OST 112 contract).

II. Mobile payments

The Group participates in this segment owing to the activity of mPay which promotes making payments via mobile phones, being a pioneer in the implementation of this type of solutions in Poland.

In the first half of 2012, mPay S.A. strived to implement its development strategy based on the sale of integration services in the mobile payments area. During the analysed period, this Company continued the cooperation as part of the MasterCard Mobile initiative. The goal of the initiative is to create a pan-European mobile payment acceptance platform, for payments made using mobile phone directly from the user's MasterCard/Maestro payment card. mPay is also expanding the mobile payment acceptance network by new cities. In the second quarter of 2012, the payments for public transport tickets were launched in Łódź and Rzeszów. Currently, this service is available in 12 cities: Warsaw, Lublin, Bialystok, Krakow, Inowrocław, Wloclawek, Ostroleka, Radom, Plock, Krasnik, Lodz, Rzeszow, and in railway - in Warsaw Commuter Rail. The payments for parking were launched in Wrocław. The payments for parking are available in 15 cities: Lodz, Bydgoszcz, Grudziadz, Kielce, Krakow, Krosno, Nysa, Ostrow Wielkopolski, Swinoujscie, Glogow, Slupsk, Wałbrzych, Ostroleka, Wroclaw, Pabianice.

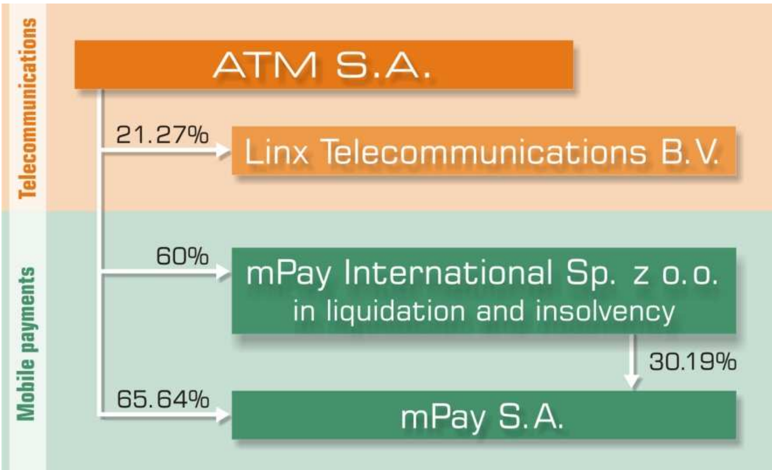
In the first half of 2012, the Group generated slightly better financial results from the mobile payments segment than in the corresponding period of 2011: sales revenue of PLN 1.28 million (a 3% increase y/y), loss at the operating level of PLN 0.65 million and positive result at the EBITDA level of PLN 59 thousand.

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

The most significant factors affecting the results achieved in the first half of 2012 include: the above-discussed revaluation write-down related to the declared liquidation bankruptcy of mPay International Sp. z o.o. and the transfer of the organized part of the enterprise to ATM Systemy Informatyczne presented as discontinued operations (operating segment "integration of telecommunications and IT systems"), which the Issuer presents in point 4 of the Notes the condensed consolidated financial statements.

DESCRIPTION OF THE ORGANIZATION 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:

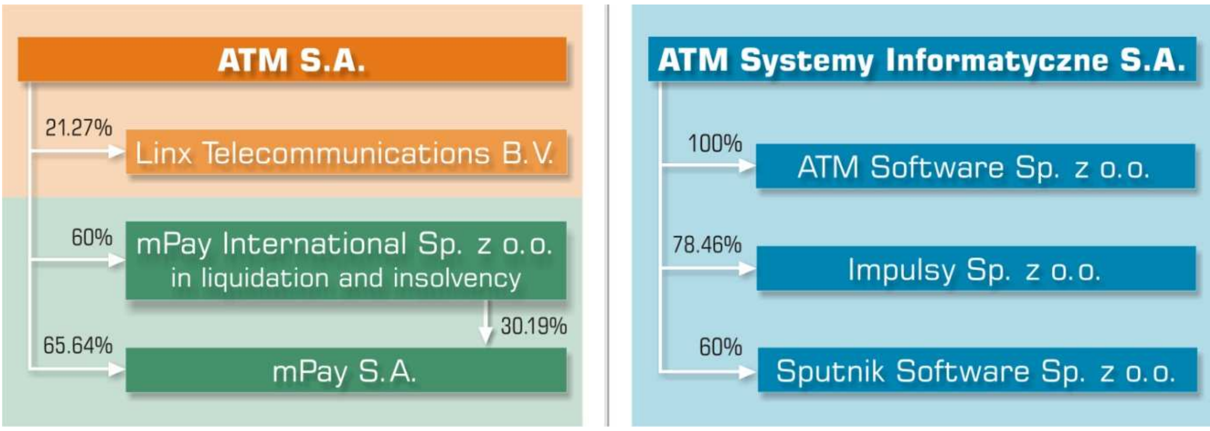


All of the aforementioned subsidiaries were subject to consolidation. Linx Telecommunications B.V.'s operating results were not consolidated at the operating level.

Discussing the current structure of the group of companies, it should be noted that on 20 April 2012, the Extraordinary General Meeting adopted a resolution approving the Issuer's division by the transfer of assets to ATM Systemy Informatyczne.

As a consequence of this division, ATM S.A. continues its current activities, namely the provision of telecommunications services. However, total assets and liabilities related to integrating services were transferred to ATM Systemy Informatyczne together with shares held by ATM S.A. in ATM SI and shares in other integrating companies comprising, in the previous periods, the ATM Group (ATM Software, Impulsy, Sputnik Software).

The structure of both companies after the division is as follows:



The division of ATM S.A. was connected with introducing the ATM SI shares to trading on the regulated market operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.);

The division of ATM S.A. was aimed at reorganizing the activity of ATM capital group in such a way that each of the two main activities were carried out by an independent company listed on the Warsaw Stock Exchange: activity in the provision of telecommunications services by ATM S.A. and activity in the provision of systems integration by ATM Systemy Informatyczne S.A.

The performed division significantly simplified the structure of the Issuer's group of companies. At the same time, each of the companies might be more attractive for investment, among other things due to the fact that:

- it carries out a homogeneous activity, subject to easier modeling and valuation in comparison with other companies, and fulfilling the investment preferences of shareholders to greater extent,
- it was independently subject directly to the information obligations in relation to its shareholders,
- it can be valued by indicators adequate for its industry,
- it can be an active participant to consolidation processes on the market in its industry, both as the acquirer (the strengthening of market position), and the acquired (realization of premiums for the shareholders).

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 SEMI-ANNUAL REPORT VERSUS PROJECTED RESULTS

The Company did not publish the 2012 forecasts.

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 SEMI-ANNUAL 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 the general meeting of the Issuer:

Shareholder	Number of shares held	Stake in share capital	Number of votes at the General Meeting	Share in the overall number of votes
ATP Invest Sp. z o.o. S.K.A.	7,225,489	19.88%	7,225,489	19.88%
Polsat OFE*	3,579,097	9.85%	3,579,097	9.85%
ING OFE*	3,443,794	9.48%	3,443,794	9.48%
Roman Szwed	3,287,993	9.05%	3,287,993	9.05%
Piotr Puteczny**	1,861,263	5.12%	1,861,263	5.12%

**) data concerning POLSAT OFE and ING OFE refers to the number of shares owned by these shareholders as at 31 December 2011 based on the "Annual asset structure".*

***) jointly with his spouse*

Shareholder	Number of shares according to the previous quarterly report	Number of shares according to the current semi-annual report	Change in the number of shares and number of votes
ATP Invest Sp. z o.o. S.K.A.*	0	7,225,489	7,225,489
Tadeusz Czichon*	5,956,887	0	5,956,887
Polsat OFE**	3,346,343	3,579,097	232,754
ING OFE**	3,517,923	3,443,794	-74,129
Roman Szwed	3,287,993	3,287,993	0
ING TFI***	1,868,360	no data	no data
Piotr Puteczny***	1,861,263	1,861,263	0

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

**) Tadeusz Czichon contributed his ATM S.A. shares to ATP Invest Sp. z o.o. S.K.A.*

***) The data concerning POLSAT OFE and ING OFE refer to the number of shares owned by these shareholders as at 31 December 2011 based on the "Annual asset structure".*

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

***** jointly with his spouse*

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 May 2012	Increases	Decreases	As at 31 August 2012
Tadeusz Czichon	5,956,887	-	5,956,887*	0
Roman Szwed	3,287,993	-	-	3,287,993
Maciej Krzyżanowski	55,408	3,200	-	58,608
Anna Bugajska	59,000	-	-	59,000

**) Tadeusz Czichon, Vice-President of ATM S.A, reduced the number of held shares through an in-kind contribution of ATM S.A. shares to ATP Invest Sp. z o.o. S.K.A, performed by him and persons associated with him. Thus, the described reduction does not change actual ownership of the company and that the limited joint-*

stock partnership, a current shareholder of ATM S.A., remains under Tadeusz Czichon's control. The only aim of the contribution of ATM S.A. shares to the limited joint-stock partnership (just as was the case with shares in ATM Systemy Informatyczne S.A. and mPay S.A.) was to organize the investment portfolio and entrust the management of its investment assets to a specialized entity. Mr. Tadeusz Czichon — acting through ATP Invest Sp. z o.o. S.K.A — remains the largest shareholder of ATM S.A. with a long-term investment horizon.

PURCHASE OF TREASURY SHARES

The Issuer did not purchase treasury shares in the reported period.

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

The Issuer is currently a party to the arbitration proceedings under which the Plaintiff Henryk Kulakowski, a minority shareholder in mPay International Sp. z o.o., bases his claims for damages in the amount of PLN 20 million for an alleged breach by ATM S.A. of investment agreement dated 2 February 2006. According to the Claimant, such a breach involved dismissal of the Claimant from the position of President of the Management Board of mPay S.A. and recapitalization of mPay S.A. by ATM as a result of taking up the new issues of mPay S.A. shares. In the opinion of the Issuer, the investment agreement was effectively terminated by ATM S.A. on 10 December 2008, and there is no causal link between the alleged damage suffered by Henryk Kulakowski and the operations of ATM. In addition, the size of hypothetical damage of PLN 20 million, as specified by the Claimant, is completely unfounded and is not supported by the evidence provided by the Claimant. The value of this claim does not exceed 10% of the Issuer's equity, however, in connection with the pending arbitration proceedings, the Issuer presents the circumstances of the dispute more broadly.

Furthermore, 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 CONCERNING THE 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 THE 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, FINANCIAL RESULT AND 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 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 a high potential to increase revenue and generate profits, owing to its good investment policy. The demand for broadband data transmission and data center 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 Thinx 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.

It is also expected that the demand for high bandwidth networks, in particular optical networks, will grow owing to two factors: construction of the next generation LTE (Long Term Evolution) network by mobile providers and ubiquitous video transmission in telecommunications services. Certainly, it will have a positive impact on increased sales of services based on the existing optical infrastructure, which is becoming indispensable for telecommunications providers in the provision of the services mentioned.

RISK FACTORS

Risks related to the economic situation in Poland and in the world

The Issuer's operation is not sensitive to changes in economic conditions.

Risks associated with the implementation of R&D works and investments

As part of organizational changes introduced in 2009 and 2010, following the implemented strategy, the Issuer decided to abandon these fields of activity which did not bring expected results and did not comply with the Group's lines of development. As a result, the Issuer has significantly reduced the Group's involvement in innovative projects associated with costs of research and implementation works. The Issuer conducts R&D works insofar as they directly translate into greater competitiveness of the products and services it offers.

It is worth emphasizing that the new investment project connected with the construction of ATM Innovative Center does not involve any risks related to conduction of R&D works and investments. Works which are conducted within this Project, among others aimed to implement energy-efficient systems, directly contribute to reduction of the Center's maintenance costs.

Risk related to human resources

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

The Company's experiences show that the situation concerning staff in companies within the Group is stable, the employees and managers are engaged in the development of their companies.

STATEMENT OF THE MANAGEMENT BOARD

Under Decree of the Minister of Finance dated 19 February 2009 on current and periodic information issued by the issuers of securities, the Management Board declares that, according to its best knowledge, these interim condensed consolidated financial statements and comparable data have been drawn up in accordance with accounting principles applicable to the Company and they give a correct, true and fair view of the asset and financial situation of the Issuer's group of companies and its financial performance.

These interim condensed consolidated financial statements have been drawn up in accordance with the accounting principles compliant with International Financial Reporting Standards ("IFRS") as approved by the European Union and to the extent required by the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information submitted by the issuers of securities (Journal of Laws [Dz.U.] No. 33 item 259, as amended). These financial statements cover the period from 1 January to 30 June 2012.

The Management Board declares that the entity authorized to audit and review the financial statements, which reviewed the interim consolidated financial statements, was selected pursuant to applicable laws, and that this entity as well as the statutory auditors who reviewed these statements fulfilled the conditions for issuing an impartial and independent review report, pursuant to applicable Polish laws. According to the corporate governance rules adopted by the Management Board, the statutory auditor was selected by the Supervisory Board of the Company on 11 June 2012. The Supervisory Board made the above-mentioned selection, taking into consideration the ensuring the complete independence and objectivity for the said selection and the tasks performance by the statutory auditor.

President of the Management Board	Vice-President of the Management Board
Maciej Krzyżanowski	Tadeusz Czichon

CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE FIRST HALF OF 2012

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

1. CONDENSED TOTAL INCOME STATEMENT

	For the period 01/01- 30/06/2012	For the period 01/01- 30/06/2011
Continued operations		
Sales revenue*	95,663	64,821
Cost of sales (variable)	60,169	31,096
Sales margin**	**35,493**	**33,725**
Cost of sales (fixed)***	10,071	6,781
Gross profit (loss) on sales	**25,423**	**26,944**
Other operating revenue	766	41
Selling costs	-	-
General and administrative costs	14,640	17,462
Other operating expenses	1,059	659
Restructuring costs	-	-
Operating profit (loss)	**10,490**	**8,864**
Share in the financial result of undertakings valued using the equity method	-	-
Financial revenues****	543	6,946
Financial expenses	4,118	4,071
Profit (loss) before tax	**6,915**	**11,739**
		-
Income tax	(277)	1,778
Net profit (loss) on continued operations	**7,192**	**9,961**
		-
Discontinued operations	-	-
Net profit (loss) on discontinued activity	(5,965)	(797)
Including the cost related to the revaluation write-down for the shares of mPay International Sp. z o.o.	(5,551)	-
Net profit (loss)	**1,226**	**9,164**
Other total income		
Share in other total income of associates	**-**	**-**
Income tax related to other total income items	-	-
Other total net income	-	-
Total amount of total income	**1,226**	**9,164**
Profit (loss) per share		
From continued operations:		
Ordinary	0.20	0.25
Diluted	0.03	0.25
From continued and discontinued operations:		
Ordinary	0.03	0.25
Diluted	0.03	0.25
EBITDA	19,675	17,381

Data for the period of 01/01-30/06/2011 have been restated in accordance with par. 34 of IFRS 5

NOTES:
*) Sales revenue includes, among others, revenue from sales of telecommunications services provided as a part of the implementation of the OST 112 contract. Since the telecommunications part of the contract is implemented by subcontractors, this part of the revenue has a negligible effect on the achieved sales margin and operating profit. This type of revenue amounted to: PLN 35,656 thousand in the first half of 2012 and PLN 8,786 thousand in the first half of 2011. Moreover, the

individual data of ATM S.A. were adjusted by the reduction in revenues and sales costs (variable) by PLN 13,958 thousand, resulting from recharging the integration activity between ATM S.A. and ATM SI S.A.
**) The Issuer discloses additionally in relation to the IFRS requirements the "Sales margin" category which represents the difference of sales revenue and variable costs of sales, i.e. those that are directly related to the value of the revenue (cost of goods sold, costs of subcontractors in the implementation of services). This category — according to the Issuer's Management Board — is important for the analysis of the company's finances as it is correlated with the value of sales and determines a break-even point for fixed costs, i.e. a point at which company's activities are operationally profitable.
***) The Issuer partially transferred general and administrative costs for 2012 to fixed costs of sales (the cost of depreciation of certain fixed assets). Therefore, the change of fixed costs against the previous year should be analyzed jointly in both of these items (fixed costs of sales + general administrative costs).
****) Financial revenues and expenses in the first half of 2011 included the effects of a one-off event which was related to the sale of shares in inONE S.A. by the Issuer. As a result of this sale, profit on financial operations in the first half of 2011 amounted to PLN 6,731 thousand and related net profit was PLN 5,452 thousand.

2. CONDENSED STATEMENT OF FINANCIAL POSITION

	End of period 30/06/2012	End of period 31/12/2011	End of period 30/06/2011
Fixed assets			
Goodwill			
Intangible assets	40,341	46,229	47,102
Tangible fixed assets	204,329	198,232	180,205
Investments in associates consolidated using the equity method	63,487	63,487	63,487
Investments in subsidiaries	14,739	49,184	47,309
Deferred income tax assets	-	-	-
Other fixed assets	259	380	1,046
	323,155	**357,512**	**339,149**
Current assets			
Inventories	1,266	1,100	1,339
Financial assets held for trading	1,687	1,546	2,352
Trading and other receivables	64,950	22,567	25,013
Income tax receivables	57	58	57
Other current assets	4,383	5,171	3,453
Other financial receivables			
Cash and cash equivalents	4,810	36,229	2,502
	77,153	**66,671**	**34,717**
Fixed assets classified as held for sale	-	-	-
Total assets	**400,308**	**424,183**	**373,866**

	End of period 30/06/2012	End of period 31/12/2011	End of period 30/06/2011
Equity			

Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	159,030	159,030
Revaluation reserve		-	-
Treasury shares		-	-
Capital reserves	52,505	36,124	36,124
Hedge valuation reserve and FX gains/losses due to consolidation		-	-
Retained earnings	17,907	32,829	25,157
Total equity	**228,870**	**262,706**	**255,035**
Long-term liabilities			
Long-term loans	33,740	-	-
Provisions for deferred tax	2,011	3,278	2,981
Provisions for liabilities		-	-
Long-term trade and other liabilities	30,616	30,220	28,267
Other financial liabilities	25,810	24,774	23,769
	92,177	**58,272**	**55,017**
Short-term liabilities			
Bank and other loans	16,321	40,206	27,856
Provisions for liabilities	-	-	
Income tax liabilities	317	533	88
Trading and other liabilities	49,808	51,287	17,436
Other financial liabilities	12,817	11,179	18,433
	79,262	**103,205**	**63,814**
Liabilities related directly to fixed assets classified as held for sale	-	-	-
Total liabilities	**400,308**	**424,183**	**373,866**

3. CONDENSED STATEMENT OF CHANGES IN EQUITY

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Retained earnings	Equity
As at 1 January 2012	**34,723**	**159,030**	**0**	**36,124**	**32,829**	**262,706**
Increases:						
Current period results	-	-	-	-	1,226	1,226
Profit distribution	-	-	-	16,381	-	16,381
Share subscription under the stock option plan	-	-	-	-	233	233
Decreases:						
Division eliminations	-	35,295	-	-		35,295
Profit distribution to be allocated to equity	-	-	-	-	16,381	16,381
Dividend payout	-	-	-	-	-	-
Financing of Incentive Scheme	-	-	-	-	-	-
As at June 30 2012	**34,723**	**123,735**	**0**	**52,505**	**17,907**	**228,870**

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Retained earnings	Equity
As at 1 January 2011	**34,723**	**159,030**	**(13)**	**35,969**	**24,088**	**253,797**
Increases:						
Current period results	-	-	-	-	9,153	9,153
Valuation of management options	-	-	-	-	429	429
Profit distribution	-	-		146	-	146
Share subscription under the stock option plan	-	-	13	9	-	22
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	146	146
Dividend payout	-	-	-	-	8,359	8,359
Financing of Incentive Scheme	-	-	-	-	8	8
As at 30 June 2011	**34,723**	**159,030**	**0**	**36,124**	**25,157**	**255,034**

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Retained earnings	Equity
As at 1 January 2011	**34,723**	**159,030**	**(13)**	**35,969**	**24,088**	**253,797**
Increases:						
Current period results	-	-	-	-	16,381	16,381
Valuation of management options	-	-	-	-	878	878
Profit distribution	-	-		146	-	146
Share subscription under the stock option plan	-	-	13	9	-	22
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	146	146
Dividend payout	-	-	-	-	8,359	8,359
Financing of Incentive Scheme	-	-	-	-	13	13
As at 31 December 2011	**34,723**	**159,030**	**0**	**36,124**	**32,829**	**262,706**

4. CONDENSED CASH FLOW STATEMENT

	For the period 01/01-30/06/2012	For the period 01/01-30/06/2011
Operating activities		
Profit (loss) before tax	**6,915**	**10,931**
Adjustment by items:	(30,437)	(15,490)
Amortization and depreciation	9185	8,516
FX gains/losses	752	1,007
Interest received	-	(42)
Interest paid	3,452	2,890
Dividends received	-	-
(Profit) loss on investment activities	(5,491)	(6,499)
Movements in inventories	108	(34)
Movements in receivables	(14,202)	45,955
Movements in liabilities and provisions	(21,682)	(65,290)
Movements in other assets	(157)	(821)
Income tax paid	(1,206)	(1,704)
Other	(1,197)	532)
	(23,522)	**(4,559)**
Investing activities		
Expenses on tangible fixed assets purchases	(18,646)	(33,690)
Expenses on financial asset purchases	-	(725)
Revenue from sales of tangible fixed assets	9,325	6,851
Repayments of long-term loans	-	-
Loans granted	(142)	(1,000)
Revenue from sales of financial assets	-	7,200
Interest received	1	-
Dividends received	-	-
FX gains/losses	(1)	61
Other	-	-
	(9,462)	**(21,302)**
Financing activities		
Net proceeds from issue of shares and other capital contributions	-	0
Subsidies received	(2,822)	136
Proceeds from loans	9,855	17,856
Repayments of loans	-	-
Purchase of treasury shares	(1)	13
Payment of liabilities arising from finance leases	(2,008)	(7,344)
Dividends paid	-	-
Interest received	-	70
Interest paid	(3,451)	(2,890)
Other profit-sharing	-	-
FX gains/losses	(8)	9
Other (division adjustment)		-
	1,566	**7,850**
Movements in cash	**(31,418)**	**(18,011)**
Opening balance of cash	36,229	20,513
Closing balance of cash	**4,810**	**2,502**

NOTES TO CONDENSED SEMI-ANNUAL REPORT FOR THE FIRST HALF OF 2012

1. SALES REVENUE BROKEN DOWN INTO GEOGRAPHICAL DISTRIBUTION

Sales revenue broken down into geographical distribution is as follows:

	For the period 01/01-30/06/2012	For the period 01/01-30/06/2011
Country	93,116	62,989
Export	2,547	1832
Total sales revenue	**95,663**	**64,821**

2. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	End of period 30/06/2012	End of period 31/12/2011
1. Contingent receivables		
1.1 from other undertakings		
2. Contingent liabilities	49,426	28,246
2.1 to other undertakings, of which:	49,426	28,246
- guarantees, sureties granted	7,426	28,246
- mortgage collateral	42,000	-
- collateral pledge	-	-

Since the end of the fiscal year 2011, the following changes have occurred with respect to contingent liabilities:

a) guarantees and sureties granted have decreased by PLN 20,820 thousand because of:

- a transfer of operations as part of the division in the amount of PLN 7,237 thousand;
- c) expiry of guarantees of PLN 13,583 thousand

b) mortgage collaterals increased by PLN 42,000 thousand as a result of the conversion of authorized overdrafts into investment loans.

3. PRESENTATION OF DISCONTINUED OPERATIONS

As at the date of the publication of the quarterly report, the Issuer has performed a division of the Company by separating an organized part of the enterprise (OPE), consisting of assets related to IT activities, and including shares in companies belonging to the ATM Group of Companies engaged in IT activity, i.e.: ATM Systemy Informatyczne, ATM Software, Impulsy and Sputnik Software, and transferring it to ATM Systemy Informatyczne. As a result of the division, the Issuer's existing shareholders became shareholders of ATM and ATM Systemy Informatyczne, holding the same number of shares in both companies as before the division. Entry in the National Court Register was made on 25 April 2012.

Result from discontinued operations calculated for the period 01.01-30.04.2012 amounted to PLN 414 thousand.

In addition, the results and assets and liabilities of the bankrupt company mPay International Sp. z o.o. were presented as discontinued operations.

In accordance with IFRS 5, the Issuer informs that as at 30 June 2012, if mPay International had been liquidated as of that date, the following amounts would have been subject to discontinuance:

TOTAL INCOME STATEMENT OF DISCONTINUED OPERATIONS

	For the period 01/01-30/06/2012
Continued operations	
Sales revenue	
Gross profit (loss) on sales	-
Other operating revenue	
Operating profit (loss)	**-**
Share in the financial result of undertakings valued using the equity method	-
Financial revenues	-
Financial expenses	5,551
Profit (loss) before tax	**(5,551)**
Income tax	-
Net profit (loss) on continued operations	**(5,551)**
Discontinued operations	
Net profit (loss) on discontinued activity	-
Net profit (loss)	**(5,551)**

FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — ASSETS

	End of period 30/06/2012
Fixed assets	
Goodwill	-
Intangible assets	-
Tangible fixed assets	-
Investments in associates consolidated using the equity method	-
Investments in subsidiaries	
Deferred income tax assets	-
Other fixed assets	-
	-
Current assets	
Inventories	-
Financial assets held for trading	-
Trading and other receivables	-
Income tax receivables	-
Other current assets	-
Other financial receivables	
Cash and cash equivalents	-
	-
Fixed assets classified as held for sale	-
Total assets	**-**

FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — LIABILITIES

	End of period 30/06/2012
Equity	
Share capital	-
Supplementary capital from share premium	-
Revaluation reserve	
Treasury shares	
Capital reserves	-
Hedge valuation reserve and FX gains/losses due to consolidation	
Retained earnings	-
Total equity	**-**
Long-term liabilities	
Long-term loans	-
Provisions for deferred tax	-
Provisions for liabilities	
Long-term trade and other liabilities	-
Other financial liabilities	-
	-
Short-term liabilities	
Bank and other loans	-
Provisions for liabilities	-
Income tax liabilities	-
Trading and other liabilities	-
Other financial liabilities	-
	-
Liabilities related directly to fixed assets classified as held for sale	-
Total liabilities	**-**

OTHER INFORMATION

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

SELECTED FINANCIAL DATA

	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	in PLN thousand		in EUR thousand	
Total sales revenue	95,663	64,821	22,644	16,339
Operating profit (loss)	10,490	8,864	2,483	2,234
Profit before tax	6,915	11,739	1,637	2,959
Net profit	1,226	9,164	290	2,310
Net cash from operating activities	(23,522)	(4,559)	(5,568)	(1,149)
Net cash from investing activities	(9,462)	(21,302)	(2,240)	(5,369)
Net cash from financial activities	1,566	7,850	371	1,979
Increase (decrease) in cash	(31,418)	(18,011)	(7,437)	(4,540)
	30/06/2012	**31/12/2011**	**30/06/2012**	**31/12/2011**
Fixed assets	323,155	357,512	75,835	80,944
Current assets	77,153	66,671	18,106	15,095
Total assets	400,308	424,183	93,940	96,039
Long-term liabilities	92,177	58,272	21,631	13,193
Short-term liabilities	79,262	103,205	18,601	23,366
Equity	228,870	262,706	53,709	59,479
Share capital*	34,723	34,723	8,149	7,862
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.30	7.23	1.48	1.64
Diluted book value per share (PLN/EUR)	6.30	7.23	1.48	1.64

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

The above financial data for the first half of 2011 and 2012 were converted to EUR in accordance with the following principles:

- particular items of assets and liabilities were calculated with average FX rate of the National Bank of Poland as of 30 June 2012 at PLN/EUR 4.2613;
- 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 30 June 2012 at PLN/EUR 4.2246 and between 1 January and 30 June 2011 at PLN/EUR 3.9673.

The financial data for 2010 was converted to EUR according to the following principles:

- particular items of assets and liabilities were calculated with average FX rate of the National Bank of Poland as of 31 December 2011 at PLN/EUR 4.4168.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Maciej Krzyżanowski	President of the Management Board	31 August 2012	....
Tadeusz Czichon	Vice-President of the Management Board	31 August 2012	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	31 August 2012	....