



ATM S.A. CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT
FOR THE THIRD QUARTER OF 2012**

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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 February 2009 considering changes arising from the Regulation of the Minister of Finance of 3 April 2012, and includes consolidated financial statements of the ATM S.A. capital group made according to the International Financial Reporting Standards, as approved by the European Union.

Submission date: 12 November 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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NIP (Tax ID No): 113-00-59-989

REGON (statistical number): 012677986

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE ATM S.A. CAPITAL GROUP FOR THE THIRD QUARTER OF 2012

1. CONSOLIDATED STATEMENT OF TOTAL INCOME

| | For the period 01/01 – 30/09/2012 | For the period 01/07 – 30/09/2012 | For the period 01/01 – 30/09/2011 | For the period 1/07 – 30/09/2011 |
|--|---|---|---|--|
| Continued operations | | | | |
| Sales revenue* | 137,707 | 40,803 | 104,163 | 38,240 |
| Cost of sales (variable) | 83,215 | 22,385 | 51,415 | 20,133 |
| Sales margin** | 54,492 | 18,418 | 52,748 | 18,107 |
| Cost of sales (fixed)*** | 15,405 | 5,335 | 10,264 | 3,483 |
| Gross profit (loss) on sales | 39,087 | 13,084 | 42,484 | 14,624 |
| Other operating income | 1,026 | 130 | 295 | 71 |
| Selling costs | | - | - | - |
| General and administrative costs | 23,662 | 7,723 | 29,268 | 10,227 |
| Other operating costs | 1,269 | 208 | 967 | 308 |
| Restructuring costs | | | - | - |
| Operating profit (loss) | 15,182 | 5,282 | 12,544 | 4,160 |
| Share in the financial result of undertakings valued using the equity method | 1,397 | 1,176 | (1,241) | (1,202) |
| Financial revenues**** | 590 | 42 | 6,961 | 63 |
| Financial expenses**** | 6,454 | 2,340 | 8,129 | 2,388 |
| Profit (loss) before tax | 10,715 | 4,160 | 10,135 | 633 |
| Income tax | 333 | 610 | 2,347 | 569 |
| Net profit (loss) on continued operations | 10,381 | 3,550 | 7,788 | 64 |
| Discontinued operations | | | | |
| Net profit (loss) on discontinued activity | (251) | - | 5,499 | 2,590 |
| of which: | | - | | |
| referring to the separation of the organized part of the enterprise relating to integrating operations | 1,100 | - | 1,596 | (1,350) |
| referring to mPay International Sp. z o.o. | (1,351) | - | (97) | (60) |
| Net profit (loss) | 10,130 | 3,550 | 13,288 | 2,655 |
| Net profit (loss) for the Group's shareholders | 10,498 | 3,698 | 9,959 | (375) |
| Net profit (loss) for minority shareholders | (368) | (148) | 255 | (44) |
| 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 | 10,130 | 3,550 | 13,288 | 2,655 |
| Total income for the Group's shareholders | 10,498 | 3,698 | 9,959 | (375) |
| Total income for minority shareholders | (368) | (148) | 255 | (44) |
| Profit (loss) per share | | | | |
| From continued operations: | | | | |
| Ordinary | 0.29 | 0.10 | 0.37 | 0.11 |
| Diluted | 0.29 | 0.10 | 0.37 | 0.11 |
| From continued and discontinued operations: | | | | |
| Ordinary | 0.28 | 0.10 | 0.37 | 0.19 |
| Diluted | 0.28 | 0.10 | 0.37 | 0.19 |
| EBITDA | 30,579 | 10,784 | 27,212 | 9,762 |

Data for the period of 01/01 – 30/09/2011 has been restated in accordance with § 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 10.19 million in the third quarter of 2012 and PLN 45.84 million in the period of first-third quarter of 2012 r. and PLN 8.04 million in third quarter of 2011 and PLN 16.83 million in the period of first-third quarter 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 2011 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 analysed jointly in both of these items (fixed costs of sales + general and administrative costs).

****) Financial revenues and expenses in 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 2011 amounted to PLN 6,731 thousand and related net profit was PLN 5,452 thousand.

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION — ASSETS

| | <u>End of period 30/09/2012</u> | <u>End of the period 31/12/2011</u> | <u>End of period 30/09/2011</u> |
|--|---|---|---|
| Fixed assets | | | |
| Goodwill | 128 | 18,579 | 18,579 |
| Intangible assets | 44,948 | 64,775 | 65,790 |
| Fixed tangible assets | 205,845 | 218,167 | 209,983 |
| Investments in associates consolidated using the equity method | 68,721 | 67,324 | 66,398 |
| Other financial assets | 0 | 80 | 80 |
| Deferred income tax assets | 0 | 0 | 0 |
| Other fixed assets | 298 | 808 | 1,817 |
| | <u>319,941</u> | <u>369,733</u> | <u>362,647</u> |
| Current assets | | | |
| Inventories | 1,240 | 15,240 | 14,265 |
| Financial assets held for trading | 1,820 | 104 | 102 |
| Trading and other receivables | 50,132 | 88,681 | 65,379 |
| Income tax receivables | 57 | 71 | 341 |
| Other current assets | 5,063 | 8,243 | 10,731 |
| Other financial receivables | - | - | - |
| Cash and cash equivalents | 3,358 | 56,566 | 12,994 |
| | <u>61,670</u> | <u>168,905</u> | <u>103,812</u> |
| Fixed assets classified as held for sale | <u>5,709</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>387,320</u> | <u>538,638</u> | <u>466,459</u> |

NOTES:

*) The value of assets as at 31.12.2011 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 30.09.2012 represents the Issuer's assets after the division.

CONSOLIDATED FINANCIAL SITUATION STATEMENT – LIABILITIES

| | <u>End of period 30/09/2012</u> | <u>End of the period 31/12/2011</u> | <u>End of period 30/09/2011</u> |
|--|---|---|---|
| Equity | | | |
| Share capital | 34,723 | 34,723 | 34,723 |
| Supplementary capital from share premium | 123,735 | 159,030 | 159,030 |
| Revaluation reserve | - | - | - |
| Treasury shares | (1) | - | - |
| Capital reserves | 52,505 | 40,429 | 40,428 |
| Hedge valuation reserve and FX gains/losses due to consolidation | - | - | - |
| Retained earnings | <u>19,754</u> | <u>41,589</u> | <u>38,284</u> |
| Total Group shareholders' equity | 230,715 | 275,771 | 272,465 |
| Non-controlling shares | <u>2,346</u> | <u>7,319</u> | <u>7,011</u> |
| Total shareholders' equity | 233,061 | 283,090 | 279,476 |
| Long-term liabilities | | | |
| Long-term loans | 33,686 | 2,103 | 1,341 |
| Provisions for deferred tax | 1,141 | 1,224 | 489 |
| Provisions for liabilities | - | - | - |
| Long-term trade and other liabilities | 30,111 | 31,068 | 31,012 |
| Other financial liabilities | <u>27,040</u> | <u>28,964</u> | <u>29,752</u> |
| | 91,978 | 63,359 | 62,594 |
| Short-term liabilities | | | |
| Bank and other loans | 16,217 | 41,338 | 48,469 |
| Provisions for liabilities | - | - | - |
| Income tax liabilities | 312 | 996 | - |
| Trading and other liabilities | 34,837 | 135,056 | 66,633 |
| Other financial liabilities | <u>9,407</u> | <u>14,799</u> | <u>9,286</u> |
| | 60,772 | 192,189 | 124,388 |
| Liabilities related directly to fixed assets classified as held for sale | <u>1,509</u> | <u>-</u> | <u>-</u> |
| Total liabilities | 387,320 | 538,638 | 466,458 |

NOTES:

*) The value of liabilities as at 31.12.2011 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 30.09.2012 represents the Issuer's liabilities after the division.

3. 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>Non-controlling shares</u> | <u>Total equity</u> |
|--|---------------------|---|------------------------|------------------------|----------------------------|--------------------------|---|-------------------------------|---------------------|
| 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 | - | - | - | - | - | 10,498 | 10,498 | (368) | 10,130 |
| Share subscription under the stock option plan | - | - | - | - | - | 343 | 343 | - | 343 |
| 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 | - | - | 1 | - | - | - | 1 | - | 1 |
| 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 | - | 16,296 | 55,896 | 4,605 | 60,501 |
| As at 30 September 2012 | 34,723 | 123,735 | (1) | 52,505 | - | 19,753 | 230,715 | 2,346 | 233,061 |

| | <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>Non-controlling shares</u> | <u>Total equity</u> |
|--|---------------------|---|------------------------|------------------------|----------------------------|--------------------------|---|-------------------------------|---------------------|
| 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 | - | - | - | - | - | 13,033 | 13,033 | 255 | 13,288 |
| Share subscription under the stock option plan | - | - | 13 | 9 | - | - | 22 | - | 22 |
| Valuation of management options | - | - | - | - | - | 232 | 232 | - | 232 |
| Changes to the Group's structure | - | - | - | - | - | 76 | 76 | (1,055) | (979) |
| Profit distribution | - | - | - | 2,121 | - | - | 2,121 | - | 2,121 |
| 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 |
| Financing of incentive scheme | - | - | - | - | - | - | - | - | - |
| As at 30 September 2011 | 34,723 | 159,030 | - | 40,428 | - | 38,284 | 272,465 | 7,011 | 279,476 |

| | <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>Non-controlling shares</u> | <u>Total equity</u> |
|--|---------------------|---|------------------------|------------------------|----------------------------|--------------------------|---|-------------------------------|---------------------|
| 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 |

4. CONSOLIDATED CASH FLOW STATEMENT

| | <u>For the period 01/01 – 30/09/2012</u> | <u>For the period 01/01 – 30/09/2011</u> |
|---|--|--|
| Operating activities | | |
| Profit (loss) before tax | 10,715 | 10,135 |
| Adjustment by items: | | |
| Share in net loss (profit) of undertakings valued using the equity method | (26,301) | (12,449) |
| Depreciation | 1,397 | (1,241) |
| Exchange differences | 15,397 | 14,668 |
| Interest received | 1,139 | 1,753 |
| Interest paid | 4 | (46) |
| Dividends received | 5,358 | 4,517 |
| (Profit) loss on investment activities | - | - |
| Changes in inventories | (5,496) | (4,679) |
| Changes in receivables | 223 | 206 |
| Changes in liabilities and provisions | 1,241 | 32,304 |
| Changes in other assets | (38,233) | (54,653) |
| Income tax paid | (1,246) | (838) |
| Other | (1,662) | (1,969) |
| | <u>(4,424)</u> | <u>1,529</u> |
| | <u>(15,586)</u> | <u>1,686</u> |
| Investing activities | | |
| Expenses on tangible fixed assets purchases | (24,783) | (54,664) |
| Expenses on financial assets purchases | | 0 |
| Revenue from sale of tangible fixed assets | 10,548 | 9,113 |
| Repayments of long-term loans | - | 0 |
| Long-term loans granted | 0 | - |
| Revenue from sales of financial assets | 0 | 7,200 |
| Interest received | (1) | - |
| Dividends received | | - |
| Exchange differences | 24 | (72) |
| Other | (30) | 4,062 |
| | <u>(14,242)</u> | <u>(34,361)</u> |
| Financing activities | | |
| Net proceeds from issue of shares and other capital contributions | | 0 |
| Subsidies received | (3,195) | 1,658 |
| Proceeds from loans and borrowings | 9,751 | 37,180 |
| Repayments of loans | - | 0 |
| Purchase of treasury shares | (1) | (13) |
| Payment of liabilities arising from finance leases | (5,292) | (10,164) |
| Dividends paid | - | (8,359) |
| Interest received | - | 88 |
| Interest paid | (5,365) | (4,538) |
| Other profit-sharing | - | - |
| Exchange differences | (104) | (74) |
| Other (division adjustment) | (19,174) | (10,378) |
| | <u>(23,380)</u> | <u>5,400</u> |
| | <u>(53,208)</u> | <u>(27,274)</u> |
| Changes in cash | | |
| Cash as at the beginning of the period | 56,566 | 40,269 |
| Closing balance of cash | <u>3,358</u> | <u>12,994</u> |

Data for the period of 01/01 – 30/09/2011 has been restated in accordance with § 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. Capital Group, 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 (KRS) number 0000034947.

On 25 April 2012, the National Court Register registered a division of the company by separation of an organized part of the enterprise relating to the IT part of the Issuer's operations and its acquisition by ATM Systemy Informatyczne S.A., that is listed also on the Warsaw Stock Exchange. As a result of the division, the ATM S.A. shareholders additionally received one share of ATM Systemy Informatyczne S.A. for each share of ATM S.A. The division of ATM did not result in a decrease in the share capital.

ATM S.A. has been listed on the Warsaw Stock Exchange since 2004. According to the Warsaw Stock Exchange classification, the core business of the Group concerns the IT sector.

The Company is managed by the Management Board comprising two members. Its composition as at the date of submission of this report is as follows:

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

No changes in the composition of the Management Board took place in the third quarter of 2012 and after the balance sheet date.

The Company is supervised by a Supervisory Board comprising the following five members:

- o Roman Szwed – Chairman of the Supervisory Board,
- o Tomasz Tuchołka – Vice-Chairman of the Supervisory Board,
- o Grzegorz Domagała — Member of the Supervisory Board,
- o Sławomir Kamiński — Member of the Supervisory Board,
- o Mirosław Panek — Member of the Supervisory Board.

No changes in the composition of the Supervisory Board took place in the third quarter of 2012 and after the balance sheet date.

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

The interim condensed financial statements for the third quarter ended 30 September 2012 were prepared in accordance with IAS 34 *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 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. Due to the global financial crisis, significant and rapid fluctuations in exchange rates have occurred, starting 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 part of exchange rate differences on lease liabilities — related to installments paid in a given reporting period — refers to the current reporting period, while the majority of these differences concern 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 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 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 of 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 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 September 2012, the balance of accruals resulting from exchange rate differences on lease liabilities amounted to PLN 782,016.61. If the exchange rate 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 | 4 | 303,778.41 |
| 2013 | 1 | 246,800.99 |
| | 2 | 171,254.56 |
| | 3 | 60,182.65 |
| | 4 | 0.00 |
| TOTAL | | 782,016.61 |

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

Adopting the partial exemption from IAS 21 as at 30 September 2012 resulted in an increase in the value of other current assets by the aforementioned amount of PLN 782,016.61, 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 148,583.15, the net profit was higher by PLN 633,433.45. 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 1,105,107.89.

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 1.23 million in 2011 and higher by PLN 0.71 million for the first three quarters 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.

3. DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES DURING THE REPORTING PERIOD CONCERNED IN THIS REPORT, TOGETHER WITH THE LIST OF THE MOST IMPORTANT EVENTS CONCERNING THE ISSUER.

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. Capital Group (integration of ICT systems), 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.

I. Telecommunications and value-added services

Gradually, after three quarters of 2012 the Issuer has generated good financial results in the segment of telecommunications services. The Company has earned a sales revenue of PLN 135.96 million (33% increase y/y), a sales margin of PLN 53.34 million (5% increase y/y) and PLN 16.2 million of operating profit (20% increase y/y) and an EBITDA profit of PLN 30.43 million (11% increase y/y).

After generating poorer results in the second quarter, the Company has generated the third quarter result comparable to the best result in the company's history, which was generated in the first quarter of 2012. In the last three months, ATM has earned a sales revenue of more than PLN 40.3 million (7% increase y/y), a sales margin of PLN 17.84 million (1% increase y/y) and PLN 5.72 million of operating profit (23% increase y/y) and an EBITDA profit of PLN 10.75 million (8% increase y/y).

In this period, the Company has successfully expanded the sales of its telecommunications services in the corporate sector, with particular consideration given to private healthcare service providers. At the present juncture, colocation, data transmission and Internet access services, provided by the Issuer under the brands of ATMAN and Thinx Poland, are used by all major private healthcare service providers in Poland. ATM S.A. clients include Medicover, the Damian Medical Centre, ENEL-MED S.A. Medical Center, LUX MED as well as Medrun and TMS Diagnostyka.

Continuing the trend from previous years, the best results were generated in the field of data centre services. Thanks to the use of the new area in the server rooms placed in use at the beginning of the current year, the Company has generated 18% increase in revenue from colocation services in the third quarter of 2012 as compared to corresponding period previous year, and 5% increase as compared to the second quarter this year. Gradually, after three quarters of 2012 ATM S.A. has earned sales revenue from the sale of colocation services of more than PLN 36.7 million, constituting 91% of overall last year's sales. Colocation services by Thinx Poland Data Centre rendered to one of the leading telecommunications operators in Poland under the long-term contract, negotiated in the third quarter, are a great success. Under the services rendered to this client, ATM will provide 230 square meters of the highest quality colocation space. The contract, worth more than PLN 7 million, was concluded for several years. First proceeds from this contract will be already shown in the financial results for the fourth quarter of 2012.

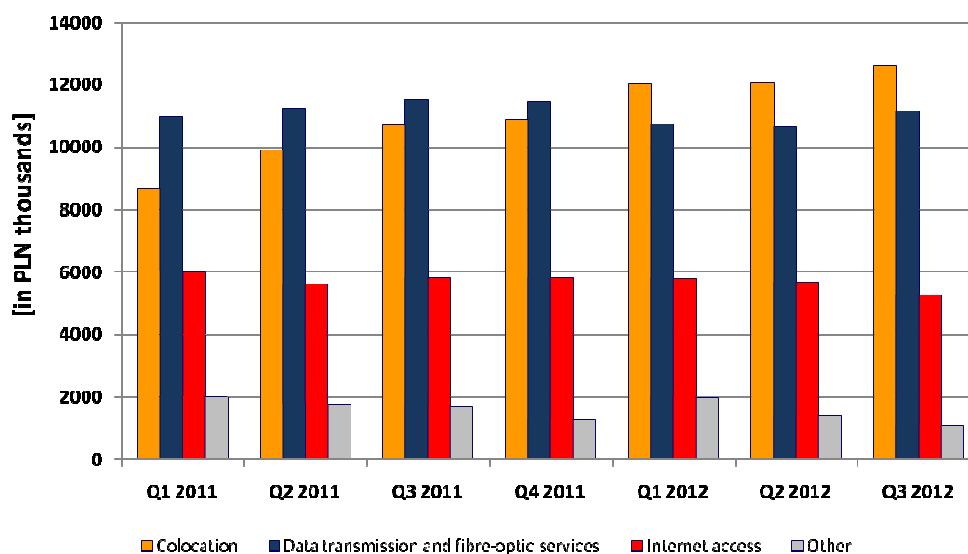
In the second biggest segment of operations, i.e. data transmission and fibre-optic services, the Issuer has also shown satisfactory financial results in the last quarter. In the third quarter, ATM generated the revenue of more than PLN 11.1 million in this area, with a slight 3% decrease as compared to corresponding period last year. The main reasons include the completion of projects provided to other telecommunications operators over the last six quarters, that consisted in facilitating the access to

fibre-optic metropolitan area network in the biggest cities in Poland in order to fulfill contracts connected, for instance, with LTE. Still, the Issuer intends to commence new contracts based on its own fibre-optic infrastructure in the fourth quarter, which should also generate additional revenue in the area of data transmission and fibre-optic services in the next five quarters.

The Issuer displays a decrease in revenue in the area of Internet access services for corporate clients in the next quarter. The third quarter was extremely hard, because the Company showed revenue lower by more than PLN 0.4 million than in the previous quarter of 2012, generating only PLN 5.25 million of revenue, that was 10% lower than in the corresponding period last year. The Issuer, like the majority of wholesale Internet access providers, has been experiencing a significant decrease in unit prices over the last several quarters, which are not compensated by the increase in the volume of IP movement. However, the share of revenue from Internet access is systematically decreased by other product categories, thus this kind of services does not significantly affect the generated revenue from telecommunications activities any more. In the third quarter of current year, the share of three main products in the overall revenue from telecommunications (with the exclusion of revenue from the OST 112 contract) amounted respectively to: colocation 41.9%, data transmission and fiber-optic services 37.1%, Internet access 17.4%.

To summarize, the Company, in its telecommunications activities, shows a dynamic increase in revenue from data centre services (colocation services) and stability (with a small downward trend) of revenue from services connected to data transmission and Internet access. Therefore, the dynamics of Company's increase in revenue and profits is continuously at a level that is lower than expected from the company specializing in data centre services. The dynamics of financial ratios shall be trending upward due to the gradual increase of the share of revenue from colocation services in overall Company's revenue, as presented in the chart below.

Telecommunications revenue distribution by products



*) without revenue from the OST 112 contract

II. Mobile payments

The Group runs operating activity in this segment through mPay S.A., which promotes the system of payments via mobile phones, being a pioneer of such solutions in Poland.

In the third quarter of 2012, mPay S.A. consistently implemented its strategy concerning the development of sales of integration services in the mobile payment area. The acquisition of the full QSA for PCI DSS compliance certificate, confirming the security of processing and storage of both payment cards and owners' data in the IT systems of the Company, was a milestone in the Company's development. This certificate is required to cooperate with mPay S.A. partners in the area of payment cards being a source of means for mobile payments. Together with other partners, mPay S.A. has participated in marketing campaigns aimed at promotion of buying public transportation tickets with the use of mobile phones, making parking payments and crediting prepaid mobile phones.

The main application of mobile payments in Poland is still the sale of public transportation tickets and parking payments. Currently, the mPay payments for tickets are available in 12 cities: Warsaw, Lublin, Białystok, Kraków, Inowrocław, Włocławek, Ostrołęka, Radom, Płock, Kraśnik, Łódź, Rzeszów and in railway – in Warsaw Commuter Rail. The payments for parking are available in 15 cities: Łódź, Bydgoszcz, Grudziądz, Kielce, Kraków, Krosno, Nysa, Ostrów Wielkopolski, Świnoujście, Głogów, Słupsk, Wałbrzych, Ostrołęka, Wrocław and Pabianice.

In accordance with the previous information given by mPay, the Company has submitted a motion to the Polish Financial Supervision Authority to be registered as the national payment institution. The Polish Financial Supervision Authority is still evaluating the motion (pursuant to the Act on payment services of 19 August 2012). According to the information from mPay, the proceedings concern both the Company, as well as other entities that applied for such decision. In the light of the aforementioned Act, if the proceedings of the Polish Financial Supervision Authority are prolonged and the transitional period mentioned in the Act expires, a year after the date when the Act took effect (i.e. of 24 October 2012), mPay S.A. will conduct its activities under provisions provided in the Act on national payment institutions.

In September 2012, mPay S.A. initiated negotiations with its existing partner, MasterCard, on the terms and conditions of their further cooperation for 2013, that started in 2011. The fulfillment of Company's obligations towards its partner is not impeded, which is a good forecast for expanding cooperation in the nearest future.

In the third quarter of 2012, in the mobile payments segment the Group earned a sales revenue of PLN 0.56 million (2% decrease y/y), and recorded a slightly lower loss at the operating level of PLN 0.44 million and PLN 28 thousand loss at the EBITDA level as compared with the corresponding period of 2011.

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

No atypical factors or events occurred in the second quarter of 2012 that might materially affect financial results achieved by the Group, apart from changes resulting from the division of the Issuer.

5. 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. The only exception is sales revenue fluctuation, arising from the delivery of telecommunications lines within the OST 112 project. In the third quarter of 2012, revenue in this respect amounted to PLN 10,186 thousand, whereas in the third quarter of 2011 it amounted to PLN 8,044. 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.

6. INVENTORIES REVALUATION WRITE-DOWNS REDUCING THE VALUE TO NET REALIZABLE VALUE

By 30 September 2012, the Company made revaluation write-off amounting to PLN 186 thousand.

7. REVALUATION WRITE-DOWNS FOR FIXED ASSETS

In the second quarter of 2012, the Company made a revaluation write-down for its interest in mPay International Sp. z o.o. in bankruptcy liquidation amounting to PLN 5,552 thousand. Since 2009, mPay International has not carried out its operating activities, its bankruptcy was due to the fact the company did not have an opportunity to cooperate with its partner. Its liquidation shall simplify the capital structure of the mPay Group and shall not affect the operations of mPay S.A.

8. MAKING, INCREASING, IMPLEMENTING AND DISSOLVING PROVISIONS

The Company did not make any provisions.

9. DEFERRED INCOME TAX ASSETS AND PROVISIONS

| | Statement of the financial position | | Total income statement | |
|---|--|-----------------------------|---|---|
| | End of period 30/09/2012 | End of period 31/12/2011 | For the period 01/01 – 31/12/2011 | For the period 01/01 – 31/12/2011 |
| Deferred tax provision | | | | |
| Difference between the balance sheet and tax value of wnip-dot | - | - | - | - |
| Difference between the balance sheet and tax value of leased fixed assets | - | - | - | - |
| Difference between the balance sheet and tax value of tangible fixed assets | 2,216 | 3,108 | (892) | (87) |
| Recognized service revenue | 400 | 388 | 12 | 388 |
| Receivable compensation | - | - | - | - |
| Accrued interest | 109 | 47 | 62 | - |
| Valuation of financial instruments | - | - | - | - |
| Subsidies received – settlement | 30 | 2 | 28 | 2 |
| Positive exchange differences | - | - | - | - |
| Provisions for deferred tax acquired as a result of business combination | - | - | - | - |
| Gross deferred tax provision | 2,755 | 3,545 | (790) | 303 |
| Deferred tax assets | | | | |
| Valuation of financial instruments | - | - | - | - |
| Difference between the balance sheet and tax value of tangible fixed assets | - | - | - | - |
| Deferred payment revenue | 4 | 17 | 13 | 39 |
| Revenue settled over time | - | - | - | - |
| Inventory write-downs | 153 | 149 | (4) | - |
| Write-downs of receivables | 88 | 78 | (10) | 1 |
| Write-downs on financial assets | - | - | - | - |
| Provisions for service expenses | 340 | 23 | (317) | 246 |
| Provisions for employee benefits | - | - | - | 1 |
| Negative exchange differences | - | - | - | - |
| Liabilities to Social Insurance Institution | - | - | - | - |
| Liabilities to employees | - | - | - | - |
| Accruals | - | - | - | - |
| Subsidies received | - | - | - | 9 |
| Effects of forward contract valuation – hedge accounting | - | - | - | - |
| Recognized interest | - | - | - | - |
| Tax loss for settlement | - | - | - | 272 |
| Deferred tax assets acquired as a result of business combination | - | - | - | - |
| Gross deferred tax assets | 585 | 267 | (318) | 630 |
| Net tax assets (tax provision) | 2,169 | 3,278 | | |
| Deferred income tax charge on profit | | | (1,109) | 933 |

10. SIGNIFICANT TANGIBLE FIXED ASSET SALES AND ACQUISITIONS

The Company did not carry out any transaction concerning fixed assets.

11. SIGNIFICANT LIABILITIES FOR TANGIBLE FIXED ASSETS PURCHASES

There were no significant liabilities for tangible fixed assets purchases.

12. SETTLEMENTS ARISING FROM COURT CASES

There were no significant settlements arising from court cases.

13. ADJUSTMENT OF ERRORS FROM PREVIOUS PERIODS

The company did not make any adjustments of errors from previous periods.

14. CHANGES IN ECONOMIC SITUATION, AS WELL AS ENVIRONMENT FOR CONDUCTING BUSINESS ACTIVITY, WHICH HAVE A SIGNIFICANT INFLUENCE ON THE ENTITY'S FINANCIAL ASSETS AND LIABILITIES FAIR VALUE

There were no changes in economic situation, that could have had a significant influence on the financial assets and liabilities fair value.

15. BANK LOANS AND LEASE LIABILITIES

Bank loans include:

1. investment loan for the period of 5 years (2012–2017) secured by mortgage on real estate, where the Issuer develops data centres,
2. overdraft facility, which revolves annually, with a total limit up to PLN 35.0 million, used as at the balance-sheet date up to the amount of PLN 15.37.

Other financial liabilities include finance lease agreement of the net total value of liabilities amounting to PLN 36.4 million as at the balance-sheet date. The lease agreements are concluded in order to refinance investment expenditures, and they are usually entered into for the period of 5 years. Liabilities arising from lease agreements are at a stable level, due to the fact that the agreements that had expired are substituted with new agreements.

The detailed list of bank loans is presented in note 22 to the consolidated annual financial statements of the Issuer.

16. FAILURE TO PAY OFF THE LOAN OR BORROWING

There was no breach of bank loan or borrowing contract, and there was no failure to pay off the loan or borrowing.

17. FINANCIAL ASSETS AT FAIR VALUE

There were not changes in the manner and methods of determining fair value of financial instruments

18. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS, DUE TO THE CHANGE OF THEIR PURPOSE OR USE

There were no changes in the classification of financial assets, due to the change of their purpose or use.

19. ISSUE, REDEMPTION AND OF NON-SHARE SECURITIES AND EQUITIES

The Company did not make the aforementioned transactions.

20. DIVIDENDS PAID AND DECLARED

In connection with the division of ATM 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 colocation and hosting services (data centre 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.

21. 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 Capital 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 |
|--|---------------------------|------------------------|---------------------------------|---------------|---------------------------|
| <u>For the period</u> <u>01/01 – 30/09/2012</u> | <u>Telecommunications</u> | <u>Mobile payments</u> | <u>Consolidation exclusions</u> | <u>Total</u> | <u>mPay International</u> |
| Fixed assets | 309,745 | 5,982 | 4,214 | 319,941 | 5,709 |
| Revenue sales revenue** | 135,957 | 1,836 | (86) | 137,708 | 0 |
| of which: revenue excluding the OST 112 contract | 90,115 | 1,836 | (86) | 91,865 | 0 |
| Gross margin sales margin** | 53,337 | 1,115 | 40 | 54,492 | 0 |
| Operating profit (loss) | 16,208 | (1,088) | 62 | 15,182 | (1,843) |
| Profit (loss) before tax | 11,727 | (1,071) | 59 | 10,715 | (6,563) |
| Net profit (loss) on continued operations | 11,394 | (1,071) | 59 | 10,381 | (6,965) |
| EBITDA | 30,430 | 87 | 62 | 30,580 | (1,843) |

| | Continued operations | | | | Discontinued operations |
|--|---------------------------|------------------------|---------------------------------|---------------|---------------------------|
| <u>For the period</u> <u>01/01 – 30/09/2011</u> | <u>Telecommunications</u> | <u>Mobile payments</u> | <u>Consolidation exclusions</u> | <u>Total</u> | <u>mPay International</u> |
| Fixed assets | 304,076 | 9,209 | | 313,285 | 9,004 |
| Revenue sales revenue** | 102,587 | 1,816 | (240) | 104,163 | 0 |
| of which: revenue excluding the OST 112 contract | 85,757 | 1,816 | (240) | 87,333 | 0 |
| Gross margin sales margin** | 51,496 | 1,215 | 37 | 52,748 | 0 |
| Operating profit (loss) | 13,503 | (1,018) | 60 | 12,545 | (22) |
| Profit (loss) before tax | 10,135 | (1,026) | (1,624) | 10,135 | (93) |
| Net profit (loss) on continued operations | 10,438 | (1,026) | (1,624) | 7,788 | (97) |
| EBITDA | 27,325 | (172) | 65 | 27,213 | (22) |

Data for the period of 01/01 – 30/09/2011 has been restated in accordance with § 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 10.19 million in the third quarter of 2012 and PLN 45.84 million in the period from first to third quarter of 2012 r. and PLN 8.04 million in third quarter of 2011 and PLN 16.83 million in the period from first to third quarter 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 the company's activities are operationally profitable.

Sales revenues broken down into geographical distribution are as follows:

| | For the period 01/01 – 30/09/2012 | For the period 01/07 – 30/09/2012 | For the period 01/01 – 30/09/2011 | For the period 01/07 – 30/09/2011 |
|----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Country | 134,152 | 39,794 | 101,377 | 36,408 |
| Export | 3,556 | 1,009 | 2,786 | 1,832 |
| Total sales revenue | 137,707 | 40,803 | 104,163 | 38,240 |

Data for the period of 01/01 – 31/09/2011 have been restated in accordance with § 34 of IFRS 5.

22. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

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

23. CHANGE IN THE COMPANY STRUCTURE

On 30 July 2012, the District Court for Warsaw Praga-Północ, 9th Commercial Division, issued a decision on the bankruptcy of mPay International Sp. z o.o., involving the liquidation of the assets of mPay International Sp. z o.o., which is a subsidiary of the Issuer ATM S.A. The bankruptcy petition for mPay International was filed by the company's Management Board on 11 June 2012. Since 2009, mPay International has not carried out its operating activities, due to the fact that it did not have the opportunity to cooperate with its partner. Its liquidation shall simplify the capital structure of the mPay Group and shall not affect the operations of mPay S.A.

24. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

| Off-balance sheet items | End of period 30/09/2012 | End of the 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 |
| - for bank guarantees and sureties to the Issuer's clients | 7,426 | 33,987 |
| - mortgage collateral | 42,000 | 35,395 |
| - collateral pledge | | 2,363 |

Since the end of the financial 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 on page 28.

22. 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 as at the date of 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. z o.o. were presented as discontinued operations.

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

CONSOLIDATED STATEMENT OF TOTAL INCOME OF DISCONTINUED OPERATIONS

| | For the period 01/01 – 30/09/2012 |
|--|---|
| Continued operations | |
| Cost of sales (variable) | - |
| Sales margin | - |
| Cost of sales (fixed) | - |
| Gross profit (loss) on sales | - |
| Other operating income | - |
| Selling costs | |
| General and administrative costs | 11 |
| Other operating costs | 1,832 |
| Restructuring costs | |
| Operating profit (loss) | (1,843) |
| Share in the financial result of undertakings valued using the equity method | |
| Financial income | - |
| Financial costs | 4,720 |
| Profit (loss) before tax | (6,563) |
| Income tax | 402 |
| Net profit (loss) on continued operations | (6,965) |
| Discontinued operations | |
| Net profit (loss) on discontinued activity | |
| Net profit (loss) | (6,965) |
| Net profit (loss) for the Group's shareholders | (4,179) |
| Net profit (loss) for minority shareholders | (2,786) |
| 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 | (6,965) |

CONSOLIDATED FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — ASSETS

| | <u>End of period</u> <u>30/09/2012</u> |
|--|---|
| Fixed assets | |
| Goodwill | |
| Intangible assets | |
| Fixed tangible assets | - |
| Investments in associates consolidated using the equity method | |
| Other financial assets | 2,569 |
| Deferred income tax assets | |
| Other fixed assets | |
| | <hr/> 2,569 <hr/> |
| Current assets | |
| Inventories | - |
| Financial assets held for trading | - |
| Trading and other receivables | 10 |
| Income tax receivables | - |
| Other current assets | - |
| Other financial receivables | - |
| Cash and cash equivalents | 30 |
| | <hr/> 40 <hr/> |
| Fixed assets classified as held for sale | |
| | <hr/> |
| Total assets | <hr/> 2,609 <hr/> |

CONSOLIDATED FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — LIABILITIES

| | <u>End of period</u> <u>30/09/2012</u> |
|--|---|
| Equity | |
| Share capital | 9,250 |
| Supplementary capital from share premium | |
| Revaluation reserve | - |
| Treasury shares | - |
| Capital reserves | - |
| Hedge valuation reserve and FX gains/losses due to consolidation | - |
| Retained earnings | <u>(9,484)</u> |
| Total Group shareholders' equity | (234) |
| Non-controlling shares | <u>-</u> |
| Total shareholders' equity | (234) |
| Long-term liabilities | |
| Long-term loans | - |
| Provisions for deferred tax | - |
| Provisions for liabilities | - |
| Long-term trade and other liabilities | - |
| Other financial liabilities | <u>2,843</u> |
| | 2,843 |
| Short-term liabilities | |
| Bank and other loans | - |
| Provisions for liabilities | - |
| Income tax liabilities | - |
| Trading and other liabilities | - |
| Other financial liabilities | <u>-</u> |
| | 0 |
| Liabilities related directly to fixed assets classified as held for sale | <u>-</u> |
| Total liabilities | 2,610 |

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

| | 30/09/2012 | 30/09/2011 | 30/09/2012 | 30/09/2011 |
|---|-----------------|------------|-----------------|------------|
| | in PLN thousand | | in EUR thousand | |
| Total sales revenue | 137,707 | 104,163 | 32,828 | 25,774 |
| Operating profit (loss) | 15,182 | 12,544 | 3,619 | 3,104 |
| Profit before tax | 10,715 | 10,135 | 2,554 | 2,508 |
| Net profit of parent undertaking shareholders | 10,498 | 13,288 | 2,503 | 3,288 |
| Net cash from operating activities | (15,586) | 1,686 | (3,715) | 417 |
| Net cash from financing activities | (23,380) | 5,400 | (5,573) | 1,336 |
| Net cash from investing activities | (14,242) | (34,361) | (3,395) | (8,501) |
| Increase (decrease) in cash | (53,208) | (27,274) | (12,684) | (6,748) |
| | 30/09/2012 | 31/12/2011 | 30/09/2012 | 31/12/2011 |
| Fixed assets | 319,941 | 369,733 | 77,773 | 83,711 |
| Current assets | 61,670 | 168,905 | 14,991 | 38,242 |
| Total assets | 387,320 | 538,638 | 94,151 | 121,952 |
| Long-term liabilities | 91,978 | 63,358 | 22,358 | 14,345 |
| Short-term liabilities | 60,772 | 192,188 | 14,773 | 43,513 |
| Equity | 233,061 | 283,090 | 56,654 | 64,094 |
| Share capital* | 34,723 | 34,723 | 8,441 | 7,862 |
| Parent undertaking shareholders' equity | 230,715 | 275,771 | 56,083 | 62,437 |
| Number of shares | 36,343,344 | 36,343,344 | 36,343,344 | 36,343,344 |
| Book value per share (PLN/EUR) | 6.35 | 7.59 | 1.54 | 1.72 |
| Diluted book value per share (PLN/EUR) | 6.35 | 7.59 | 1.54 | 1.72 |

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

The above financial data for the third quarter of 2012 and 2011 was converted to EUR according to the following principles:

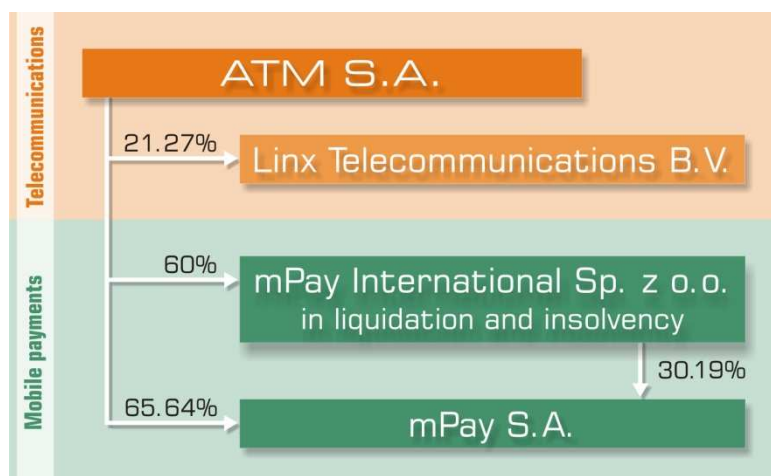
- individual items of assets and liabilities were calculated with the average FX rate of the National Bank of Poland as at 30 September 2012 at PLN/EUR 4.1138 and as at 31 December 2011 at PLN/EUR 4.4168;
- individual items of the profit and loss account and the cash flow statement were calculated with 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 September 2012 at PLN/EUR 4.1948 and between 1 January and 30 September 2011 at PLN/EUR 4.0413.

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

No atypical factors or events occurred in the third quarter of 2012 that might materially affect financial results achieved by the Group, apart from changes resulting from the division of the Issuer.

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.

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 2012 forecasts public.

INFORMATION ON SHAREHOLDERS, HAVING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S 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 THE OVERALL NUMBER OF VOTES AT THE GENERAL MEETING AS WELL AS STATING CHANGES IN THE OWNERSHIP STRUCTURE OF SIGNIFICANT STAKES OF ISSUER'S SHARES IN THE PERIOD SINCE THE SUBMISSION OF THE 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. | 7,919,856 | 21.79% | 7,919,856 | 21.79% |
| 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 together with Spinoza Investments Sp. z o.o. S.K.A. | 2,388,769 | 6.57% | 2,388,769 | 6.57% |
| Piotr Puteczny** | 2,021,328 | 5.56% | 2,021,328 | 5.56% |

*) 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 in accordance with the previous report | Number of shares in accordance with the current quarterly report | Change in the number of shares and number of votes |
|---|---|--|--|
| ATP Invest Sp. z o.o. S.K.A. | 7,225,489 | 7,919,856 | 694,367 |
| Polsat OFE* | 3,579,097 | 3,579,097 | 0 |
| ING OFE* | 3,443,794 | 3,443,794 | 0 |
| Roman Szwed together with Spinoza Investments Sp. z o.o. S.K.A. | 3,287,993 | 2,388,769 | -899,224 |
| Piotr Puteczny** | 1,861,263 | 2,021,328 | 160,065 |

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

*) 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

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 PERIODICAL 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:

| Name and surname | As at 31 August 2012 | Increases | Decreases | As at 12 November 2012 |
|---|----------------------|-----------|-----------|------------------------|
| ATP Invest Sp. z o.o. S.K.A.* | 7,225,489 | 694,367 | - | 7,919,856 |
| Roman Szwed together with Spinoza Investments Sp. z o.o. S.K.A. | 3,287,993 | - | 899,224 | 2,388,769 |
| Maciej Krzyżanowski | 58,608 | - | - | 58,608 |
| Anna Bugajska | 59,000 | - | - | 59,000 |

*) An entity controlled by Tadeusz Czichon – Vice-President of the Management Board of ATM S.A.

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 Kułakowski, 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 Plaintiff, such a breach involved dismissal of the Plaintiff 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 Kułakowski and the operations of ATM. In addition, the size of hypothetical damage of PLN 20 million, as specified by the Plaintiff, is completely unfounded and is not supported by the evidence provided by the Plaintiff. 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 centre services should increase, which demonstrates the opportunities for a stable growth of this segment of activity. Extremely good highlights concern the increase in demand for colocation services (data centre services), due to the changes in technology of using software and the fact that outsourcing of ICT resources gains an increased popularity among companies. Therefore, the Issuer shall continue to make necessary investments by preparing new modules of Thinx Poland Data Centre for sale (formerly Telehouse.Poland) and constructing new facilities under ATM Innovation Centre project. 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 fibre-optic 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 fibre-optic infrastructure, which is becoming indispensable for telecommunications providers in the provision of the services mentioned.

QUARTERLY FINANCIAL INFORMATION OF ATM S.A.

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

1. TOTAL INCOME STATEMENT

| | For the period 01/01 – 30/09/2012 | For the period 01/07 – 30/09/2012 | For the period 01/01 – 30/09/2011 | For the period 01/07 – 30/09/2011 |
|--|---|---|---|---|
| Continued operations | | | | |
| Sales revenue* | 135,957 | 40,294 | 102,587 | 37,766 |
| of which: revenue excluding the OST 112 contract | 90,115 | 30,108 | 85,757 | 29,722 |
| Cost of sales (variable) | 82,620 | 22,451 | 51,091 | 19,995 |
| Sales margin** | 53,337 | 17,843 | 51,496 | 17,771 |
| Cost of sales (fixed)*** | 15,405 | 5,334 | 10,264 | 3,483 |
| Gross profit (loss) on sales | 37,932 | 12,509 | 41,232 | 14,288 |
| Other operating income | 815 | 49 | 49 | 8 |
| Selling costs | | - | - | - |
| General and administrative costs | 21,271 | 6,631 | 26,812 | 9,350 |
| Other operating costs | 1,267 | 208 | 966 | 307 |
| Restructuring costs | | | | |
| Operating profit (loss) | 16,208 | 5,718 | 13,503 | 4,639 |
| | | | | 0 |
| Share in the financial result of undertakings valued using the equity method | - | - | - | - |
| Financial revenues**** | 577 | 34 | 7,022 | 76 |
| Financial expenses**** | 6,456 | 2,338 | 6,498 | 2,427 |
| Profit (loss) before tax | 10,329 | 3,414 | 14,027 | 2,288 |
| Income tax | 333 | 610 | 2,347 | 569 |
| Net profit (loss) on continued operations | 9,996 | 2,804 | 11,680 | 1,719 |
| Discontinued operations | | | | |
| Net profit (loss) on discontinued activity | (5,965) | (0) | 3,283 | 4,080 |
| Including the cost related to the revaluation write-down for the shares of mPay International Sp. z o.o. | | | | |
| Net profit (loss) | 4,031 | 2,804 | 14,963 | 5,799 |
| Other total income | | | | |
| Share in other total income of associates | - | - | - | - |
| Income tax related to other total income items | - | - | - | - |
| Other total net income Ordinary | - | - | - | - |
| Total amount of total income | 4,031 | 2,804 | 14,963 | 5,799 |
| Profit (loss) per share | | | | |
| From continued operations: | | | | |
| Ordinary | 0.28 | 0.08 | 0.43 | 0.16 |
| Diluted | 0.28 | 0.08 | 0.43 | 0.16 |
| From continued and discontinued operations: | | | | |
| Ordinary | 0.28 | 0.08 | 0.43 | 0.16 |
| Diluted | 0.28 | 0.08 | 0.43 | 0.16 |
| EBITDA | 30,430 | 10,755 | 27,325 | 9,944 |

Data for the period of 01/01 – 30/09/2011 has been restated in accordance with § 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 10.19 million in the third quarter of 2012 and PLN 45.84 million in the period from first to third quarter of 2012 r. and PLN 8.04 million in third quarter of 2011 and PLN 16.83 million in the period from first to third quarter 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 2011 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 analysed jointly in both of these items (fixed costs of sales + general and administrative costs).

****) Financial revenues and expenses in 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 2011 amounted to PLN 6,731 thousand and related net profit was PLN 5,452 thousand.

STATEMENT OF FINANCIAL SITUATION

| | <u>End of period 30/09/2012</u> | <u>End of the period 31/12/2011</u> | <u>End of period 30/09/2011</u> |
|--|---|---|---|
| Fixed assets | | | |
| Goodwill | | | |
| Intangible assets | 40,129 | 46,229 | 46,615 |
| Fixed tangible assets | 205,869 | 198,232 | 192,964 |
| Investments in associates consolidated using the equity method | 63,487 | 63,487 | 63,487 |
| Investments in subsidiaries | 14,739 | 49,184 | 49,168 |
| Deferred income tax assets | - | - | - |
| Other fixed assets | 261 | 380 | 1,010 |
| | <u>324,484</u> | <u>357,512</u> | <u>353,244</u> |
| Current assets | | | |
| Inventories | 1,242 | 1,100 | 1,080 |
| Financial assets held for trading | 1,689 | 1,546 | 1,526 |
| Trading and other receivables | 49,652 | 22,567 | 22,143 |
| Income tax receivables | 57 | 58 | 57 |
| Other current assets | 4,435 | 5,171 | 3,980 |
| Other financial receivables | | | |
| Cash and cash equivalents | 2,564 | 36,229 | 2,269 |
| | <u>59,639</u> | <u>66,671</u> | <u>31,055</u> |
| Fixed assets classified as held for sale | - | - | - |
| Total assets | <u>384,123</u> | <u>424,183</u> | <u>384,300</u> |

| | <u>End of period</u> 30/09/2012 | <u>End of the</u> <u>period</u> 31/12/2011 | <u>End of</u> <u>period</u> 30/09/2011 |
|--|------------------------------------|--|--|
| Equity | | | |
| Share capital | 34,723 | 34,723 | 34,723 |
| Supplementary capital from share premium | 123,735 | 159,030 | 159,030 |
| Revaluation reserve | | - | - |
| Treasury shares | (1) | - | - |
| Capital reserves | 52,505 | 36,124 | 36,124 |
| Hedge valuation reserve and FX gains/losses due to consolidation | | - | - |
| Retained earnings | 20,821 | 32,829 | 31,192 |
| Total equity | 231,783 | 262,706 | 261,070 |
| Long-term liabilities | | | |
| Long-term loans | 33,740 | - | - |
| Provisions for deferred tax | 2,169 | 3,278 | 3,374 |
| Provisions for liabilities | | - | - |
| Long-term trade and other liabilities | 30,111 | 30,220 | 29,814 |
| Other financial liabilities | 26,985 | 24,774 | 24,523 |
| | 93,005 | 58,272 | 57,711 |
| Short-term liabilities | | | |
| Bank and other loans | 16,217 | 40,206 | 47,180 |
| Provisions for liabilities | - | - | - |
| Income tax liabilities | 312 | 533 | - |
| Trading and other liabilities | 33,400 | 51,287 | 10,873 |
| Other financial liabilities | 9,407 | 11,179 | 7,466 |
| | 59,335 | 103,205 | 65,519 |
| Liabilities related directly to fixed assets classified as held for sale | - | - | - |
| Total liabilities | 384,123 | 424,183 | 384,300 |

2. 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 2012 | 34,723 | 159,030 | 0 | 36,124 | 32,829 | 262,706 |
| Increases: | | | | | | |
| Current period results | - | - | - | - | 4,031 | 4,031 |
| Repurchase of treasury shares | - | - | (1) | - | - | - |
| Profit distribution | - | - | - | 16,381 | - | 16,381 |
| Share subscription under the stock option plan | - | - | - | - | 343 | 343 |
| 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 30 September 2012 | 34,723 | 123,735 | (1) | 52,505 | 20,822 | 231,785 |

| | <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 2011 | 34,723 | 159,030 | (13) | 35,969 | 24,088 | 253,797 |
| Increases: | | | | | | |
| Current period results | - | - | - | - | 14,964 | 14,964 |
| Valuation of management options | - | - | - | - | 653 | 653 |
| 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 September 2011 | 34,723 | 159,030 | 0 | 36,124 | 31,192 | 261,069 |

| | <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 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 |

3. CASH FLOW STATEMENT

| | <u>For the period 01/01 – 30/09/2012</u> | <u>For the period 01/01 – 30/09/2011</u> |
|---|--|--|
| Operating activities | | |
| Profit (loss) before tax | 10,329 | 14,027 |
| Adjustment by items: | | |
| Depreciation | (25,585) | (17,329) |
| Exchange differences | 14,222 | 13,822 |
| Interest received | 1,139 | 1,753 |
| Interest paid | - | (65) |
| Dividends received | 5,362 | 4,517 |
| (Profit) loss on investment activities | - | - |
| Changes in inventories | (5,477) | (6,831) |
| Changes in receivables | 242 | 230 |
| Changes in liabilities and provisions | 1,095 | 33,341 |
| Changes in other assets | (38,494) | (57,235) |
| Income tax paid | (628) | (594) |
| Other | (1,662) | (1,969) |
| | <u>(1,383)</u> | <u>(298)</u> |
| | (15,256) | 698 |
| Investing activities | | |
| Expenses on tangible fixed assets purchases | (24,783) | (53,962) |
| Expenses on financial assets purchases | | (2,567) |
| Revenue from sale of tangible fixed assets | 10,528 | 9,112 |
| Repayments of long-term loans | | 1,525 |
| Loans granted | (0) | - |
| Revenue from sales of financial assets | | 7,200 |
| Interest received | (1) | - |
| Dividends received | | - |
| Exchange differences | 24 | (72) |
| Other | | 4,000 |
| | <u>(14,232)</u> | <u>(34,764)</u> |
| Financing activities | | |
| Net proceeds from issue of shares and other capital contributions | (0) | 0 |
| Subsidies received | (3,195) | 1,658 |
| Proceeds from loans and borrowings | 9,751 | 37,180 |
| Repayments of loans | - | - |
| Purchase of treasury shares | (1) | (13) |
| Payment of liabilities arising from finance leases | (5,267) | (10,139) |
| Dividends paid | - | (8,359) |
| Interest received | - | 86 |
| Interest paid | (5,361) | (4,517) |
| Other profit-sharing | - | - |
| Exchange differences | (104) | (74) |
| Other (division adjustment) | | - |
| | <u>(4,177)</u> | <u>15,822</u> |
| Changes in cash | (33,665) | (18,244) |
| Cash as at the beginning of the period | 36,229 | 20,513 |
| Closing balance of cash | 2,564 | 2,269 |

NOTES TO QUARTERLY REPORT FOR THE THIRD QUARTER 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 – 30/09/2012 | For the period 01/07 – 30/09/2012 | For the period 01/01 – 30/09/2011 | For the period 01/07 – 30/09/2011 |
|----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Country | 132,402 | 39,285 | 101,126 | 36,316 |
| Export | 3,556 | 1,009 | 2,786 | 1,832 |
| Total sales revenue | 135,957 | 40,294 | 102,587 | 37,766 |

2. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

| Off-balance sheet items | End of period 30/09/2012 | 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 |
| - for bank guarantees and sureties to the Issuer's clients | 7,426 | 28,246 |
| - mortgage collateral | 42,000 | - |
| - collateral pledge | - | - |

Since the end of the financial 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 Capital Group 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 September 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

| | <u>For the period</u> <u>01/01 – 30/09/2012</u> |
|--|--|
| Continued operations | |
| Sales revenue | |
| Gross profit (loss) on sales | - |
| Other operating income | |
| Operating profit (loss) | <u>-</u> |
| Share in the financial result of undertakings valued using the equity method | - |
| Financial income | - |
| Financial costs | 5,551 |
| Profit (loss) before tax | <u>(5,551)</u> |
| Income tax | - |
| Net profit (loss) on continued operations | <u>(5,551)</u> |
| Discontinued operations | |
| Net profit (loss) on discontinued activity | - |
| Net profit (loss) | <u><u>(5,551)</u></u> |

FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — ASSETS

| | <u>End of period</u> <u>30/09/2012</u> |
|--|---|
| Fixed assets | |
| Goodwill | - |
| Intangible assets | - |
| Fixed tangible assets | - |
| Investments in associates consolidated using the equity method | - |
| Investments in subsidiaries | - |
| Deferred income tax assets | - |
| Other fixed assets | - |
| | <u>-</u> |
| 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 | - |
| | <u>-</u> |
| Fixed assets classified as held for sale | - |
| Total assets | <u><u>-</u></u> |

FINANCIAL SITUATION STATEMENT OF DISCONTINUED OPERATIONS — LIABILITIES

| | <u>End of period</u> <u>30/09/2012</u> |
|--|---|
| 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 | <u>-</u> |
| Long-term liabilities | |
| Long-term loans | - |
| Provisions for deferred tax | - |
| Provisions for liabilities | |
| Long-term trade and other liabilities | - |
| Other financial liabilities | - |
| | <u>-</u> |
| Short-term liabilities | |
| Bank and other loans | - |
| Provisions for liabilities | - |
| Income tax liabilities | - |
| Trading and other liabilities | - |
| Other financial liabilities | - |
| | <u>-</u> |
| Liabilities related directly to fixed assets classified as held for sale | - |
| | <u>-</u> |
| Total liabilities | <u>-</u> |

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**

| | 30/09/2012 | 30/09/2011 | 30/09/2012 | 30/09/2011 |
|--|-----------------|------------|-----------------|------------|
| | in PLN thousand | | in EUR thousand | |
| Total sales revenue | 135,957 | 102,587 | 32,411 | 25,384 |
| Operating profit (loss) | 16,208 | 13,503 | 3,864 | 3,341 |
| Profit before tax | 10,329 | 14,027 | 2,462 | 3,471 |
| Net profit | 4,031 | 14,963 | 961 | 3,702 |
| Net cash from operating activities | (15,256) | 1,413 | (3,637) | 350 |
| Net cash from investing activities | (14,232) | (34,764) | (3,393) | (8,602) |
| Net cash from financing activities | (4,177) | 15,822 | (996) | 3,915 |
| Increase (decrease) in cash | (33,665) | (17,529) | (8,025) | (4,337) |
| | | | | |
| | 30/09/2012 | 31/12/2011 | 30/09/2012 | 31/12/2011 |
| Fixed assets | 324,484 | 357,512 | 78,877 | 80,944 |
| Current assets | 59,639 | 66,671 | 14,497 | 15,095 |
| Total assets | 384,123 | 424,183 | 93,374 | 96,039 |
| Long-term liabilities | 93,005 | 58,272 | 22,608 | 13,193 |
| Short-term liabilities | 59,335 | 103,205 | 14,424 | 23,366 |
| Equity | 231,783 | 262,706 | 56,343 | 59,479 |
| Share capital* | 34,723 | 34,723 | 8,441 | 7,862 |
| Number of shares | 36,343,344 | 36,343,344 | 36,343,344 | 36,343,344 |
| Book value per share (PLN/EUR) | 6.38 | 7.23 | 1.55 | 1.64 |
| Diluted book value per share (PLN/EUR) | 6.38 | 7.23 | 1.55 | 1.64 |

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

The above financial data for the third quarter of 2012 and 2011 was 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 at 30 September 2012 at PLN/EUR 4.1138 and as at 31 December 2011 at PLN/EUR 4.4168;
- 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 September 2012 at PLN/EUR 4.1948 and between 1 January and 30 September 2011 at PLN/EUR 4.0413.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

| Name and surname | Position/function | Date | Signature |
|-------------------------|--|------------------|------------------|
| Maciej Krzyżanowski | President of the Management Board | 12 November 2012 | |
| Tadeusz Czichon | Vice-President of the Management Board | 12 November 2012 | |

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

| | | | |
|---------------|------------------|------------------|-------|
| Kinga Bogucka | Chief Accountant | 12 November 2012 | |
|---------------|------------------|------------------|-------|