



**ATM S.A.**

**SEMI-ANNUAL FINANCIAL STATEMENTS  
FOR THE FIRST HALF OF 2014**

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## KEY SEMI-ANNUAL REPORT DATA

This semi-annual report covers the information prepared pursuant to § 86 item 1 and § 89 item 1 of the Regulation of the Minister for Finance of 19 February 2009, and includes financial statements of ATM S.A. prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.

Submission date: 28 August 2014 r.

### Basic details of 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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Place: Warsaw

Street: Grochowska

Number: 21a

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NIP (Tax ID No): 113-00-59-989

REGON (Statistical ID No): 012677986

## SELECTED FINANCIAL DATA

	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	PLN in thousand		EUR in thousand	
Total sales revenue (excluding the OST 112 contract)	61,949	63,844	14,826	15,151
Sales margin	36,618	37,890	8,763	8,992
EBITDA	21,847	21,910	5,229	5,199
Operating profit	11,521	12,508	2,757	2,968
Profit before taxation	8,570	8,700	2,051	2,065
Net profit from continuing operations	6,756	8,303	1,617	1,970
Net cash from operating activities	17,596	20,594	4,211	4,887
Net cash from investing activities	(26,823)	(26,953)	(6,419)	(6,396)
Net cash from financing activities	11,272	4,224	2,698	1,003
Increase (decrease) in cash	2,045	(2,135)	489	(506)
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Fixed assets	351,622	332,564	84,506	80,190
Current assets	38,332	38,770	9,212	9,350
Total assets	389,953	371,334	93,718	89,539
Long-term liabilities	70,444	67,795	16,930	16,347
Short-term liabilities	77,117	67,435	18,534	16,260
Equity	242,392	236,104	58,255	56,931
Share capital*	34,723	34,723	8,345	8,373
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.67	6.50	1.60	1.57

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

\*\*) until 31 December 2013 the data concerning the share in the financial result and other total income of the associated entities were presented in the Consolidated Financial Statements. Data for the period from 1 January 2013 to 31 December 2013 have been restated in accordance with IAS 34 to ensure comparability.

The above financial data for the first half of 2014 and 2013 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 2014 at 4.1609 PLN/EUR;
- particular items of the profit and loss account and the statement of cash flows were translated using the rate being the arithmetical mean of average rates set by the National Bank of Poland as at the last day of each month of the financial period from 1 January to 30 June 2014 standing at 4.1784 PLN/EUR and from 1 January to 30 June 2013 standing at 4.2140 PLN/EUR.

The above financial data for the first half of 2013 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 31 December 2013 at 4.1472 PLN/EUR.

(all amounts are presented in PLN thousand, unless specified otherwise)

## A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE FIRST HALF OF 2014

### 1. CONDENSED STATEMENT OF INCOME

	<u>For the period 01/01- 30/06/2014</u>	<u>For the period 01/01- 30/06/2013</u>
<b>Continuing operations</b>		
Sales revenue*	85,220	84,052
of which: revenue excluding the "OST 112" contract	61,949	63,844
Cost of sales (variable)	<u>48,602</u>	<u>46,162</u>
<b>Sales margin**</b>	<b><u>36,618</u></b>	<b><u>37,890</u></b>
Cost of sales (fixed)	<u>12,103</u>	<u>10,808</u>
<b>Gross profit (loss) on sales</b>	<b><u>24,515</u></b>	<b><u>27,082</u></b>
Other operating revenues	363	124
Selling costs		
General and administrative costs	13,102	13,608
Other operating expenses	255	1,090
Restructuring costs		
<b>Operating profit (loss)</b>	<b><u>11,521</u></b>	<b><u>12,508</u></b>
Share in financial result of undertakings valued using the equity method***	112	(1,122)
Financial revenues	26	541
Financial expenses	3,090	3,227
<b>Profit (loss) before taxation</b>	<b><u>8,570</u></b>	<b><u>8,700</u></b>
Income tax	1,814	397
<b>Net profit (loss) from continuing operations</b>	<b><u>6,756</u></b>	<b><u>8,303</u></b>
<b>Discontinued operations</b>		
Net profit (loss) from discontinued operations	<u>-</u>	<u>(6,440)</u>
Including the cost related to the revaluation write-down for shares in mPay S.A.	-	(6,225)
<b>Net profit (loss)</b>	<b><u><u>6,756</u></u></b>	<b><u><u>1,863</u></u></b>
<b>Profit (loss) per share</b>		
<b>From continuing operations:</b>		
Ordinary	0.19	0.23
Diluted	0.19	0.23
<b>From continuing and discontinued operations:</b>		
Ordinary	0.19	0.05
Diluted	0.19	0.05
<b>EBITDA</b>	<b>21,847</b>	<b>21,910</b>

(all amounts are presented in PLN thousand, unless specified otherwise)

## COMMENTS:

\*) Sales revenue includes revenue from sales of telecommunications services provided as part of implementation of the OST 112 contract. Since the telecommunications part of the contract is implemented by subcontractors, this part of the revenue has an insignificant effect on the results of the Company. Revenue in this respect amounted to: PLN 23,271 thousand in the first half of 2014 and PLN 20,207 thousand in the first half of 2013.

\*\*) 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 connected with the value of the revenue (cost of goods sold, costs of subcontractors in the implementation of services, materials and energy consumption). 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.

\*\*\*) This item includes the Issuer's share in the financial result of an associated entity, Linx Telecommunications B.V., whose shares are valued using the equity method. ATM S.A.'s share in the remaining part of changes in equity of this company is recognised as "Share in other total income of associated entities" of the Condensed Statement of Total Income presented below. Until 31 December 2013, the above data were presented in the Consolidated Financial Statements. Data for the period from 1 January 2013 to 30 June 2013 have been restated in accordance with IAS 34 to ensure comparability.

## 2. CONDENSED STATEMENT OF TOTAL INCOME

	<u>For the period 01/01- 30/06/2014</u>	<u>For the period 01/01- 30/06/2013</u>
<b>Net profit (loss)</b>	<b>6,756</b>	<b>1,863</b>
	-	-
<b>Other total income that will not be reclassified to profit or loss</b>	<b>(488)</b>	<b>(1,357)</b>
Results of revaluation of fixed assets	-	-
Actuarial gains or losses	-	-
Share in other total income of associated entities*	<b>(488)</b>	<b>(1,357)</b>
Income tax related to items that will not be reclassified	-	-
<b>Other total income that cannot be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
Revaluation of tangible fixed assets	-	-
Exchange differences on translation of foreign operations	-	-
Results of valuation of financial assets available for sale	-	-
Hedge Accounting	-	-
Income tax related to other total income items	-	-
<b>Total revenue</b>	<b>6,269</b>	<b>506</b>

\*) Until 31 December 2013, the data concerning the share in the other total income of the associated entities were presented in the Consolidated Statement of Total Income. Data for the period from 1 January 2013 to 30 June 13 have been restated in accordance with IAS 34 to ensure comparability.

(all amounts are presented in PLN thousand, unless specified otherwise)

### 3. CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS

	<u>End of period</u> <u>30/06/2014</u>	<u>End of period</u> <u>30/06/2013</u>	<u>End of period</u> <u>31/12/2013</u>
<b>Fixed assets</b>			
Goodwill			
Intangible assets	4,529	39,360	5,101
Tangible fixed assets	283,003	220,389	263,014
Investments in associated entities consolidated using the equity method*	63,866	65,888	64,241
Investments in subsidiaries	-	-	-
Deferred income tax assets	-	-	-
Other fixed assets	224	214	208
	<u>351,622</u>	<u>325,851</u>	<u>332,564</u>
<b>Current assets</b>			
Inventories	1,381	1,160	1,511
Financial assets held for trading	273	273	453
Trade and other receivables	29,065	29,605	29,293
Income tax receivables	1,143	278	2,060
Other current assets	3,295	1,765	4,325
Other financial receivables			
Cash and cash equivalents	3,174	1,460	1,129
	<u>38,332</u>	<u>34,541</u>	<u>38,770</u>
Fixed assets classified as held for sale	-	9,873	-
<b>Total assets</b>	<u><u>389,953</u></u>	<u><u>370,265</u></u>	<u><u>371,334</u></u>

\*) The value of assets as at 31 December 2013, 30 June 2013 and 30 June 2014 includes relevant amounts comprising shares in the financial result and other total income of associated entities. Until 31 December 2013, the above data were presented in Group's Consolidated Financial Statements.



(all amounts are presented in PLN thousand, unless specified otherwise)

#### 4. CONDENSED STATEMENT OF FINANCIAL POSITION – LIABILITIES

	<u>End of period</u> <u>30/06/2014</u>	<u>End of period</u> <u>30/06/2013</u>	<u>End of period</u> <u>31/12/2013</u>
<b>Equity</b>			
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	123,735	123,735
Revaluation reserve			
Treasury shares	-	-	-
Capital reserves	55,994	55,994	55,994
Hedge valuation reserve and FX gains/losses due to consolidation			
Retained earnings*	<u>27,940</u>	<u>22,345</u>	<u>21,652</u>
<b>Total shareholders' equity</b>	<b><u>242,392</u></b>	<b><u>236,797</u></b>	<b><u>236,104</u></b>
<b>Long-term liabilities</b>			
Long-term loans and borrowings	30,925	36,054	32,099
Provisions for deferred tax	2,558	768	1,529
Provisions for liabilities			
Long-term trade and other liabilities	24,886	24,380	19,443
Other financial liabilities	<u>12,075</u>	<u>12,880</u>	<u>14,723</u>
	<b><u>70,444</u></b>	<b><u>74,082</u></b>	<b><u>67,795</u></b>
<b>Short-term liabilities</b>			
Bank loans and borrowings	44,912	18,825	29,544
Provisions for liabilities	-	-	-
Income tax liabilities	-	-	-
Trade and other liabilities	24,846	26,680	29,763
Other financial liabilities	<u>7,359</u>	<u>13,881</u>	<u>8,127</u>
	<b><u>77,117</u></b>	<b><u>59,386</u></b>	<b><u>67,435</u></b>
Liabilities related directly to fixed assets classified as held for sale	-	-	-
<b>Total liabilities</b>	<b><u>389,953</u></b>	<b><u>370,265</u></b>	<b><u>371,334</u></b>

\*) The value of liabilities as at 31 December 2013, 30 June 2013 and 30 June 2014 includes relevant amounts comprising shares in the financial result and other total income of associated entities. Until 31 December 2013, the above data were presented in Group's Consolidated Financial Statements.

(all amounts are presented in PLN thousand, unless specified otherwise)

**5. CONDENSED STATEMENT OF CHANGES IN EQUITY**

	<u>First-tier equity</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Reserve capital</u>	<u>Retained profits</u>	<u>Equity</u>
<b>As at 1 January 2014</b>	<b>34,723</b>	<b>123,735</b>	<b>0</b>	<b>55,994</b>	<b>21,652</b>	<b>236,104</b>
Increases:						
Current period results	-	-	-	-	6,756	6,756
Share in other total income of associated entities*					(488)	(488)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Share subscription under the stock option plan	-	-	-	-	18	18
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to shareholder's equity	-	-	-	-	-	-
Dividend payout	-	-	-	-	-	-
Financing of Incentive Scheme	-	-	-	-	-	-
<b>As at 30 June 2014</b>	<b>34,723</b>	<b>123,735</b>	<b>0</b>	<b>55,994</b>	<b>27,940</b>	<b>242,392</b>

\*) The value of equity as at 1 January 2014 and 30 June 2014 includes relevant amounts comprising shares in the financial result and other total income of associated entities. Until 31 December 2013, the above data were presented in Group's Consolidated Financial Statements.

(all amounts are presented in PLN thousand, unless specified otherwise)

	<u>First-tier equity</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Reserve capital</u>	<u>Retained profits</u>	<u>Equity</u>
<b>As at 1 January 2013</b>	<b>34,723</b>	<b>123,735</b>	<b>(1)</b>	<b>52,505</b>	<b>28,896</b>	<b>239,858</b>
Increases:						
Current period results	-	-	-	-	1,863	1,863
Share in other total income of associated entities*					(1 357)	(1,357)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution	-	-	-	3,489	-	3,489
Share subscription under the stock option plan	-	-	1	-	66	67
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to shareholder's equity	-	-	-	-	3,489	3,489
Dividend payout	-	-	-	-	3,634	3,634
Financing of Incentive Scheme	-	-	-	-	-	-
<b>As at 30 June 2013</b>	<b>34,723</b>	<b>123,735</b>	<b>0</b>	<b>55,994</b>	<b>22,345</b>	<b>236,797</b>

\*) The value of equity as at 01 January 2013 and 30 June 2013 includes relevant amounts comprising shares in the financial result and other total income of associated entities. Until 31 December 2013, the above data were presented in Group's Consolidated Financial Statements.

(all amounts are presented in PLN thousand, unless specified otherwise)

	<u>First-tier equity</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Reserve capital</u>	<u>Retained profits</u>	<u>Equity</u>
<b>As at 1 January 2013</b>	<b>34,723</b>	<b>123,735</b>	<b>(1)</b>	<b>52,505</b>	<b>28,896</b>	<b>239,858</b>
Increases:						
Current period results	-	-	-	-	3,872	3,872
Share in other total income of associated entities*					(4,126)	(4,126)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution	-	-	-	3,489	-	3,489
Share subscription under the stock option plan	-	-	1	-	134	135
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to shareholder's equity	-	-	-	-	3,489	3,489
Dividend payout	-	-	-	-	3,634	3,634
Financing of Incentive Scheme	-	-	-	-	-	-
<b>As at 31 December 2013</b>	<b>34,723</b>	<b>123,735</b>	<b>0</b>	<b>55,994</b>	<b>21,652</b>	<b>236,104</b>

\*) The value of equity as at 01 January 2013 and 31 December 2013 includes relevant amounts comprising shares in the financial result and other total income of associated entities. Until 31 December 2013, the above data were presented in Group's Consolidated Financial Statements.

(all amounts are presented in PLN thousand, unless specified otherwise)

**6. CONDENSED CASH FLOW STATEMENT**

	<u>For the period 01/01- 30/06/2014</u>	<u>For the period 01/01- 30/06/2013</u>
<b>Operating activities</b>		
Profit (loss) before taxation	8,570	8,700
Adjustment by items:	9,026	11,894
Share in financial result of undertakings valued using the equity method*	<b>(112)</b>	<b>1,122</b>
Amortisation and depreciation	10,326	9,403
FX gains/losses	7	227
Interest received	(2)	(2)
Interest paid	2,595	2,958
Dividends received	-	-
(Profit) loss on investing activities	128	-
Movements in inventories	(14)	(89)
Movements in receivables	209	(5,518)
Movements in liabilities and provisions	(4,626)	4,641
Movements in other assets	1,032	2,855
Income tax paid	132	(2,949)
Other	(650)	(754)
	<b>17,596</b>	<b>20,594</b>
<b>Investing activities</b>		
Expenses on tangible fixed assets purchases	(28,569)	(29,273)
Expenses on financial assets purchases	(0)	(1,352)
Revenue from sale of tangible fixed assets	1,571	3,892
Repayments of long-term loans	180	-
Loans granted	-	(196)
Revenue from sale of financial assets	-	-
Interest received	-	-
Dividends received	-	-
FX gains/losses	(5)	(24)
Other	-	-
	<b>(26,823)</b>	<b>(26,953)</b>
<b>Financing activities</b>		
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	4,835	671
Proceeds from loans and borrowings	14,194	9,597
Repayment of loans and borrowings	-	-
Purchase of treasury shares	-	-
Payment of liabilities arising from finance leases	(5,161)	(3,148)
Dividends paid	-	-
Interest received	2	2
Interest paid	(2,595)	(2,958)
Other profit-sharing	-	-
FX gains/losses	(2)	60
Other (division adjustment)	-	-
	<b>11,272</b>	<b>4,224</b>
<b>Movements in cash</b>	<b>2,045</b>	<b>(2,135)</b>
Opening balance of cash	1,129	3,599
<b>Closing balance of cash</b>	<b>3,174</b>	<b>1,460</b>

\*) Until 31 December 2013, the data concerning the share in the financial results of the associated entities were presented in the Consolidated Income Statement. Data for the period from 1 January 2013 to 30 June 2013 have been restated in accordance with IAS 34 to ensure comparability.

(all amounts are presented in PLN thousand, unless specified otherwise)

## **ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

### **1. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICIES)**

The interim condensed financial statements for the first half of the year ended on 30 June 2014 were prepared in accordance with IAS 34 *Interim Financial Reporting* in a condensed form and in compliance with the relevant International Financial Reporting Standards (IFRS) 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 2014.

Accounting principles (policy) used for preparing the interim condensed financial statements are consistent with those used for preparing the annual financial statements of the Company for the previous year, except for the changes to standards and new standards and interpretations approved by the European Union, applicable for reporting periods beginning on or after 1 January 2014.

In 2014, the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretation Committee and approved for use in the EU, applicable in the activities conducted by the Company and binding during the reporting periods starting from 1 January 2014. The adoption of the above standards and interpretations has not resulted in any significant changes either in accounting policies of the Company or in the representation of data in financial statements.

Interim condensed financial statements do not include all the information and disclosures required in annual financial statements and they should be read together with annual financial statements of the Group for 2013, including notes for the period of 12 months ended 31 December 2013, prepared according to IFRS, as approved by the EU.

These condensed interim financial statements were not subject to examination by an independent statutory auditor. The last financial statements examined by an independent statutory auditor were the financial statements for 2013.

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

These interim condensed financial statements were drawn up with the assumption of the Company continuing as a going concern in the foreseeable future. As of the date of authorisation of these interim condensed financial statements, no circumstances are found indicating a threat to the continuing operations of the Company.

The duration of the Company is unlimited.

These interim condensed financial statements, except for the cash flow statement, were prepared on accrual basis.

In these interim condensed financial statements, the significant assumptions made by the Management Board regarding the adoption of accounting principles by the Company and main uncertainties were the same as those presented in note 2 in the Financial Statements for the year 2013.

The functional currency of the Issuer and presentation currency of these interim condensed financial statements is Polish zloty. The data in the financial statements are presented in PLN thousand, unless stated differently.

The interim condensed financial statements contain the data for the period from 1 January 2014 to 30 June 2014. Comparative data are presented as at 31 December 2013 for interim condensed statement of financial position, for the period from 1 January 2013 to 30 June 2013, for interim condensed statement of income, interim condensed statement of total income, interim condensed cash flow statement, and interim condensed statement of changes in equity.

(all amounts are presented in PLN thousand, unless specified otherwise)

## 2. INVENTORIES REVALUATION WRITE-DOWNS REDUCING THE VALUE TO NET REALISABLE VALUE

By 30 June 2014, the Company made inventories revaluation write-downs amounting to PLN 55 thousand.

## 3. REVALUATION WRITE-DOWNS FOR FIXED ASSETS

In the first half of 2014, the Company did not make any revaluation write-downs for fixed assets.

## 4. MAKING, INCREASING, IMPLEMENTING AND DISSOLVING PROVISIONS

The Company did not make any provisions.

## 5. DEFERRED INCOME TAXES AND PROVISIONS

	Statement of financial position		Statement of total income	
	End of period 30/06/2014	End of period 31/12/2013	For the period 01/01- 30/06/2014	For the period 01/01- 31/12/2013
<b>Deferred tax provision</b>				
Difference between the balance sheet and tax value of tangible fixed assets	3,183	2,676	507	241
Recognised service revenue	545	401	144	401
Receivable compensation	-	-	-	-
Accrued interest	5	5	-	(105)
Valuation of financial instruments	-	-	-	-
Subsidies received - settlement	-	4	(4)	4
FX gains	-	-	-	-
Provisions for deferred tax acquired as a result of mergers	-	-	-	-
<b>Deferred tax gross provision</b>	<b>3,733</b>	<b>3,086</b>	<b>647</b>	<b>541</b>
<b>Deferred tax assets</b>				
Valuation of financial instruments	-	-	-	-
Difference between the balance sheet and tax value of tangible fixed assets	-	-	-	-
Deferred payment revenue	-	-	-	2
Revenue settled over time	-	-	-	-
Inventory write-downs	159	158	(1)	(3)
Receivable write-downs	110	127	17	111
Write-downs on financial assets	-	-	-	-
Provisions for service expenses	243	290	47	8
Provisions for employee benefits	-	-	-	-
FX losses	-	-	-	-
Liabilities towards the Social Insurance Institution (ZUS)	-	-	-	-
Obligations to Employees	-	-	-	-
Deferred income/expenses	-	-	-	181
Subsidies received	16	-	(16)	5
Effects of IRS valuation	268	238	(30)	81
Recognised interest	11	11	-	274
Tax loss for settlement	367	734	367	(734)
Deferred tax assets acquired through mergers	-	-	-	-
<b>Deferred tax gross assets</b>	<b>1,174</b>	<b>1,558</b>	<b>384</b>	<b>(75)</b>
<b>Net tax assets (tax provision)</b>	<b>(2,559)</b>	<b>(1,528)</b>		
<b>Deferred income tax charge against profit</b>			<b>1,031</b>	<b>466</b>

*(all amounts are presented in PLN thousand, unless specified otherwise)*

## **6. SIGNIFICANT TANGIBLE FIXED ASSET SALES AND ACQUISITIONS**

The Company did not carry out any one-off transaction concerning fixed assets. During the period covered by the financial statements, capital expenditure totalled PLN 27.6 million.

## **7. SIGNIFICANT LIABILITIES FOR TANGIBLE FIXED ASSETS PURCHASES**

There were no significant liabilities for tangible fixed assets purchases.

## **8. SIGNIFICANT SETTLEMENTS ARISING FROM COURT CASES**

There were no significant settlements arising from court cases.

## **9. ADJUSTMENT OF ERRORS FROM PREVIOUS PERIODS**

The entity did not adjust an error of previous periods.

## **10. CHANGES IN ECONOMIC SITUATION, AS WELL AS BUSINESS ENVIRONMENT, WHICH SIGNIFICANTLY INFLUENCE THE PARENT 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.

## **11. BANK LOANS AND LEASE LIABILITIES**

Bank loans include:

1. investment loan for the period of 5 years (2012–2017) of PLN 29.1 million, secured by mortgage on real estate, where the Issuer develops data centres,
2. investment loan for the period of 5 years (2013–2019) of PLN 6.7 million, secured by pledge on capital expenditure,
3. overdraft facilities, which usually revolve annually, with a total limit up to PLN 40.0 million, used as at the balance-sheet date in the amount of PLN 36.2 million.

The loans include a liability towards a financial institution issued to refinance capital expenditure to be repaid between 2013 and 2016 with a value of PLN 3.88 million as at 30 June 2014.

Other financial liabilities include finance lease agreement of the net total value of liabilities amounting to PLN 19.5 million as at the balance-sheet date. The lease agreements are concluded in order to refinance investment expenditure, 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 expired agreements are substituted with new agreements.

## **12. FAILURE TO PAY OFF A LOAN OR A BORROWING**

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



(all amounts are presented in PLN thousand, unless specified otherwise)

### 13. FINANCIAL INSTRUMENTS AT FAIR VALUE

As at 30 June 2014, the Company held financial instruments carried at fair value in the statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 — quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 — other techniques for which all inputs which have a significant effect on the recognised fair value are observable, either directly or indirectly

Level 3 — techniques which use inputs that have a significant effect on the recognised fair value that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement considering factors specific to the asset or liability.

FINANCIAL INSTRUMENTS	30/06/2014		30/12/2013	
	carrying amount	fair value	carrying amount	fair value
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets held to maturity	-	-	-	-
Financial assets available for sale (at fair value)	-	-	-	-
Loans granted and own receivables	-	-	-	-
Financial liabilities at fair value through profit or loss	1,356	1,356	1,251	1,251
Other financial liabilities	-	-	-	-

#### FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	fair value hierarchy level	30/06/2014
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the investment loan	level 2	1,356
Total		1,356

(all amounts are presented in PLN thousand, unless specified otherwise)

The valuation of the IRS contract hedging the interest rate risk in respect of the investment loan was made on the basis of the information obtained from Bank Zachodni WBK S.A. (prepared using parameters that were considered optimum by the Bank).

During the period ended on 30 June 2014 there were no transfers between Level 1 and Level 2 of the fair value hierarchy and no instrument was transferred to/from Level 3 of the fair value hierarchy.

#### **14. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS DUE TO A CHANGE IN THEIR PURPOSE OR USE**

During the period covered by the financial statements, the Company did not make any changes in the classification of assets.

#### **15. SEASONALITY OF OPERATIONS**

Revenue from sales 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. A periodic rise in revenue may be due to a greater share of revenue from sources other than subscription services relating to providing the clients with new telecommunications lines and colocation space. Such an increase in revenue occurred in the fourth quarter of 2013.

#### **16. ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE SECURITIES AND EQUITIES**

The Company did not make the aforementioned transactions.

#### **17. DIVIDEND PAID AND DECLARED**

On 16 July 2014, the Company's Ordinary General Meeting adopted a resolution allocating PLN 4,361,201.28 to the payment of dividend, corresponding to PLN 0.12 per share. The number of shares eligible for the payment of dividend is 36,343,344. The dividend date was set at 30 September 2014, and the dividend payment date — at 14 October 2014.

#### **18. CHANGES IN THE COMPANY STRUCTURE**

No changes were introduced into the Issuer's structure

#### **19. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

<b>Off-balance sheet items</b>	<b>End of period 30/06/2014</b>	<b>End of period 31/12/2013</b>
1. Contingent receivables		
1.1 from other undertakings		
2. Contingent liabilities	53,516	56,937
2.1 to other undertakings, of which:	53,516	56,937
- guarantees, sureties granted	3,177	6,598
- mortgage collateral	42,000	42,000
- collateral pledge	8,339	8,339

(all amounts are presented in PLN thousand, unless specified otherwise)

Since the end of the fiscal year 2013, the following changes have occurred with respect to contingent liabilities:

a) guarantees and sureties granted have decreased by PLN 3,421 thousand as a result of:

- expiry of guarantees of PLN 3,671 thousand
- granting of guarantees of PLN 250 thousand

b) security in the form of mortgage has remained unchanged

c) security in the form of pledge has remained unchanged

## 20. SIGNIFICANT EVENTS AFTER THE END OF THE HALF OF THE YEAR

There were no significant events after the end of the half of the year.

## 21. SEGMENTS OF OPERATIONS

As a consequence of Issuer's sale of all shares in mPay S.A. which was effected in the fourth quarter of 2013, the only segment of ATM S.A.'s activities presented is the activity in the field of telecommunications. The Issuer conducts this activity with associated company - Linx Telecommunications B.V. Therefore, the financial parameters of the above segment of activities are identical with the parameters describing the activity of the entire Company.

**Sales revenue broken down into geographical distribution is as follows:**

	For the period 01/01- 30/06/2014	For the period 01/01- 30/06/2013
Country	79,506	81,810
Export	5,714	2,242
<b>Total sales revenue</b>	<b>85,220</b>	<b>84,052</b>

The criterion used for the above data on the geographical structure of revenue to classify a given service as "exports" is only the registered address of the client's head office. The Issuer's business practice often shows a situation in which the actual recipient of the service is an entity registered outside Poland, but the agreement is formally signed on its behalf by a company having its registered office in Poland.

(all amounts are presented in PLN thousand, unless specified otherwise)

## **B. MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF ATM S.A. FOR THE FIRST HALF OF 2014**

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

### **1. INFORMATION ABOUT THE ISSUER**

#### **BASIC DETAILS OF THE ISSUER**

ATM S.A. is a joint-stock company. The Company launched its operations in 1994 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 in the Notarial Office in Raszyn on 16 May 1997 (Repertory No 3243/97).

The registered office of the Company is located in Warsaw at Grochowska 21a. The company conducts its operations at its registered office, as well as through its branch office in Katowice, which does not draw up a balance sheet independently. 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 No KRS 0000034947.

ATM S.A. has been listed on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange classification, the core business of the Company concerns the IT sector. During the period covered by these financial statements, ATM S.A. Company provided services within the scope of data centres and data transmission to corporate clients.

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 first half of 2014 and after the balance sheet date – on 16 July 2014, ATM S.A.'s Supervisory Board passed a resolution on appointing the Management Board for the new term in the same composition.

Currently, the Company is supervised by the Supervisory Board comprising the following five members:

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

On 16 July 2014, the Company's Ordinary General Meeting appointed the persons listed above as Members of the Supervisory Board for the new term. At the same time, the previous term of the Supervisory Board was terminated. The previous composition included the following persons: Sławomir Kamiński, Tomasz Tuchołka, Grzegorz Domagała, Mirosław Panek and Marcin Wysocki.

#### **DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP WITH THE LIST OF CONSOLIDATED COMPANIES**

As a consequence of the sale of all shares in mPay S.A., which was effected in the fourth quarter of 2013, ATM S.A. did not have any subsidiaries as at the publication date of this report; therefore, there are no premises relating to the existence of a capital group anymore. Starting from the periodic report for the first quarter of 2014, the Issuer has not drawn up any consolidated financial statements anymore.

(all amounts are presented in PLN thousand, unless specified otherwise)

As at the publication date of the present report, the Issuer held shares constituting 21.27% of Linx Telecommunications B.V.'s share capital (an investment made in 2007). The results of this entity, as an associated company, are not consolidated at the operating level — the consolidation is carried out using the equity method. The Company includes the share in the associated entity's result in the Company's result and other total income of the associated entity in the Company's other total income. Purchase price value is adjusted by the change in Company's share in the net assets of the associated entity which took place after the date of purchase.

### **INFORMATION ABOUT 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 THE SEMI-ANNUAL REPORT AND INFORMATION ON CHANGES IN THE OWNERSHIP STRUCTURE OF QUALIFYING HOLDING OF THE ISSUER SINCE THE SUBMISSION OF THE PREVIOUS PERIODIC REPORT**

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

Shareholder	Number of shares held	Interest in share capital	Number of votes at the General Meeting	Share in the overall number of votes
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	9,119,040	25.09%	9,119,040	25.09%
ING PTE **	7,163,003	19.71%	7,163,003	19.71%
Aviva OFE ***	2,915,951	8.02%	2,915,951	8.02%
Altus TFI****	2,352,906	6.47%	2,352,906	6.47%
Piotr Puteczny*****	2,243,066	6.17%	2,243,066	6.17%

\*) the majority of ATP FIZ AN's certificates are held by Tadeusz Czichon, Vice-President of ATM S.A.'s Management Board

\*\*) number of shares as at 18 July 2014 on the basis of a notification

\*\*\*) number of shares as at 15 July 2014 on the basis of a notification

\*\*\*\*) number of shares as at 17 July 2014 on the basis of a notification

\*\*\*\*\*) 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 the number of votes
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	9,119,040	9,119,040	0
ING PTE*	4,063,003	7,163,003	3,100,000
Aviva OFE	no data	2,915,951	no data
Altus TFI**	3,702,476	2,352,906	- 1,349,570
Piotr Puteczny***	2,243,066	2,243,066	0

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

\*) number of shares as at 23 April 2014 on the basis of a notification

\*) number of shares as at 17 April 2014 on the basis of a notification

\*\*\*) jointly with his spouse

(all amounts are presented in PLN thousand, unless specified otherwise)

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

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

Full name	As at 14 May 2014	Increases	Decreases	As at 28 August 2014
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	9,119,040			9,119,040
Maciej Krzyżanowski	58,608			58,608
Anna Bugajska	56,600		1,600	55000

\*) the majority of ATP FIZ AN's certificates are held by Tadeusz Czichon, Vice-President of ATM S.A.'s Management Board

## PURCHASE OF TREASURY SHARES

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

## 2. DESCRIPTION OF ISSUER'S ACHIEVEMENTS, RISK FACTORS AND DEVELOPMENT PROSPECTS

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

#### Operating and Financial Results

In the subsequent quarter, the Issuer consistently pursued the assumptions regarding the sale of the colocation services. Unfortunately, both the quarterly and the semi-annual results were affected by unfavourable market developments relating to the data transmission services and access to the Internet. Therefore, the total results recorded in the second quarter and the first half of 2014 did not meet the expectations of Issuer's Management Board. In the second quarter, the Company recorded a several-percent increase in revenue, sales margin and operating profit, as well as EBITDA in comparison with the previous quarter; however, the above-mentioned items remained at a similar level compared to the corresponding period of 2013. As a consequence, the results of the entire first half of 2014 are not satisfactory either. Sales revenue recorded in that period (approx. PLN 61.9 million excluding the OST 112 contract) and sales margin (approx. PLN 36.6 million) stood 3% below the first half of 2013, and EBITDA remained at a similar level (approx. PLN 21.9 million). The financing activities result was lower than in the previous year (PLN -3,1 million against PLN -2.7 million, excluding Linx Telecommunications B.V.'s impact); it was "compensated for" by a significantly improved result of Linx (PLN +0.1 million against PLN -1.1 million), owing to which the Issuer generated a profit before taxation amounting to approx. PLN 8.6 million (a decrease by 1% y/y).

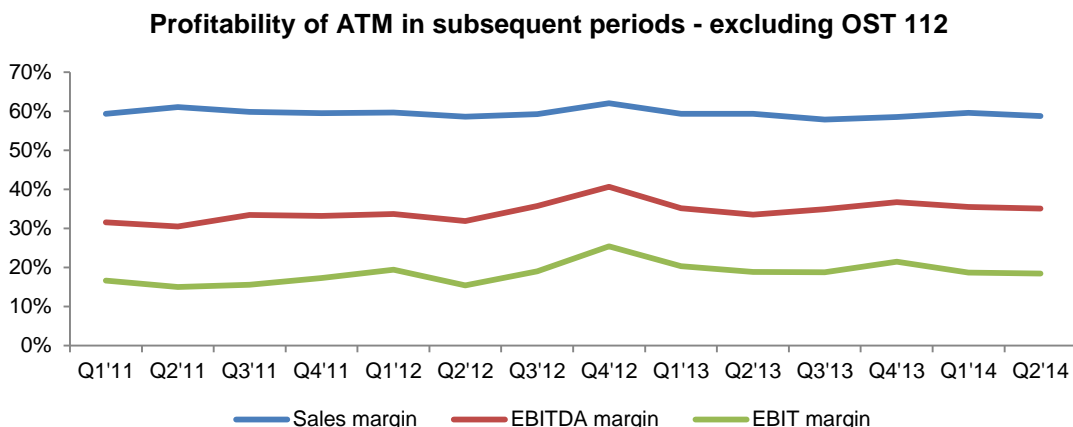
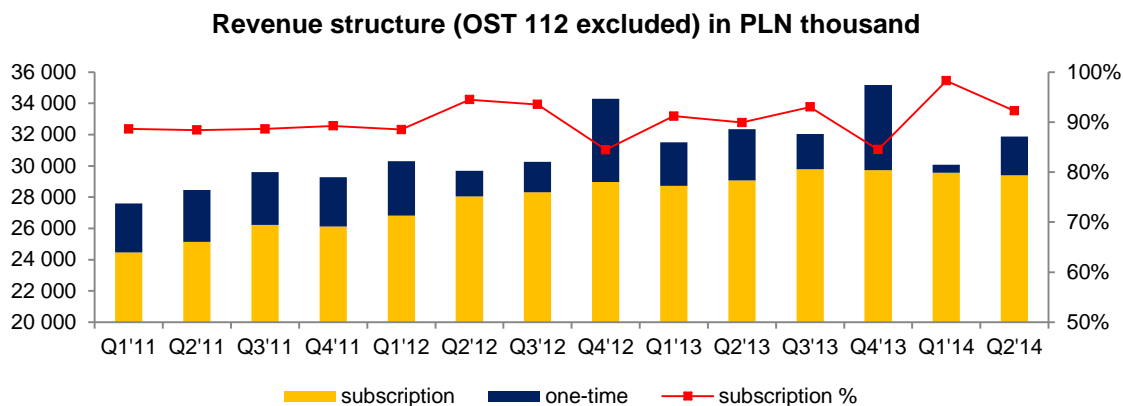
The deterioration of Issuer's total sales results was mainly caused by a significant fall in transmission services revenue observed last half-year, including, above all, the drop in one-off revenue, recorded in the first quarter, from putting new transmission lines into operation (PLN 0.3 million in Q1 2014 against PLN 2.3 million in Q1 2013).

(all amounts are presented in PLN thousand, unless specified otherwise)

The results in particular categories of services are discussed further in this section.

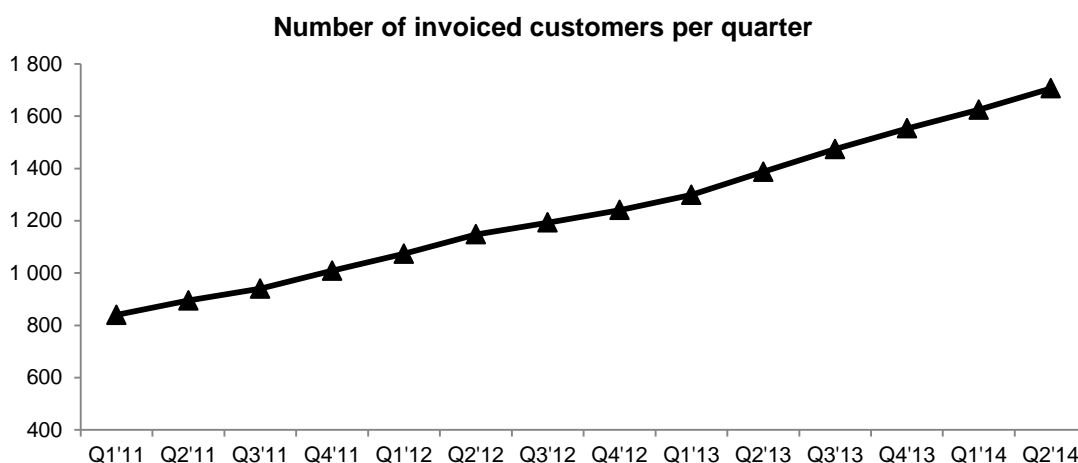
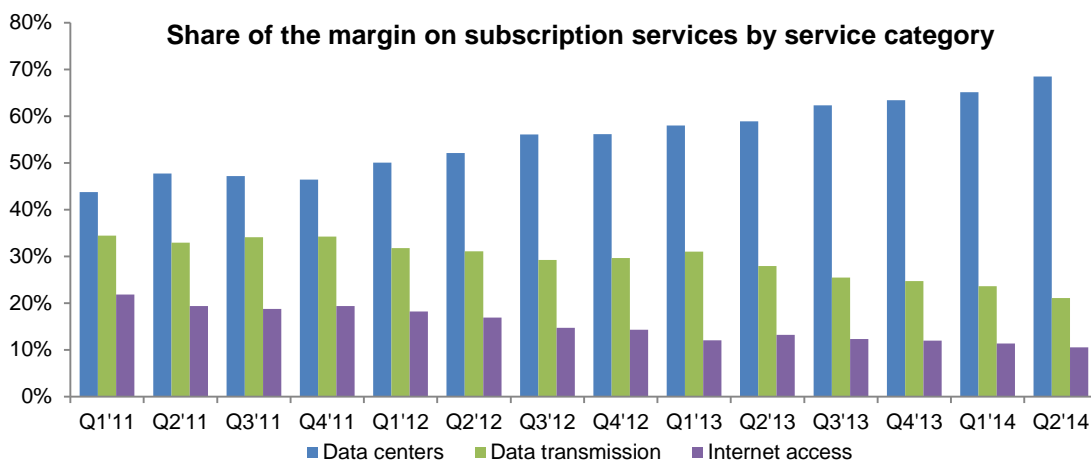
In the first half of this year, Issuer's operating profitability ratios were retained at a similar level in comparison with those observed in the previous periods. Due to the fact that the sales revenue's share with regard to new transmission lines was atypically low in the first quarter of this year, the subscription revenue's share in Issuer's total revenue reached a slightly higher level than usually and stood nearly at 95 percent throughout the entire previous half-year.

The graphs below show the structure and growth rate of ATM's quarterly revenue and Company's profitability maintained on a stable level:



(all amounts are presented in PLN thousand, unless specified otherwise)

Further diagrams present the results of the development strategy consistently implemented by the Issuer. The strategy assumes a systematic growth of data centre services' importance and an increase in the number of clients serviced:



**Results in particular categories of services**

Data centre services remain the key category for Issuer's development. In the first half of this year, the colocation revenue accounted for nearly half of ATM's total revenue (excluding revenue under OST 112 contract) and generated approx. 2/3 of the total subscription margin. Of the total amount of over PLN 30.7 million of data centre revenue, over the last six months, nearly 99% were represented by subscription revenue. In the first half of 2014, the growth rate of the latter levelled as low as at approx. 13.6% y/y, which was mainly caused by significant weakening of cooperation with one of the major clients in the area of colocation services (as a result of consolidation processes in the client's sector); revenue from data centre services from that client started to dwindle in late 2013 and continued to shrink in the first half of 2014 (the Issuer included the information about that fact in the previous periodic reports). This factor will not occur in the second half of 2014. Despite that, the quarterly sales of colocation services were higher than ever in the second quarter of 2014; the sales were higher than in the previously record breaking fourth quarter of 2013, which means that the Company returns on the revenue growth path in this category of services.

The sales growth results both from the sale to large clients and a consistent increase of the number of small and medium clients – the number of clients in the colocation services area went up 30%.



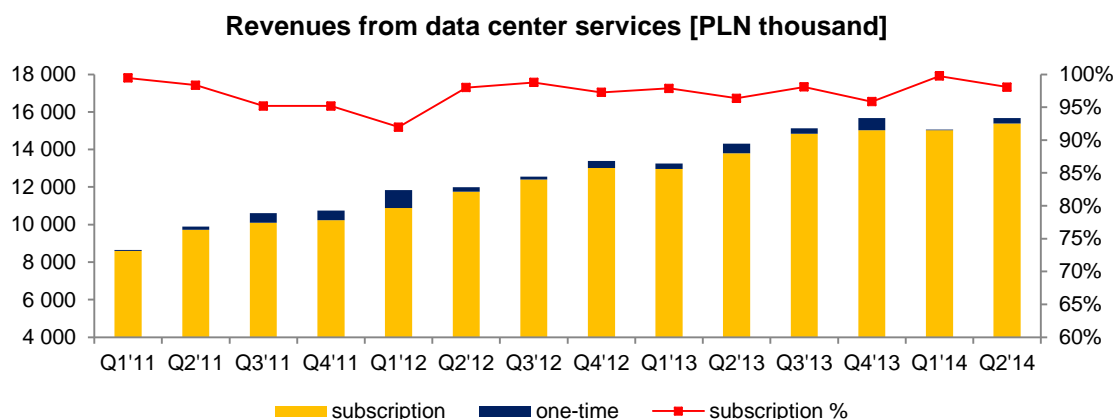
(all amounts are presented in PLN thousand, unless specified otherwise)

The above trend was reflected in the recipients' structure. Although the recipients from both the telecommunications and financial sectors still account for over 50% of the revenue from the sale of colocation services, clients from other sectors, in particular representatives of the SME sector, have an increasing share levelling at 26%.

The results for the first half of the year already include the first revenue from a major contract of colocation services (covering a net area of approx. 250 m<sup>2</sup>); the Issuer included the above information in the previous periodic report. The Company was able to start providing services to that client due to the fact that the first part of the latest building ATMAN – F4 Data Centre was put into operation (at the end of the second quarter of 2014). The previous quarter also saw the launch of another building's construction: ATMAN – F5 DC (with a net colocation area of approx. 1,400 m<sup>2</sup>), which is to be completed in the first half of 2015.

As at the end of the second quarter of 2014, the invoiced area in ATM's server rooms totalled 3,446 m<sup>2</sup> net.

The quarterly results of data centre services are summarised on the graph below:

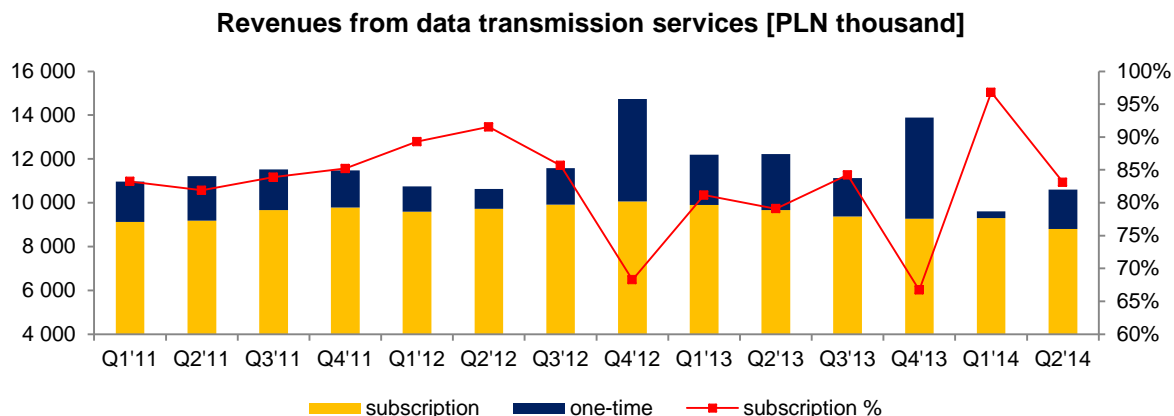


The revenue from the sale of fibre-optic and transmission services was significantly lower in the past six months than in the corresponding period of 2013 (a drop by 17% y/y to PLN 20.2 million). This was primarily caused by the 2 factors named below:

- low revenue from the sale of new lines (particularly in the first quarter of 2014), which is a result of the termination of contracts entered into in the previous years and prolonged negotiations over new prospective contracts in the area of providing fibre-optic cables to the base stations,
- problems with overcoming the negative trend in the area of subscription revenue (drop of unit prices); additionally, the Issuer was affected here by the weakened cooperation with one of the major clients in the area of colocation services (mentioned above in the section discussing the results of data centre services).

The structure of the quarterly revenue from transmission services is shown on the graph below:

(all amounts are presented in PLN thousand, unless specified otherwise)



The Issuer endeavours to fight the negative trend in the subscription area described above by consistently increasing the number of business locations linked to the ATMAN network – within the first six months of 2014, this number grew approx. 10%, and at the end of the second quarter of 2014, it was 20% higher y/y. In a longer perspective this tendency should be maintained, which would allow the Company to generate increasing revenue from business clients (other than telecommunications operators) whose lines run to business locations linked to the Issuer's network. Still, approx. 70% of revenue in the field of fibre-optic and data transmission services comes from the telecommunications sector and this revenue may be prone to general weakness of this sector over the next quarters.

Last quarter, revenue from sale of the Internet access services recorded a result similar to the one in the first quarter of this year (approx. PLN 4.4 million; -1.5% q/q), which translated into approx. PLN 8.9 million revenue since the beginning of 2014 (4% less than a year before). Hence, the lateral trend is still observed in this category of services; the revenue is maintained more or less on the same level while the unit prices are dropping, above all due to the fact that services are provided to an increasing number of smaller clients. This is reflected in the client structure, with over 40% of revenue coming from other clients and the telecommunications sector brings only 1/3 of the revenue. As at the end of the past six months, the number of contractors invoiced increased in this area by approx. 18% y/y.

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

No atypical factors or events occurred which would materially affect the financial results achieved.

## RISK FACTORS

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

The Issuer's operations are not sensitive to changes in economic conditions.

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

As part of organisational changes introduced in 2009 and 2010, following the implemented strategy, the Issuer decided to abandon these fields of activity which did not bring the expected results and did not comply with the ATM's lines of development. As a result, the Issuer has significantly reduced the involvement in innovative projects associated with costs of research and implementation works. The

(all amounts are presented in PLN thousand, unless specified otherwise)

Issuer conducts R&D works insofar as they directly translate into greater competitiveness of the products and services it offers.

#### **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 clients. Possible illegal activities of employees (e.g. causing harm to third parties, disloyal behaviour exhibited in, among others, undertaking competitive activity and disclosure of business and professional secrets) could also have negative repercussions.

The Company's experience shows that the situation concerning staff of the Issuer is stable, the employees and managers are engaged in the development of the Company.

#### **Risk related to forecasts and planning**

The risk related to forecasts and planning poses a threat that the forecasts, being the basis for the making investment decisions in the data centre market, will not prove true as a result of changes in the economic or technological environment (e.g. emergence of new technologies). Forecasts for the planned investments might be wrong, despite using legitimate assumptions in the forecasting process.

#### **Risk connected with strong competition**

In the ICT sector, the risk associated with the emergence of new competitors is high, mainly due to the attractiveness of the data centre market in Poland and Europe (dynamic growth). The possible emergence of new major competitors (in particular international entities) may have a negative impact on the Company's financial results in the future. Also, possible consolidation processes in the domestic market might result in a deteriorated growth rate of the Company's financial parameters; this concerns both a possible consolidation on the supply side and the demand side of the market.

### **INFORMATION ABOUT THE FACTORS WHICH, IN THE ISSUER'S OPINION WILL AFFECT ITS PERFORMANCE DURING AT LEAST THE NEXT QUARTER**

The most important external factors deciding about Issuer's business development include the constant growth of the demand for information transferring, processing and archiving, which creates conditions for the constant growth of demand for the services provided by the Issuer, comprising data transmission services for businesses and institutions, as well as data centre (colocation) services.

The main factors that — in the opinion of the Issuer — should stimulate the demand for its services in the next few years include:

- digitisation of enterprises — a growing demand for computing power and data storage space,
- telecommunication development — the construction of the next-generation network (LTE) and a rapidly growing number of mobile devices, which are used to transfer an increasing amount of data (*content delivery*),
- growing popularity of services generating large data volumes, as: video transmission, social media, online games and e-commerce,
- notable benefits resulting from placing the own equipment in immediate vicinity to devices and lines of the business partners and clients; this is only offered by data centres, gathering within their area a wide variety of entities representing various sectors,

*(all amounts are presented in PLN thousand, unless specified otherwise)*

- rapid growth of the financial service market, where the electronic trade plays an increasingly significant role and the need to service an enormous number of transactions within a unit of time,
- growing digitisation of the public sector (e.g. health care),
- IT outsourcing — increased willingness to place own data processing equipment at specialised providers of data centre services, rather than building own server objects (cost — economies of scale, quality and reliability of services — know-how),
- cloud computing — moving part of data processing to companies offering cloud computing services which also base their work on an infrastructure offered by specialised data centre suppliers.

On the basis of the above premises, the Issuer implements the strategy it has assumed and continues its investments by preparing further modules of the Thinx Poland data centre for sale and executing a project of construction of ATM Innovation Centre. The implementation of these investments and maintenance of the pace of sales will allow the Company to strengthen its leading position in the domestic market of data centres and bring a notable effect in terms of revenue and profits increase in the next financial periods.

In terms of the conducted investments, ATM plans to put into operation a new building within ATMAN Data Centre (building F5) and server rooms in Thinx Poland with total net area of 3 thousand m<sup>2</sup> which, together with the currently available space, sums up nearly to 6 thousand m<sup>2</sup> of potential colocation space that will generate revenue for the Company in the future.

The Issuer estimates that the commercialisation of the entire space indicated above should translate into additional approx. PLN 50-55 million of annual EBITDA, which would allow the Company to raise EBITDA profit it currently generates more than two-fold.

When making decisions on schedules and staging subsequent investments, ATM is primarily focused on filling the existing server rooms and the observed and projected demand for colocation services. Therefore, the period within which profits can be increased by the above amounts will depend on market developments and growth in demand for colocation services in Poland and abroad.

### **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 any forecasts for 2014.

### **3. OTHER INFORMATION**

#### **INFORMATION CONCERNING CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED UNDERTAKINGS IF INDIVIDUALLY OR JOINTLY THEY ARE MATERIAL AND WERE CONCLUDED ON CONDITIONS OTHER THAN MARKET CONDITIONS**

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 concluded on conditions other than market conditions.

*(all amounts are presented in PLN thousand, unless specified otherwise)*

### **INFORMATION ABOUT PENDING PROCEEDINGS BEFORE COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION BODY**

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

### **INFORMATION ON GRANTING BY THE ISSUER OR ITS SUBSIDIARY OF 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 equity.

### **OTHER INFORMATION CONSIDERED BY THE ISSUER AS IMPORTANT IN THE ASSESSMENT OF ITS PERSONNEL, ASSET AND FINANCIAL STANDING, FINANCIAL RESULT AND CHANGES TO SUCH ITEMS; INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S ABILITY TO FULFIL ITS 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.

**SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:**

<b>Full name</b>	<b>Title/function</b>	<b>Date</b>	<b>Signature</b>
Maciej Krzyżanowski	President of the Management Board	28 August 2014.....	
Tadeusz Czichon	Vice-President of the Management Board	28 August 2014.....	

**SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:**

Kinga Bogucka	Chief Accountant	28 August 2014.....	
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## STATEMENT OF THE MANAGEMENT BOARD

On the basis of the Regulation of the Minister for Finance of 19 February 2009 on current and periodic information submitted by the issuers of securities, the Management Board of ATM S.A. declares that, to its best knowledge, these interim condensed financial statements and comparable data have been drawn up in accordance with the applicable accounting principles and they give a correct, true and fair view of the asset and financial situation of ATM S.A. and its financial result.

Moreover, the Management Board declares that the report on operations of ATM S.A. presents a true view of the Issuer's development, achievements and standing, including a description of the basic threats and risk.

These interim condensed 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 Regulation of the Minister for Finance of 19 February 2009 on current and periodic information submitted by the issuers of securities (Journal of Laws No 33, item 259, as amended). The statements cover the period from 1 January until 30 June 2014.

The Management Board declares that the entity authorised to audit and review the financial statements, which reviewed the interim 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 law. In accordance with the corporate governance rules adopted by the Management Board, the statutory auditor was selected by the Supervisory Board of the Company on 13 June 2014. The Supervisory Board made the above-mentioned selection, taking into consideration ensuring the complete independence and objectivity for the selection, as well as performance of the tasks by the statutory auditor.

President of the Management Board

Vice-President of the Management Board

Maciej Krzyżanowski

Tadeusz Czichon

Warsaw, 28 August 2014

Warsaw, 28 August 2014



*Polska Grupa Audytorska spółka z ograniczoną odpowiedzialnością sp.k.*

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**INDEPENDENT STATUTORY AUDITOR'S REPORT ON THE REVIEW  
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS COVERING  
THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014**

For ATM S.A.'s Shareholders

*Introduction*

We have reviewed the attached condensed interim financial statements of ATM S.A. with its registered office in Warsaw, at Grochowska 21a, prepared as at 30 June 2014 ("condensed interim financial statements"), consisting of:

- condensed income statement and condensed total income statement for the period of six months ending on 30 June 2014,
- condensed statement of financial position prepared as at 30 June 2014,
- condensed statement of changes in equity for the period of six months ending on 30 June 2014,
- condensed cash flow statement for the period of six months ending on 30 June 2014,
- additional notes to the condensed financial statements.

The Management Board is responsible for the preparation and presentation of these condensed interim financial statements in compliance with the requirements of IAS 34 *Interim Financial Reporting*, which has been approved by the European Union. Our task was to draw and present the conclusion on these condensed interim financial statements on the basis of the review conducted.

*Scope of the Review*

We conducted the review in accordance with the provisions of National Auditing Standard No 3 *General rules for auditing financial statements/condensed financial statements and performing other certifying services* issued by the National Chamber of Statutory Auditors (Krajowa Rada Biegłych Rewidentów) and International Standard on Review Engagements

Polska Grupa Audytorska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw (00-057), at Pl. Dąbrowskiego 1, tel. + 48 22 115 66 96

District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, KRS 0000484251, Statistical No (REGON) 146949930, Tax ID No (NIP)

9512373424





Polska Grupa Audytorska spółka z ograniczoną odpowiedzialnością sp.k.

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2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of condensed interim financial statements include using information obtained mainly from the accounting personnel of the entity, as well as using analytical procedures and other review procedures. The scope and methodology of the review differ significantly from the scope of an audit in accordance with the national auditing standards and the International Auditing Standards, and does not give certainty that all material aspects were identified as in the case of the full scope of an audit. Therefore, no such opinion on the attached condensed interim financial statements can be issued.

*Conclusion*

Our review has not revealed any matters that would suggest that the attached condensed interim financial statements of ATM S.A. as at 30 June 2014 were drawn up failing to abide by IAS 34 requirements *Interim Financial Reporting*, approved by the European Union, in any and all essential aspects

On behalf of Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.

Register No 3887

Pl. Dąbrowskiego 1

00-057 Warszawa

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Maciej Kozysa

Key Statutory Auditor

Register No 12005

Member of the Management Board of the General Partner,

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Bartłomiej Kurylak

Member of the Management Board of the General Partner

28 August 2014

Polska Grupa Audytorska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw (00-057), at Pl. Dąbrowskiego 1, tel. + 48 22 115 66 96

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