



ATM S.A.

**QUARTERLY REPORT
FOR THE FIRST QUARTER OF 2014**

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KEY INFORMATION REGARDING QUARTERLY REPORT

This quarterly report covers information prepared pursuant to § 86 item 1 and § 87 item 1 of the Regulation of the Minister of Finance of 19 February 2009, and includes financial statements of ATM S.A. prepared according to the International Financial Reporting Standards, as approved by the European Union.

Submission date: 14 May 2014

Information on the Issuer:

Full name of the Issuer: ATM S.A.

Abbreviated name of the Issuer: ATM

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SELECTED FINANCIAL DATA

	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	in PLN thousand		in EUR thousand	
Total sales revenue (excluding the OST 112 contract)	30,337	31,448	7,241	7,535
Sales margin	18,061	18,663	4,311	4,471
EBITDA	10,766	11,050	2,570	2,647
Operating profit	5,677	6,395	1,355	1,532
Profit before tax	4,464	3,863	1,066	925
Net profit from continuing operations	3,722	3,048	888	730
Net cash from operating activities	9,534	8,608	2,276	2,062
Net cash from investing activities	(15,991)	(18,606)	(3,817)	(4,458)
Net cash from financing activities	7,090	7,520	1,692	1,803
Increase (decrease) in cash	634	(2,478)	151	(593)
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Fixed assets	341,008	332,564	81,751	80,190
Current assets	37,143	38,770	8,905	9,350
Total assets	378,152	371,334	90,656	89,539
Long-term liabilities	73,121	67,795	17,530	16,347
Short-term liabilities	66,467	67,435	15,934	16,260
Equity	238,564	236,104	57,192	56,931
Share capital*	34,723	34,723	8,324	8,373
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.56	6.50	1.57	1.57

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

The above financial data for the first quarter of 2014 and 2013 were converted to EUR according to the following principles:

- particular items of assets and liabilities were converted with average FX rate of the National Bank of Poland as of 31 March 2014 at PLN/EUR 4.1713;
- individual items of the profit and loss account and the cash flow statement were converted at the rate being an arithmetic mean of the rates of the National Bank of Poland as at the last day of each month of the fiscal year between 1 January and 31 March 2014, at PLN/EUR 4.1894 and between 1 January and 31 March 2013 at PLN/EUR 4.1738.

The financial figures for 2013 were translated into EUR in accordance with the following principles:

- Individual items of assets and liabilities were converted at the average FX rate of the National Bank of Poland as of 31 December 2013 at PLN/EUR 4.1472.

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

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

1. CONDENSED STATEMENT OF INCOME

	<u>For the period 01/01– 31/03/2014</u>	<u>For the period 01/01– 31/03/2013</u>
Continued operations		
Sales revenue*	43,652	41,606
of which: revenue excluding the "OST 112" contract	30,337	31,448
Cost of sales (variable)	<u>25,592</u>	<u>22,943</u>
Sales margin**	<u>18,061</u>	<u>18,663</u>
Cost of sales (fixed)	<u>5,979</u>	<u>5,352</u>
Gross profit (loss) on sales	<u>12,082</u>	<u>13,310</u>
Other operating revenue	343	83
Selling costs		
General and administrative costs	6,623	6,641
Other operating expenses	123	358
Restructuring costs		
Operating profit (loss)	<u>5,677</u>	<u>6,395</u>
Share in the financial result of undertakings valued using the equity method***	155	(1,253)
Financial revenue	12	371
Financial costs	1,381	1,651
Profit (loss) before tax	<u>4,464</u>	<u>3,863</u>
Income tax	742	815
Net profit (loss) on continued operations	<u>3,722</u>	<u>3,048</u>
Discontinued operations		
Net profit (loss) on discontinued operations	<u>-</u>	<u>-</u>
Net profit (loss)	<u><u>3,722</u></u>	<u><u>3,048</u></u>
Profit (loss) per share		
<i>From continuing operations:</i>		
Ordinary	0.10	0.08
Diluted	0.10	0.08
<i>From continuing and discontinued operations:</i>		
Ordinary	0.10	0.08
Diluted	0.10	0.08
EBITDA	10,766	11,050

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

NOTES:

*) Sales revenue includes revenue from sales of telecommunications services provided as part of the implementation of the OST 112 contract. Since the telecommunications part of the contract is implemented by subcontractors, this part of the revenue has little effect on the results of the Company. This type of revenue amounted to: PLN 13,315 thousand in the first quarter of 2014 and PLN 10,158 thousand in the first quarter of 2013.

***) The Issuer additionally discloses, 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, 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 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. 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 data were presented in the consolidated statement of income. Data for the period from 1 January 2011 to 31 March 2013 were adjusted in accordance with IAS 34 to ensure data comparability.

2. CONDENSED STATEMENT OF TOTAL INCOME

	<u>For the period 01/01– 31/03/2014</u>	<u>For the period 01/01– 31/03/2013</u>
Net profit (loss)	3,722	3,048
	-	-
Other total income that will not be reclassified to profit or loss	(1,272)	(4)
Results of revaluation of fixed assets	-	-
Actuarial gains or losses	-	-
Share in other total income of associated entities*	(1,272)	(4)
Income tax related to items that will not be reclassified	-	-
Other total income that may be reclassified to profit or loss	-	-
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	-	-
Total revenue	2,450	3,044

*) Until 31 December 2013, the data regarding share in other total income of associated entities were presented in the consolidated statement of total income. Data for the period from 1 January 2011 to 31 March 2013 were adjusted in accordance with IAS 34 to ensure data comparability.

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

3. CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS

	<u>End of period</u> <u>31/03/2014</u>	<u>End of period</u> <u>31/03/2013</u>	<u>End of the</u> <u>period</u> <u>31/12/2013</u>
Fixed assets			
Goodwill			
Intangible assets	4,772	39,464	5,101
Tangible fixed assets	272,914	212,349	263,014
Investments in associates consolidated using the equity method*	63,124	67,110	64,241
Investments in subsidiaries	-	16,098	-
Deferred income tax assets	-	-	-
Other fixed assets	199	151	208
	<u>341,008</u>	<u>335,172</u>	<u>332,564</u>
Current assets			
Inventories	1,377	1,261	1,511
Financial assets held for trading	450	1,008	453
Trading and other receivables	28,327	26,583	29,293
Income tax receivables	1,870	57	2,060
Other current assets	3,358	3,428	4,325
Other financial receivables			
Cash and cash equivalents	1,761	1,122	1,129
	<u>37,143</u>	<u>33,459</u>	<u>38,770</u>
Fixed assets classified as held for sale	-	-	-
Total assets	<u><u>378,152</u></u>	<u><u>368,631</u></u>	<u><u>371,334</u></u>

*) Assets as at 31 December 2013, 31 March 2013 and at 31 March 2014 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data were presented in consolidated statements of the Group.

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

4. CONDENSED FINANCIAL SITUATION STATEMENT – LIABILITIES

	<u>End of period</u> <u>31/03/2014</u>	<u>End of period</u> <u>31/03/2013</u>	<u>End of the</u> <u>period</u> <u>31/12/2013</u>
Equity			
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	123,735	123,735
Revaluation reserve			
Treasury shares	-	(1)	-
Capital reserves	55,994	52,505	55,994
Hedge valuation reserve and FX gains/losses due to consolidation			
Retained earnings*	<u>24,111</u>	<u>31,974</u>	<u>21,652</u>
Total equity	<u>238,564</u>	<u>242,936</u>	<u>236,104</u>
Long-term liabilities			
Long-term loans	32,099	38,934	32,099
Provisions for deferred tax	2,204	1,483	1,529
Provisions for liabilities			
Long-term trade and other liabilities	22,528	26,117	19,443
Other financial liabilities	<u>16,290</u>	<u>14,357</u>	<u>14,723</u>
	<u>73,121</u>	<u>80,891</u>	<u>67,795</u>
Short-term liabilities			
Bank and other loans	39,946	16,126	29,544
Provisions for liabilities	-	-	-
Income tax liabilities	-	-	-
Trade and other liabilities	21,047	21,550	29,763
Other financial liabilities	<u>5,473</u>	<u>7,129</u>	<u>8,127</u>
	<u>66,467</u>	<u>44,804</u>	<u>67,435</u>
Liabilities related directly to fixed assets classified as held for sale	-	-	-
Total liabilities	<u>378,152</u>	<u>368,631</u>	<u>371,334</u>

*) Liabilities as at 31 December 2013, 31 March 2013 and at 31 March 2014 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data were presented in consolidated statements of the Group.

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

5. CONDENSED 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 2014	34,723	123,735	0	55,994	21,652	236,104
Increases:						
Current period results	-	-	-	-	3,722	3,722
Share in other total income of associated entities*					(1,272)	(1,272)
Share redemption	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Share subscription under the stock option plan	-	-	-	-	9	9
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	-	-
Dividend pay-out	-	-	-	-	-	-
Financing of Incentive Scheme	-	-	-	-	-	-
As at 31 March 2014	34,723	123,735	0	55,994	24,111	238,564

*) Liabilities as at 1 January 2014 and at 31 December 2014 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data were presented in consolidated statements of the Group.

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

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Retained earnings	Equity
As at 1 January 2013	34,723	123,735	(1)	52,505	28,896	239,858
Increases:						
Current period results	-	-	-	-	3,048	3,048
Share in other total income of associated entities*	-	-	-	-	(4)	(4)
Share redemption	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Share subscription under the stock option plan	-	-	-	-	33	33
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	-	-
Dividend pay-out	-	-	-	-	-	-
Financing of Incentive Scheme	-	-	-	-	-	-
As at 31 March 2013	34,723	123,735	(1)	52,505	31,974	242,936

*) Liabilities as at 1 January 2013 and at 31 March 2013 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data were presented in consolidated statements of the Group.

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

	<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 2013	34,723	123,735	(1)	52,505	28,896	239,858
Increases:						
Current period results	-	-	-	-	3,872	3,872
Share in other total income of associated entities*					(4,126)	(4,126)
Share redemption	-	-	-	-	-	-
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 equity	-	-	-	-	3,489	3,489
Dividend pay-out	-	-	-	-	3,634	3,634
Financing of Incentive Scheme	-	-	-	-	-	-
As at 31 December 2013	34,723	123,735	0	55,994	21,652	236,104

*) Liabilities as at 1 January 2013 and at 31 December 2013 take into account the relevant amounts including the shares in financial result and in other total income of associated entities. Until 31 December 2013, the data were presented in consolidated statements of the Group.

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

6. CONDENSED CASH FLOW STATEMENT

	<u>For the period 01/01– 31/03/2014</u>	<u>For the period 01/01– 31/03/2013</u>
Operating activities		
Profit (loss) before tax	4,464	3,863
Adjustments by items:	5,070	4,746
Share in the financial result of undertakings valued using the equity method*	(155)	1,253
Depreciation	5,089	4,655
Exchange differences	7	109
Interest received	(1)	-
Interest paid	1,300	1,503
Dividends received	-	-
(Profit) loss on investing activities	52	26
Changes in inventories	(25)	(175)
Changes in receivables	973	(2,433)
Changes in liabilities and provisions	(2,949)	2,188
Changes in other assets	982	334
Income tax paid	122	(2,432)
Other	(325)	(282)
	<u>9,534</u>	<u>8,608</u>
Investing activities		
Expenses on tangible fixed assets purchases	(17,054)	(17,280)
Expenses on financial asset purchases	-	(1,359)
Revenue from sale of tangible fixed assets	1,060	81
Repayments of long-term loans	4	-
Loans granted	-	(38)
Revenue from sale of financial assets	-	-
Interest received	-	-
Dividends received	-	-
Exchange differences	(1)	(10)
Other	-	-
	<u>(15,991)</u>	<u>(18,606)</u>
Financing activities		
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	212	136
Proceeds from loans	10,402	9,778
Repayments of loans	-	-
Purchase of treasury shares	1	-
Payment of liabilities arising from finance leases	(2,219)	(941)
Dividends paid	-	-
Interest received	1	(1)
Interest paid	(1,300)	(1,503)
Other profit-sharing	-	-
Exchange differences	(6)	51
Other (division adjustment)	-	-
	<u>7,090</u>	<u>7,520</u>
Changes in cash	<u>634</u>	<u>(2,478)</u>
Opening balance of cash	1,129	3,599
Closing balance of cash	<u>1,761</u>	<u>1,121</u>

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

*) Until 31 December 2013, the data regarding share in financial result of associated entities were presented in the consolidated statement of income. Data for the period from 1 January 2011 to 31 March 2013 were adjusted in accordance with IAS 34 to ensure data comparability.

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

ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

The interim condensed financial statements for the first quarter ended 31 March 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 31 March 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 2013, 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.

With the exception of IFRS 13 and IAS 1, the adoption of changes to standards has not resulted in changes either in the accounting policies of the Company or in the representation of data in financial statements.

The Company has additionally disclosed "Financial assets at fair value", in accordance with the requirements of IFRS 13.

The Company changed the manner of presentation of the "Statement of total income" to a two-part version, in accordance with IAS 1, presenting the "Condensed statement of income" and "Condensed statement of total income" separately. Data for comparable periods were restated.

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

These condensed interim statements have not been audited by an independent statutory auditor. The financial statements for 2013 were the last financial statements audited by an independent statutory auditor.

These interim condensed financial statements have been prepared on the assumption that the Company will continue 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 continued operations by the Company.

Company's time of duration shall be indefinite.

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

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

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

The interim condensed financial statements present the financial position of ATM S.A. as at 31 March 2014 and 31 March 2013, and 31 December 2013, as well as results of its operations in the period of 3 months ended 31 March 2014 and 31 March 2013.

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

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

By 31 March 2014, the Company made inventories revaluation write-off amounting to PLN 92 thousand.

3. REVALUATION WRITE-DOWNS FOR FIXED ASSETS

The Company did not make any revaluation write-downs for fixed assets by 31 March 2014.

4. MAKING, INCREASING, IMPLEMENTING AND DISSOLVING PROVISIONS

The Company did not make any provisions.

5. DEFERRED INCOME TAX ASSETS AND PROVISIONS

	Statement of financial position		Total income statement	
	End of period 31/03/2014	End of the period 31/12/2013	For the period 01/01- 31/03/2014	For the period 01/01- 31/12/2013
Deferred tax provision				
Difference between the balance sheet and tax value of intangible assets	-	-	-	-
Difference between the balance sheet and tax value of leased fixed assets	-	-	-	-
Difference between the balance sheet and tax value of tangible fixed assets	2,845	2,676	169	241
Recognised service revenue	492	401	91	401
Receivable compensation	-	-	-	-
Accrued interest	5	5	-	(105)
Valuation of financial instruments	-	-	-	-
Subsidies received — settlement	-	4	(4)	4
FX gains	-	-	-	-
Provision for deferred tax acquired as a result of merger	-	-	-	-
Gross deferred tax provision	3,342	3,086	256	541
Deferred tax assets				
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	178	158	(20)	(3)
Receivable write-downs	120	127	7	111
Write-downs on financial assets	-	-	-	-
Provisions for service expenses	240	290	50	8
Provisions for employee benefits	-	-	-	-
FX losses	-	-	-	-
Liabilities due to Social Insurance Institution (ZUS)	-	-	-	-
Liabilities due to employees	-	-	-	-
Deferred income/expenses	-	-	-	181
Subsidies received	6	-	(6)	5
Effects of IRS valuation	217	238	21	81
Recognized interest	11	11	-	274
Tax losses to be deducted	367	734	367	(734)
Deferred tax assets acquired through mergers	-	-	-	-
Gross deferred tax assets	1,139	1,558	419	(75)
Net tax assets (tax provision)	(2,203)	(1,528)		
Deferred income tax charge against profit			675	466

(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 significant one-time transactions concerning fixed assets. In the period covered by the financial statements, investment expenditure totalled PLN 10,202 thousand.

7. SIGNIFICANT LIABILITIES FOR ACQUISITION OF TANGIBLE FIXED ASSETS

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 make any adjustments of errors from previous periods.

10. CHANGES OF ECONOMIC SITUATION, AS WELL AS BUSINESS ENVIRONMENT, WHICH SIGNIFICANTLY INFLUENCE 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.

11. BANK LOANS AND LEASE LIABILITIES

Bank loans include:

1. investment loan for the period of 5 years (2012–2017) of PLN 30,380 million, secured by mortgage on real estate, where the Issuer develops data centers,
2. investment loan for the period of 5 years (2013–2019) of PLN 3,324 million, secured by pledge on capital expenditure,
3. overdraft facility, which revolves annually, with a total limit of up to PLN 40.0 million, used as at the balance-sheet date up to the amount of PLN 34,024.

The loans include a liability towards a financial institution issued to refinance capital expenditures to be repaid between 2013 and 2016 with a value of PLN 4,315 million as at 31 March 2014.

Other financial liabilities include finance lease agreement of the net total value of liabilities amounting to PLN 21,763 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 expired agreements are substituted with new agreements.

12. FAILURE TO PAY OFF A LOAN OR A BORROWING

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

13. FINANCIAL ASSETS AT FAIR VALUE

As at 31 March 2014, the Company held financial instruments carried at fair value in the statement of financial position. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

Level 2 — other techniques for which all inputs which have a significant effect on the recognised fair value are included, 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 input data that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input data to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

FINANCIAL INSTRUMENTS	31/03/2014		31/12/2013	
	carrying value	fair value	carrying value	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	1,251	1,142	1,251	1,251
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	fair value hierarchy level	31/03/2014
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the investment loan	level 2	1,142
Total		1,142

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

During the period ended 30 March 2013, no transfers took place between Level 1 and Level 2 of the fair value hierarchy and no instruments were transferred to/from Level 3 of the fair value hierarchy.

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

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

During the reporting period, the Company did not change 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 revenues 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. DIVIDENDS PAID AND DECLARED

As at the date of this quarterly report, the Management Board of ATM has not yet submitted its position on the distribution of the Company's profit for 2013.

18. CHANGES IN THE COMPANY STRUCTURE

There were no changes in the ownership structure of the Issuer.

19. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Off-balance sheet items	End of period 31/03/2014	End of the period 31/12/2013
1. Contingent receivables		
1.1 from other undertakings		
2. Contingent liabilities	53,434	56,937
2.1 to other undertakings, of which:	53,434	56,937
- guarantees, sureties granted	3,095	6,598
- mortgage collateral	42,000	42,000
- collateral pledge	8,339	8,339

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 3,503 thousand because of:

- expiry of guarantees of PLN 3,523 thousand,
- granting of guarantees of PLN 20 thousand,

b) security in the form of mortgage has remained unchanged,

c) collateral pledges remain unchanged.

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

20. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On 11 April 2014, Fisterra sp. z o.o., with its registered office in Warsaw, announced a tender offer for the sale of 100% of shares of the Company. It informed of the planned undertaking of activities aiming at termination of the Company's shares dematerialisation, if the call is successful, along with the planned withdrawing of the Company's shares from trading on the Warsaw Stock Exchange. The call was announced pursuant to Article 74 Par. 1 of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to the organised trading system and on public companies. The date of commencement of subscriptions was established for 5 May 2014, and the date of closing the subscriptions – for 4 June 2014. The share purchase price was established at PLN 12.40 per share.

On 23 April 2014, acting pursuant to Article 80 of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to the organised trading system and on public companies, the Management Board of the Issuer presented current report No 6/2014 including "The Standpoint of the Management Board of ATM S.A. regarding the tender offer for the sale of shares of ATM S.A. announced on 11 April 2014 by Fisterra sp. z o.o. with its registered office in Warsaw."

21. SEGMENTS OF OPERATION

As a consequence of the Issuer selling all the shares in mPay S.A. in the fourth quarter of 2013, the activity within the telecommunications area is the only segment of operations of the ATM S.A. capital group. This activity is conducted by the Issuer and by Linx Telecommunications B.V., an associated company. Therefore, the financial parameters in the above activity sector are the same as the parameters describing the whole Company's operations.

Sales revenues broken down into geographical distribution are as follows:

	For the period 01/01–31/03/2014	For the period 01/01– 31/03/2013
Country	40,957	40,466
Export	2,695	1,140
Total sales revenue	43,652	41,606

The registered address of the client's head office is the only criterion used for the above data on the geographical structure of revenue to classify a given service as "exports". 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 seat in Poland.

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

B. OTHER INFORMATION REGARDING THE QUARTERLY REPORT

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

1. INFORMATION ON THE ISSUER

THE ISSUER

ATM S.A. is a joint-stock company. The Company launched its operation 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 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 Grochowska 21a. The Company operates from its registered office as well as through a branch in Katowice, which is not a self-contained accounting unit. 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) No 0000034947.

ATM S.A. is listed on the Warsaw Stock Exchange. According to the Warsaw Stock Exchange classification, the core business of the Company concerns the IT sector. In the period covered by these financial statements, ATM S.A. provided data center and data transmission services for 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:

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

In the period from early 2014 to the date of these financial statements, no changes occurred in the composition of the Management Board.

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

- Sławomir Kamiński — Chairman of the Supervisory Board,
- Tomasz Tuchołka — Vice-Chairman of the Supervisory Board,
- Grzegorz Domagała — Member of the Supervisory Board,
- Mirosław Panek — Member of the Supervisory Board,
- Marcin Wysocki — Member of the Supervisory Board.

In the period from early 2014 to the date of these financial statements, no changes occurred in the composition of the Supervisory Board

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

As a consequence of the Issuer selling all the shares in mPay S.A. in the fourth quarter of 2013, as at the date of this report, ATM S.A. does not have any subsidiaries. Thus, there are no more formal reasons for the existence of a capital group. Starting from this periodic report, the Issuer does not prepare consolidated financial statements.

On the day of publication of this report, the Issuer held shares representing 21.27% of the share capital of Linx Telecommunications B.V. (investment made in 2007). The results of this entity, as an associated company, are not consolidated at the operating level — their settlement is carried out using the equity method. The Company recognises the share in the results of the associated entity in its results, while other total revenues of the associated entity are recognised in the Company's other total revenues. The amount of acquisition costs is adjusted by the change in share of the Company in net assets of the associated entity, after the acquisition date.

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

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 THE QUARTERLY REPORT AND INDICATION OF CHANGES IN THE OWNERSHIP STRUCTURE OF LARGE BLOCKS OF SHARES OF THE ISSUER IN THE PERIOD FROM THE SUBMISSION OF THE PREVIOUS PERIODIC 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	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 **	4,063,003	11.18%	4,063,003	11.18%
Altus TFI***	3,702,476	10.19%	3,702,476	10.19%
Piotr Puteczny****	2,243,066	6.17%	2,243,066	6.17%

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

***) The number of shares as at 23 April 2014 based on the notification.

****) The number of shares as at 17 April 2014 based on the notification.

*****) Jointly with his spouse.

Shareholder	Number of shares in accordance with the previous quarterly report	Number of shares according to the current quarterly report	Change in the number of shares and number of votes
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	9,109,654*	9,119,040	9,386
ING PTE	3,535,569	4,063,003	527,434
PKO BP Bankowy OFE**	2,766,704	1,666,052	- 1,100,652
Piotr Puteczny	2,243,066	2,243,066	0
Altus TFI	1,828,065	3,702,476	1,874,411

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

*) Number of shares as at 13 November 2013, according to the status for ATP Invest Sp. z o.o. S.K.A. (an entity controlled by Tadeusz Czichon, Vice-President of the Management Board of ATM S.A.).

***) The number of shares as at 13 May 2014 based on the notification.

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 PERIODIC 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 periodic report is presented in the table below:

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

Name and surname	As at 13 November 2013	Increases	Decreases	As at 13 May 2014
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych*	9,109,654*	9,386		9,119,040
Maciej Krzyżanowski	58,608			58,608
Anna Bugajska	56,000	600		56,600

*) The majority of certificates of ATP FIZ AN is held by Tadeusz Czichon, Vice-President of the Management Board of ATM S.A. (number of shares as at 13 November 2013, according to the status for ATP Invest Sp. z o.o. S.K.A. – an entity controlled by Tadeusz Czichon).

PURCHASE OF TREASURY SHARES

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

2. DESCRIPTION OF THE ISSUER'S ACHIEVEMENTS AND DEVELOPMENT PROSPECTS

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

Financial and operational results

The results achieved by the Issuer in the first quarter of 2014 are not fully satisfying. As a consequence of revenues from sales being lower than last year (a decrease by 4% y/y upon excluding OST 112 contract), lower margin on sales (-3% y/y) and – as a result of slightly increased fixed costs – noticeably lower operating result were generated. Due to the positive contribution of the result of Linx Telecommunications B.V., an associated entity (PLN +0.15 million vs. PLN -1.25 million in the first quarter of 2013), an improvement in the amount of profit before tax (+16% y/y) and on the level of net profit (+22% y/y) was recognised.

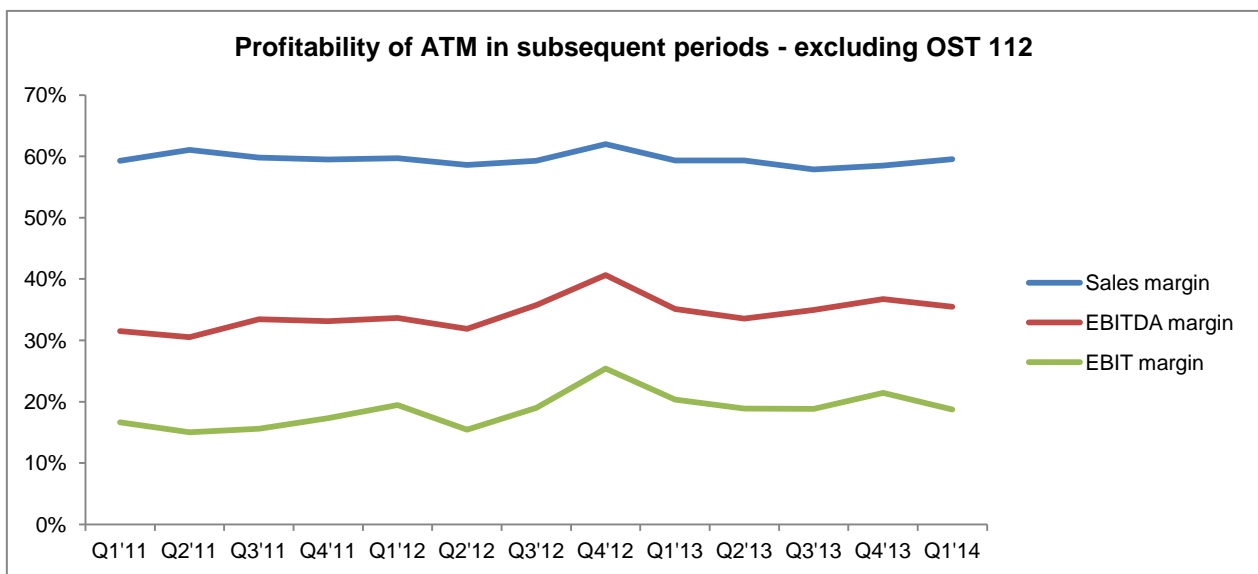
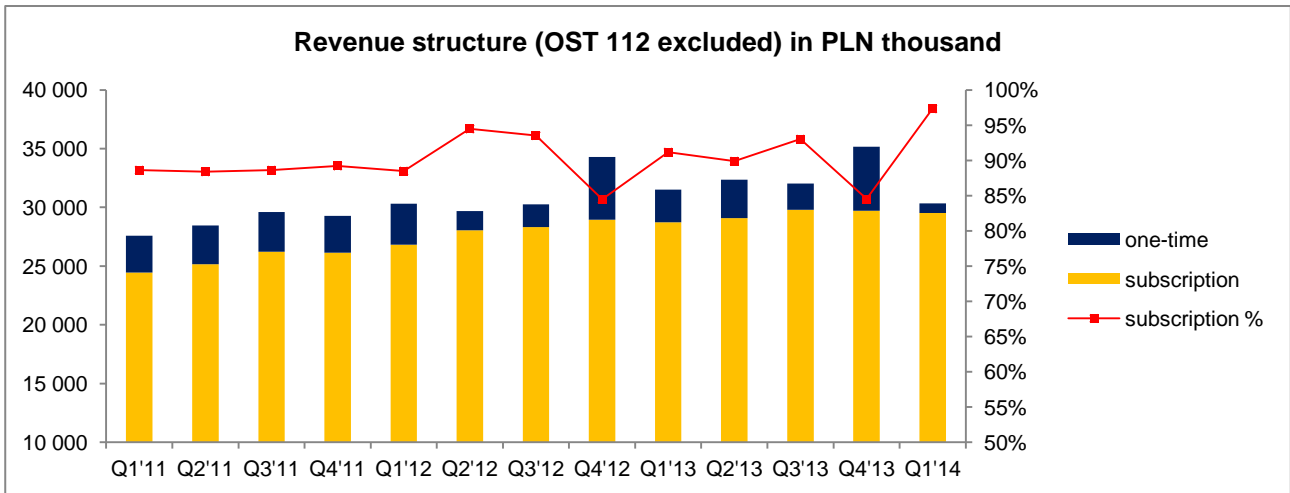
The significant decrease in revenues from the transmission services in the last quarter, including mainly decrease in one-off revenue from delivery for use of new transmission connections (PLN 0.3 million in the first quarter of 2014 against PLN 2.3 million in the first quarter of 2013) was the reason for worsening the sales results of the Issuer.

Detailed description of the results in the particular categories of services was presented in the further part of this sub-chapter.

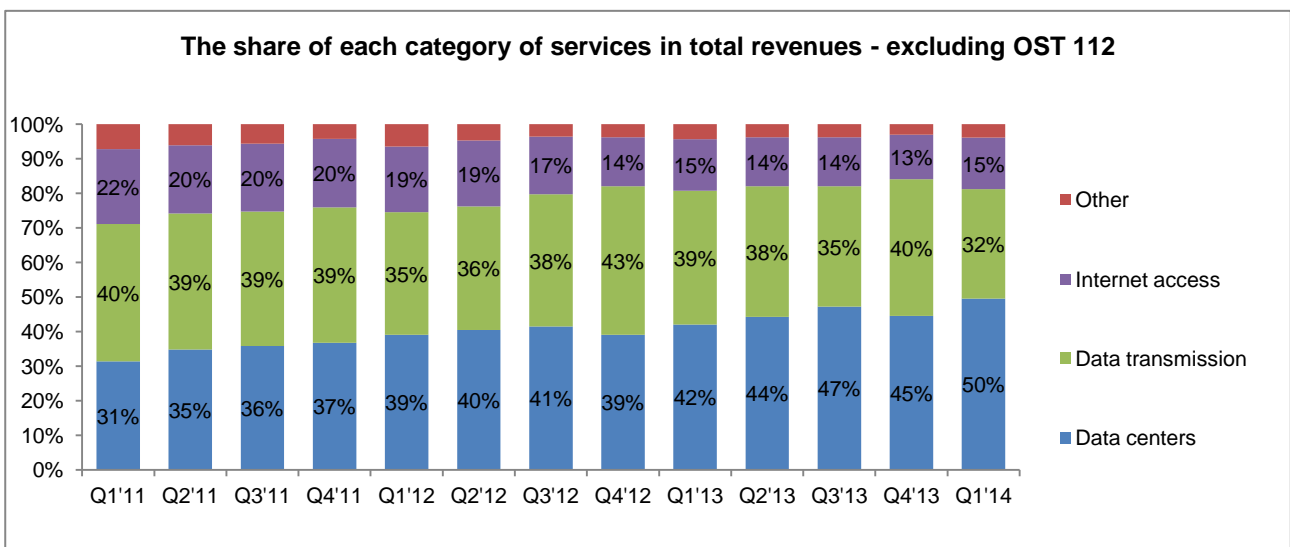
ATM performance ratios were maintained in the first quarter of the year at the similar level to those observed in the earlier periods. Due to significant decrease in the sale of new connections in transmission services mentioned above, the share of subscription revenues in total revenues of the Issuer reached very high level of 97% in the past quarter.

The following charts show the quarterly revenues of the Issuer and continuing stable, and significant profitability of the Company:

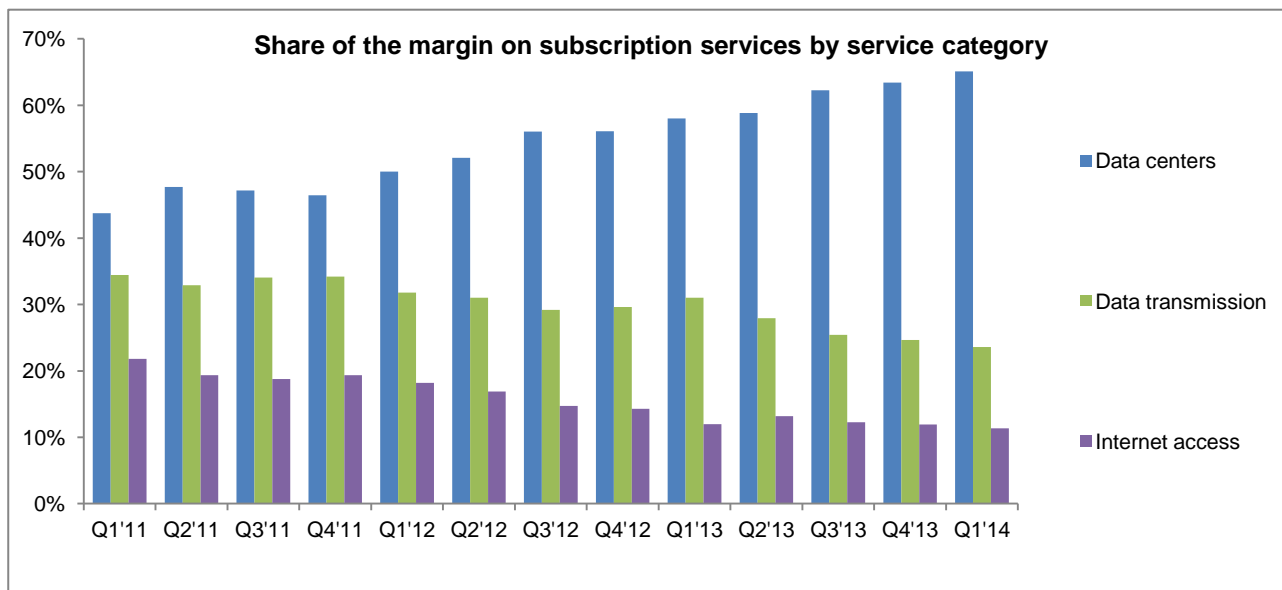
(all amounts are presented in PLN thousand, unless specified otherwise)



The Issuer continues to observe the systematic increase in the importance of data center services, assumed by the Management Board, both in the context of generated profits and in the share in margin from sales. This is presented in the graphs below:

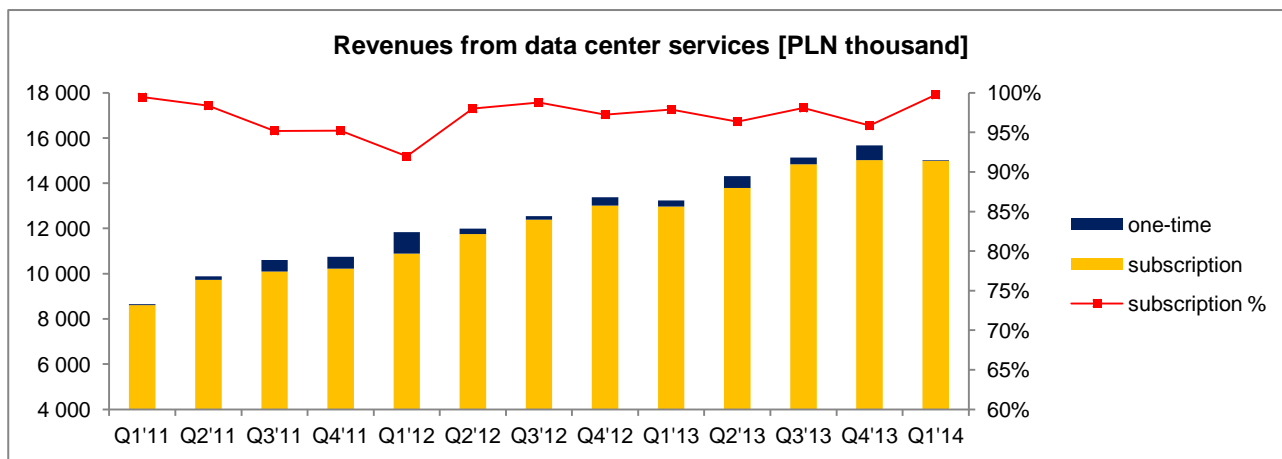


(all amounts are presented in PLN thousand, unless specified otherwise)



Results in individual service categories

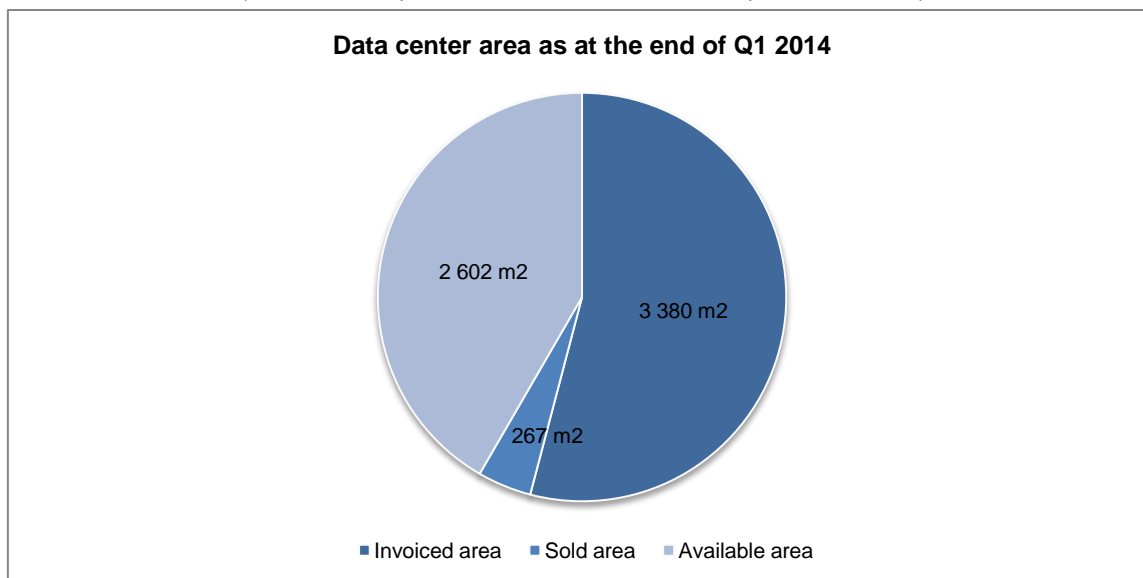
The largest share in the ATM’s revenues and margin in the first quarter of 2014 belongs to data center services — they generated over PLN 15 million in sales revenue (an increase by 13.5% y/y). The margin on subscription sales of colocation services in the first quarter of this year already accounted for over 65% of the total subscription margin of ATM. While analysing the above data it should be taken into account – as presented in the chart below – that almost all the colocation revenue derived from periodic fees in the past quarter:



The slow-down in dynamics of growth in revenue from colocation services seen above results, first of all, from significant limiting of cooperation with one of large colocation customers (as a result of consolidation processes in the customer’s sector) – the revenues from data centers services from that customer started to decrease towards the end of 2013 and keep decreasing since 2014. In addition, the slump in growth was affected by exceptionally low level in one-off revenues (from sales of installation services), in particular against the fourth quarter of 2013.

The colocation area structure in the ATM data centers at the end of the first quarter of 2014 is presented in the chart below:

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



*) the total area in the above chart includes the area of F4 building.

The area marked in the above chart as “sold” refers to a large long-term contract which was signed by the Issuer with one of the entities from the financial sector at the end of the past quarter (relevant information was included in the annual report for 2013).

The Issuer conducts advanced negotiations with the next potential customers that are due to result in concluding new contracts in the next quarters of 2014.

In order to ensure the colocation area for new customers, the Issuer implements the investment program, in accordance with the schedule. In the past year, the majority of construction works relating to the new building (F4) on ATMAN Data Center campus were completed. The opening of the building with a net area of approximately 1,000 square metres is planned for the first half of this year. This year, also the construction of another CD Atman building – F5 is planned (approximately 1,400 square metres of net colocation space), whose completion is scheduled for the first half of 2015. Both investment projects referred to above are implemented as a part of the ATM Innovation Center project, supported by public funding and will allow the Issuer in the near future to strengthen its leading position on the domestic data center market.

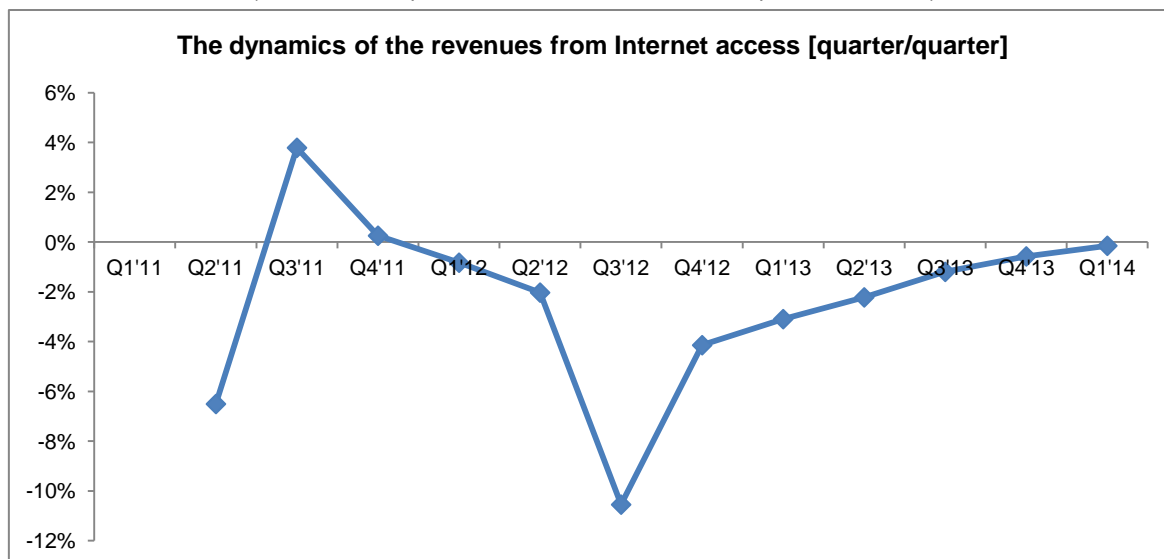
Data center services, the lease of dedicated ATMAN EcoServer servers, continue to grow dynamically. In the first quarter of this year, revenues from this kind of activity increased approx. 2.5 times y/y and constituted approx. 5% of ATM’s total revenues (excluding OST 112).

Revenues from the sales of transmission services were significantly lower in the past quarter against the analogical period in 2013 (a decrease by 21% y/y to PLN 9.6 million). This is a result of exceptionally low revenues from the sales of new connections. This state of affairs was caused by the upcoming expiry of contracts signed in the previous years and in the prolonging negotiation processes regarding new potential contracts on supplying optical fibres for petrol stations. Slow-down in this area may be connected with relatively weak results of large mobile operators and turbulences related with auctions of LTE frequencies.

The quarterly increase (by 0.5% q/q) in transmission services revenues was a positive phenomenon observed by the Issuer. This is a result of systematically growing number of business locations connected to the ATMAN network – during 2013, it grew by over 40%, and by another 7% in the first quarter of this year. In the longer term, this trend should continue, allowing ATM to generate higher revenues from business customers (other than operators).

Continued increased interest in the ATM’s offer is observed among smaller customers in the sector of the Internet providing services. This allowed for curbing decrease in revenues this quarter which continued since the end of 2011 – PLN 4.5 million of revenues was generated (amount close to the last quarter of the last year). Also, increase in the number of invoiced contractors by 4% q/q is satisfactory.

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



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

No atypical factors or events which might materially affect financial results achieved by the Group occurred.

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

One of the most important external factors which condition the development of the Issuer's Company is a constant growth of demand for transfer, processing and archiving of information which creates conditions for constant increase in demand for the services provided by the Issuer in the area of data transmission for companies and institutions, as well as data center (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 companies — increasing demand for data computing power and storage space,
- advances in telecommunications — the new generation network (LTE), the dynamically growing number of mobile devices used to send increasing amounts of data (*content delivery*),
- increasing popularity of services generating large volumes of data: video transmission, social media, online games, e-commerce,
- tangible benefits of locating own equipment in close proximity of equipment and connection lines of business partners and customers — such possibilities are offered only by data centers which concentrate wide range of stakeholders from different sectors,
- dynamic development of the market of financial services, in which e-commerce and the need to handle large volumes of transactions per unit of time are becoming more and more important,
- progressive digitalisation of the public sector (e.g. health care),
- IT outsourcing — increased willingness to place own data processing equipment at the premises of specialised providers of data center services, rather than building own server facilities (cost — economies of scale, quality and reliability of services — know-how),
- cloud computing — transfer of a part of data processing to companies offering cloud computing which also operate based on the infrastructure offered by specialised data center providers.

In view of the above, the Issuer implements the adopted strategy and continues its investments by preparing further modules of Thinx Poland Data Center for sale and executing a construction project of ATM Innovation Center. The implementation of these investments and maintaining the pace of sales will strengthen ATM's

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

leading position on the national data center market and will bring a notable result in the increase of revenue and profits in the next financial periods.

In terms of the conducted investments, ATM plans to put into operation new buildings within ATMAN Data Center and Thinx Poland, with a total net area of approx. 4,000 square metres net which, together with the currently available space, sums up to approx. 6,000 square metres of potential colocation space that will generate revenue for the Company in the future.

According to the Issuer's estimates, the commercialisation of the aforementioned space should translate into about additional PLN 55 million of annual EBITDA, which would mean that ATM's value would increase more than twofold.

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.

Risks associated with the emergence of significant competition are the main factor that may affect future results of the Issuer. In the ICT sector, the risk associated with the emergence of new competitors is high, mainly due to the attractiveness of the data center 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. Possible consolidation processes on the domestic market may also result in the decline in growth of the Company's financial parameters – this equally applies to the possible consolidation of supply and demand side of the market.

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 publish any forecasts for 2014.

3. OTHER INFORMATION

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 concluded on conditions other than market conditions.

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

There are no proceedings before court, arbitration body or 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.

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

INFORMATION ON GRANTING BY THE ISSUER OR ISSUER'S 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 that would in total exceed 10% of the Issuer's equity were extended by the Issuer or any of the Issuer's subsidiaries to any party.

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 FULFIL OBLIGATIONS

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

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Maciej Krzyżanowski	President of the Management Board		14 May 2014
Tadeusz Czichon	Vice-President of the Management Board		14 May 2014

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	14 May 2014
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