ATM S.A.

QUARTERLY REPORT
FOR THE THIRD QUARTER OF 2014

TABLE OF CONTENTS

BASIC DATA FOR THE QUARTERLY REPORT 4

SELECTED FINANCIAL DATA 5

A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE THIRD QUARTER OF 2014 . 6

1. CONDENSED STATEMENT OF INCOME 6
2. CONDENSED STATEMENT OF TOTAL INCOME 7
3. CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS 8
4. CONDENSED FINANCIAL SITUATION STATEMENT – LIABILITIES 9
5. CONDENSED STATEMENT OF CHANGES IN EQUITY 10
6. CONDENSED CASH FLOW STATEMENT 13

ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS 15

1. GROUNDS FOR THE DRAWING UP OF FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICIES) 15
2. INVENTORIES REVALUATION WRITE-DOWNS REDUCING THE VALUE TO NET REALIZABLE VALUE 15
3. REVALUATION WRITE-DOWNS FOR FIXED ASSETS 16
4. MAKING, INCREASING, IMPLEMENTING AND DISSOLVING PROVISIONS 16
5. DEFERRED INCOME TAX ASSETS AND PROVISIONS 16
6. SIGNIFICANT TANGIBLE FIXED ASSET SALES AND ACQUISITIONS 16
7. SIGNIFICANT LIABILITIES FOR TANGIBLE FIXED ASSETS PURCHASES 17
8. SIGNIFICANT SETTLEMENTS ARISING FROM COURT CASES 17
9. ADJUSTMENT OF ERRORS FROM PREVIOUS PERIODS 17
10. CHANGES OF ECONOMIC SITUATION, AS WELL AS BUSINESS ENVIRONMENT, WHICH SIGNIFICANTLY INFLUENCE THE ENTITY'S FINANCIAL ASSETS AND LIABILITIES FAIR VALUE 17
11. BANK LOANS AND LEASE LIABILITIES 17
12. FAILURE TO PAY OFF A LOAN OR BORROWING 18
13. FINANCIAL ASSETS AT FAIR VALUE 18
14. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS DUE TO A CHANGE OF THEIR PURPOSE OR USE 19
15. SEASONALITY OF OPERATIONS 19
16. ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE SECURITIES AND EQUITIES 19
17. DIVIDENDS PAID AND DECLARED 19
18. CHANGES IN THE COMPANY'S STRUCTURE 19
19. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS 19
20. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER 20
21. SEGMENTS OF OPERATION 20

B. OTHER INFORMATION REGARDING THE QUARTERLY REPORT 21

1. INFORMATION ON THE ISSUER 21

BASIC INFORMATION ON THE ISSUER 21

DESCRIPTION OF THE ORGANIZATION OF THE ISSUER'S GROUP OF COMPANIES, WITH THE LIST OF CONSOLIDATED COMPANIES 22

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.. 22

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 23

PURCHASE OF TREASURY SHARES 23

2. DESCRIPTION OF THE ISSUER'S ACHIEVEMENTS AND DEVELOPMENT PROSPECTS 23

DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES DURING THE REPORTING PERIOD 23

DESCRIPTION OF ATYPICAL FACTORS AND EVENTS WHICH MATERIALLY AFFECT FINANCIAL RESULTS ACHIEVED 28

INFORMATION ON FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT ITS PERFORMANCE DURING AT LEAST THE NEXT QUARTER 28

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 29

3. OTHER INFORMATION 30

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 30
INFORMATION ON PENDING PROCEEDINGS BEFORE COURT, ARBITRATION PANEL OR PUBLIC ADMINISTRATION BODY 30
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 30
OTHER INFORMATION CONSIDERED BY THE ISSUER AS IMPORTANT IN THE ASSESSMENT OF THE ISSUER'S PERSONNEL, ASSET AND FINANCIAL STANDING, FINANCIAL RESULT AND CHANGES TO SUCH ITEMS; INFORMATION RELEVANT TO THE ASSESSMENT OF THE ISSUER'S ABILITY TO FULFILL OBLIGATIONS 30

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: 13 November 2014

Information on the Issuer:

Full name of the Issuer: ATM S.A.
Abbreviated name of the Issuer: ATM
Sector according to the Warsaw Stock Exchange classification: information technology
Postal code: 04-186
City: Warsaw
Street: Grochowska
Number: 21a
Telephone: (22) 51 56 100
Fax: (22) 51 56 600
e-mail: inwestor@atm.com.pl
www: www.atm.com.pl
NIP (Tax ID No): 113-00-59-989
REGON (Statistical ID No): 012677986

SELECTED FINANCIAL DATA

	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	in PLN thousand		in EUR thousand	
Total sales revenue (excluding the OST 112 contract)	91,777	95,875	21,954	22,702
Sales margin	53,251	56,428	12,739	13,362
EBITDA	31,195	33,103	7,462	7,839
Operating profit	15,119	18,538	3,617	4,390
Profit before tax	11,897	13,499	2,846	3,196
Net profit from continuing operations	9,344	12,856	2,235	3,044
Net cash from operating activities	30,903	26,489	7,393	6,272
Net cash from investing activities	(65,071)	(35,699)	(15,566)	(8,453)
Net cash from financing activities	34,218	6,522	8,186	1,545
Increase (decrease) in cash	51	(2,688)	12	(636)
	30/09/2014	**31/12/2013**	**30/09/2014**	**31/12/2013**
Fixed assets	361,176	332,564	86,499	80,190
Current assets	26,047	38,770	6,238	9,350
Total assets	387,223	371,334	92,737	89,539
Long-term liabilities	92,316	67,795	22,109	16,347
Short-term liabilities	55,440	67,435	13,277	16,260
Equity	239,467	236,104	57,350	56,931
Share capital *	34,723	34,723	8,316	8,373
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.59	6.50	1.58	1.57

**) the share capital was restated in accordance with IAS 29*
***) Until 31 December 2013, the data regarding share in financial result and other total income of associated entities were presented in the consolidated financial statement. Data for the period from 1 January 2013 to 31 December 2013 were adjusted in accordance with IAS 34 to ensure data comparability.*

The above financial data for the third quarter of 2014 and 2013 were converted to 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 30 September 2014, at PLN/EUR 4.1755;
- 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 30 September 2014, at PLN/EUR 4.1803 and between 1 January and 30 September 2013 at PLN/EUR 4.2231.

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 THIRD QUARTER OF 2014

1. CONDENSED STATEMENT OF INCOME

	For the period 01/01 – 30/09/2014	For the period 01/07 – 30/09/2014	For the period 01/01 – 30/09/2013	For the period 01/07 – 30/09/2013
Continued operations				
Sales revenue*	118,366	33,146	126,115	42,063
of which: revenue excluding the “OST 112” contract	91,777	29,827	95,875	32,031
Cost of sales (variable)	65,114	16,512	69,687	23,525
Sales margin **	**53,251**	**16,634**	**56,428**	**18,538**
Cost of sales (fixed)	18,625	6,522	16,664	5,856
Gross profit (loss) on sales	**34,626**	**10,111**	**39,764**	**12,682**
Other operating revenue	368	5	160	36
Selling costs				-
General and administrative costs	19,503	6,402	19,909	6,301
Other operating expenses	371	116	1,477	387
Restructuring costs				
Operating profit (loss)	**15,119**	**3,598**	**18,538**	**6,030**
Share in the financial result of undertakings valued using the equity method***	1,629	1,516	(841)	281
Financial revenue	7	(19)	592	51
Financial costs	4,858	1,769	4,790	1,563
Profit (loss) before tax	**11,897**	**3,327**	**13,499**	**4,799**
Income tax	2,553	739	643	246
Net profit (loss) on continued operations	**9,344**	**2,588**	**12,856**	**4,553**
Discontinued operations				
Net profit (loss) on discontinued operations	-	-	(9,445)	(3,005)
Including result on sales of mPay S.A.			(9,230)	(3,005)
Net profit (loss)	**9,344**	**2,588**	**3,411**	**1,548**
Profit (loss) per share				
From continuing operations:				
Ordinary	0.26	0.07	0.35	0.13
Diluted	0.26	0.07	0.35	0.13
From continuing and discontinued operations:				
Ordinary	0.26	0.07	0.09	0.04
Diluted	0.26	0.07	0.09	0.04
EBITDA	31,195	9,347	33,103	11,193

(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 was implemented by subcontractors, this part of the revenue has little effect on the results of the Company. This type of revenue amounted to: PLN 26,589 thousand in the first three quarter of 2014 and PLN 30,240 thousand in the first three quarters of 2013. As of the end of July 2014 the service contract for the number OST 112 was terminated.

**) 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 recognized 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 2013 to 30 September 2013 were adjusted in accordance with IAS 34 to ensure data comparability.

2. CONDENSED STATEMENT OF TOTAL INCOME

	For the period 01/01 – 30/09/2014	For the period 01/07 – 30/09/2014	For the period 01/01 – 30/09/2013	For the period 01/07 – 30/09/2013
Net profit (loss)	**9,344**	**2,588**	**3,411**	**1,548**
Other total income that will not be reclassified to profit or loss	**(1,649)**	**(1,162)**	**(1,293)**	**64**
Results of revaluation of fixed assets	-	-	-	-
Actuarial gains or losses	-	-	-	-
Share in other total income of associated entities *	(1,649)	(1,162)	(1,293)	64
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	**7,695**	**1,426**	**2,117**	**1,611**

*) 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 2013 to 30 September 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

	End of period 30/09/2014	End of period 30/09/2013	End of period 31/12/2013
Fixed assets			
Goodwill			
Intangible assets	4,495	5,343	5,101
Tangible fixed assets	292,229	260,007	263,014
Investments in associates consolidated using the equity method *	64,221	66,232	64,241
Investments in subsidiaries	-	-	-
Deferred income tax assets	-	-	-
Other fixed assets	231	213	208
	361,176	**331,795**	**332,564**
Current assets			
Inventories	1,386	1,630	1,511
Financial assets held for trading	269	253	453
Trading and other receivables	19,536	36,017	29,293
Income tax receivables	539	607	2,060
Other current assets	3,136	2,207	4,325
Other financial receivables			
Cash and cash equivalents	1,180	911	1,129
	26,047	**41,625**	**38,770**
Fixed assets classified as held for sale	-	6,868	-
Total assets	**387,223**	**380,288**	**371,334**

*) Assets as at 31 December 2013, 30 September 2013 and at 30 September 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

	End of period 30/09/2014	End of period 30/09/2013	End of period 31/12/2013
Equity			
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	55,505	55,994	55,994
Hedge valuation reserve and FX gains/losses due to consolidation	-	-	-
Retained earnings *	25,504	23,990	21,652
Total equity	**239,467**	**238,442**	**236,104**
Long-term liabilities			
Long-term loans	67,079	36,054	32,099
Provisions for deferred tax	2,764	795	1,529
Provisions for liabilities	-	-	-
Long-term trade and other liabilities	7,679	24,730	19,443
Other financial liabilities	14,793	15,585	14,723
	92,316	**77,164**	**67,795**
Short-term liabilities			
Bank and other loans	34,709	28,923	29,544
Provisions for liabilities	-	-	-
Income tax liabilities	-	-	-
Trade and other liabilities	10,725	28,270	29,763
Other financial liabilities	10,007	7,489	8,127
	55,440	**64,682**	**67,435**
Liabilities related directly to fixed assets classified as held for sale	-	-	-
Total liabilities	**387,223**	**380,288**	**371,334**

*) Liabilities as at 31 December 2013, 30 September 2013 and at 30 September 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

	Core capital	Supplementary capital from share premium	Treasury shares	Capital reserve	Retained earnings	Equity
As at 1 January 2014	**34,723**	**123,735**	**0**	**55,994**	**21,652**	**236,104**
Increases:						
Current period results	-	-	-	-	9,344	9,344
Share in other total income of associated entities *	-	-	-	-	(1,649)	(1,649)
Share redemption	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Share subscription under the stock option plan	-	-	-	-	29	29
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	-	-
Dividend payout	-	-	-	489	3,872	4,361
Financing of Incentive Scheme	-	-	-	-	-	-
As at 30 September 2014	**34,723**	**123,735**	**0**	**55,505**	**25,504**	**239,467**

*) Equity as at 1 January 2014 and at 30 September 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	-	-	-	-	3,411	3,411
Share in other total income of associated entities *	-	-	-	-	(1,293)	(1,293)
Share redemption	-	-	-	-	-	-
Profit distribution	-	-	-	3,489	-	3,489
Share subscription under the stock option plan	-	-	1	-	100	101
Decreases:						
Division eliminations	-	-	-	-	-	-
Profit distribution to be allocated to equity	-	-	-	-	3,489	3,489
Dividend payout	-	-	-	-	3,634	3,634
Financing of Incentive Scheme	-	-	-	-	-	-
As at 30 September 2013	**34,723**	**123,735**	**0**	**55,994**	**23,990**	**238,442**

*) Equity as at 1 January 2013 and at 30 September 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)

	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	-	-	-	-	3,872	3,872
Share in other total income of associated entities for the years *	-	-	-	-	(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 payout	-	-	-	-	3,634	3,634
Financing of Incentive Scheme	-	-	-	-	-	-
As at 31 December 2013	**34,723**	**123,735**	**0**	**55,994**	**21,652**	**236,104**

*) Equity 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

	For the period 01/01 – 30/09/2014	For the period 01/01 – 30/09/2013
Operating activities		
Profit (loss) before tax	11,897	13,499
Adjustments by items:	19,006	12,990
Share in the financial result of undertakings valued using the equity method *	(1,629)	841
Depreciation	16,075	14,566
Exchange differences	32	223
Interest received	(2)	(4)
Interest paid	3,832	4,401
Dividends received	-	-
(Profit) loss on investing activities	207	-
Changes in inventories	34	(110)
Changes in receivables	9,731	(11,929)
Changes in liabilities and provisions	(9,479)	7,975
Changes in other assets	1,195	1,426
Income tax paid	203	(3,497)
Other	(1,193)	(902)
	30,903	**26,489**
Investing activities		
Expenses on tangible fixed assets purchases	(69,719)	(41,619)
Expenses on financial asset purchases	(0)	(1,359)
Revenue from sale of tangible fixed assets	4,508	6,778
Repayments of long-term loans	184	918
Loans granted	-	(416)
Revenue from sale of financial assets	-	-
Interest received	-	-
Dividends received	-	-
Exchange differences	(44)	(1)
Other	-	-
	(65,071)	**(35,699)**
Financing activities		
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	4,835	1,022
Proceeds from loans	46,572	23,418
Repayments of loans	(6,428)	(3,723)
Purchase of treasury shares	-	-
Payment of liabilities arising from finance leases	(6,942)	(6,202)
Dividends paid	-	(3,634)
Interest received	2	4
Interest paid	(3,832)	(4,401)
Other profit-sharing		-
Exchange differences	12	38
Other (division adjustment)	-	-
	34,218	**6,522**
Changes in cash	**51**	**(2,688)**
Opening balance of cash	1,129	3,599
Closing balance of cash	**1,180**	**911**

(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 2013 to 30 September 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 third quarter ended 30 September 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 September 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. Adopting the standards and interpretations listed above did not lead to significant changes in the Company's accounting policy nor in the presentation 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 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 financial 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 authorization 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 consolidated financial statements present the financial position of the ATM S.A. as at 30 September 2014 and 30 September 2013 and 31 December 2013, as well as results of its operations in the period of 9 and 3 months ended 30 September 2014 and 30 September 2013.

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

By 30 September 2014, the Company made revaluation write-downs amounting to PLN 230 thousand.

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

3. REVALUATION WRITE-DOWNS FOR FIXED ASSETS

The Company did not make any revaluation write-downs for fixed assets by 30 September 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 30/09/2014	End of period 31/12/2013	For the period 01/01–30/09/2014	For the period 01/01–31/12/2013
Deferred tax provision				
Difference between the balance sheet and tax value of tangible fixed assets	3,667	2,676	991	241
Recognized service revenue	312	401	(89)	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	**3,984**	**3,086**	**898**	**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	159	158	(1)	(3)
Receivable write-downs	124	127	3	111
Write-downs on financial assets	-	-	-	-
Provisions for service expenses	206	290	84	8
Provisions for employee benefits	-	-	-	-
FX losses	-	-	-	-
Liabilities due to Social Insurance Institution (ZUS)	-	-	-	-
Liabilities due to employees	-	-	-	-
Deferred income/expenses	-	-	-	181
Subsidies received	26	-	(26)	5
Effects of IRS valuation	328	238	(90)	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	**1,221**	**1,558**	**337**	**(75)**
Net tax assets (tax provision)	**(2,763)**	**(1,528)**		
Deferred income tax charge against profit			**1,235**	**466**

6. SIGNIFICANT TANGIBLE FIXED ASSET SALES AND ACQUISITIONS

In the third quarter of this year, The Company concluded a single transaction concerning fixed assets and thus repaid its liabilities from 2010 related to the purchase of real estate meant for the construction of data centers that amounted to approx. PLN 20 million (see below – note 11). The remaining investment during the first three quarters of 2014 amounted to a total of PLN 41.1 million, 50% of which was constituted by expenditure on data centers.

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 27.86 million, secured by mortgage on real estate, where the Issuer develops data centers,
2. investment loan for the period of 5 years (2014–2019) of PLN 29.70 million, secured by mortgage on real estate, where the Issuer develops data centers,
3. investment loan for the period of 5 years (2014–2019) of PLN 10.91 million, secured by mortgage on real estate, where the Issuer develops data centers,
4. investment loan for the period of 5 years (2013–2019) of PLN 6.37 million, secured by pledge on capital expenditure,
5. 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 23.70.

During the period between the beginning of the year and the end of September 2014, investment loans mentioned above in items 2 and 3 were incurred. The purpose thereof was to refinance the investment spending on the ATMAN Data Center.

As a result of these loans, it was possible to:

- reduce short-term debt (current use of authorized overdraft),

- complete repayment of the Company's liabilities from 2010 related to the purchase of real estate meant for the construction of data centers that amounted to approx. PLN 20 million; the liabilities were related to the trade credit granted by the sellers in the total amount of approx. PLN 35 million, the final repayment of which was by 2020; earlier repayment of the trade credit was profitable for the Company due to the lower current cost of credit rather than the cost of credit on the day of concluding the real estate purchase agreement.

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 3.23 million as at 30 September 2014.

Other financial liabilities include finance lease agreement of the net total value of liabilities amounting to PLN 20.43 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

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

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 30 September 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.
Level 2 — other techniques for which all inputs which have a significant effect on the recognized fair value are included, either directly or indirectly.
Level 3 — techniques which use inputs that have a significant effect on the recognized fair value that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized 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 judgment, considering factors specific to the asset or liability.

FINANCIAL INSTRUMENTS	30/09/2014		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	1,561	1,561	1,251	1,251
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	Fair value hierarchy level	30/09/2014
Derivative financial instruments — option spread hedging the interest rate risk in respect of the investment loan	level 2	99
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the investment loan	level 2	1,462
Total		1,561

The valuation of the option spread 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).

(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 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 September 2014, 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.

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. As per historical data, 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 last quarters of 2012 and 2013. A reduction of the share of revenue from sources other than subscription services, especially those related to the sale of new connections that was especially clear in the first and third quarter of 2014 caused a significant reduction of the sales revenues in 2014 against 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

On 16 July 2014, the Ordinary General Meeting of the Company adopted a resolution allocating the amount of
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 shares (all the shares that constitute the Company's share capital). The dividend date was set at 30 September 2014, and the dividend payment date — at 14 October 2014.

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 30/09/2014	End of the period 31/12/2013
1. Contingent receivables		
1.1 from other undertakings		
2. Contingent liabilities	62,516	56,937
2.1 to other undertakings, of which:	62,516	56,937
- guarantees, sureties granted	3,177	6,598
- mortgage collateral	51,000	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 because of:

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

b) security in the form of mortgage has increased by PLN 9,000 thousand

c) collateral pledges remain unchanged.

20. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Maciej Krzyżanowski resigned from the office of President of the Management Board (also from the office of Member of the Management Board) of the Company as of 6 November 2014. On 6 November 2014, the Supervisory Board of the Company appointed Tadeusz Czichon, the former Vice President of the Management Board of ATM S.A., to the office of President of the Management Board. Moreover, on 6 November 2014 the Supervisory Board of the Issuer appointed Jacek Krupa, the former Telecommunication Services Department Director of ATM S.A., to be the Vice President of the Management Board. Jacek Krupa will be responsible for sales and marketing in the Company's Management Board.

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 – 30/09/2014	For the period 01/07 – 30/09/2014	For the period 01/01 – 30/09/2013	For the period 01/07 – 30/09/2013
Country	109,655	30,149	122,714	40,905
Export	8,711	2,997	3,401	1,159
Total sales revenue	**118,366**	**33,146**	**126,115**	**42,063**

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:

- Tadeusz Czichon – President of the Management Board,
- Jacek Krupa – Vice President of the Management Board.

On 16 July 2014, the Supervisory Board of ATM S.A. adopted a resolution on the appointment of a Management Board for the new term of office without any changes in its composition, i.e. appointed Maciej Krzyżanowski to be the President of the Management Board and Tadeusz Czichon to be the Vice President of the Management Board. Maciej Krzyżanowski resigned from the office of President of the Management Board (also from the office of Member of the Management Board) of the Company as of 6 November 2014. On 6 November 2014, the Supervisory Board of the Company appointed Tadeusz Czichon, the former Vice President of the Management Board of ATM S.A., to the office of President of the Management Board. Moreover, on 6 November 2014 the Supervisory Board of the Issuer appointed Jacek Krupa, the former Telecommunication Services Department Director of ATM S.A., to be the Vice President 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,
- Mirosław Panek – Deputy Chairman of the Supervisory Board,
- Grzegorz Domagała – Member of the Supervisory Board,
- Jacek Osowski – Supervisory Board Member,
- Tomasz Tuchołka – Supervisory Board Member.

On 16 July 2014, the Ordinary General Meeting of the Company appointed the above mentioned persons as members of the Supervisory Board for the next term. Thus, the previous term of office of the Supervisory Board composed of the following people came to an end: Sławomir Kamiński, Tomasz Tuchołka, Grzegorz Domagała, Mirosław Panek and Marcin Wysocki.

On 22 October 2014, in a meeting of the Supervisory Board, the Audit Committee was appointed with the following composition: Mirosław Panek (Chairman of the Audit Committee), Jacek Osowski and Sławomir Kamiński. The tasks of the Audit Committee were previously performed by the Supervisory Board of ATM S.A.

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

DESCRIPTION OF THE ORGANIZATION 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 with an interim report for the first quarter of 2014, the Issuer no longer prepares 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 recognizes the share in the results of the associated entity in its results, while other total revenues of the associated entity are recognized 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.

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 **	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 certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*
***) the number of shares as at 18 July 2014 based on the notification*
****) the number of shares as at 15 July 2014 based on the notification*
*****) the number of shares as at 17 July 2014 based on the notification*
*****) jointly with his spouse*

Shareholder	**Number of shares in accordance with the previous interim 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 *	9,119,040	9,119,040	0
ING PTE **	7,163,003	7,163,003	0
Aviva OFE ***	2,915,951	2,915,951	0
Altus TFI ****	2,352,906	2,352,906	0
Piotr Puteczny *****	2,243,066	2,243,066	0

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

**) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*
***) the number of shares as at 18 July 2014 based on the notification*
****) the number of shares as at 15 July 2014 based on the notification*
*****) the number of shares as at 17 July 2014 based on the notification*
******) jointly with his spouse*

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

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:

Name and surname	As at 28 August 2014	Increases	Decreases	As at 13 November 2014
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych *	9,119,040			9,119,040
Maciej Krzyżanowski **	58,608			no data
Anna Bugajska	55,000			55,000
Jacek Krupa ***	21,600			21,600

**) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who is the President of the Management Board of ATM S.A. from 6 November 2014 (previously he was the Vice President of the Management Board of ATM S.A.)*

***) Maciej Krzyżanowski resigned from the office of President of the Management Board (also from the office of Member of the Management Board) of ATM S.A. as of 6 November 2014*

****) on 6 November 2014 the Supervisory Board of the Company appointed Jacek Krupa to the position of Vice President of the Management Board of ATM S.A.*

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

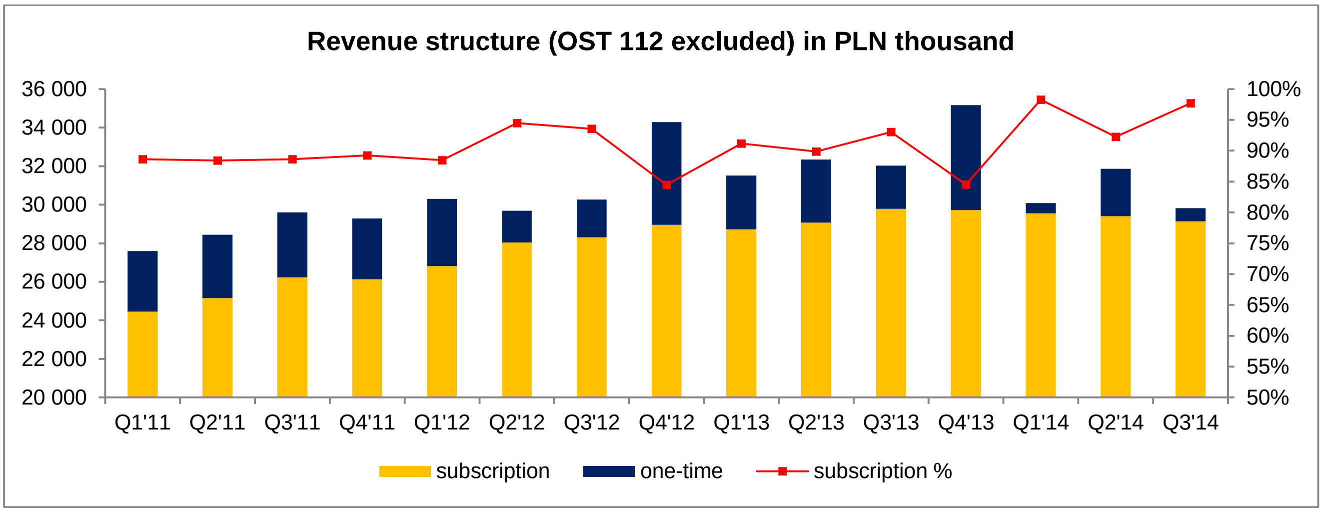
After the first six months of 2014, which failed to meet the expectations of the Company's Management Board, in the third quarter the results unfortunately deteriorated further. A 7% lower sales revenue y/y (without OST 112) were reflected in a 10% lower sales margin and a 16% drop in EBITDA and as much as a 40% drop of operational profit (among others due to considerably higher amortization). As a consequence, a total of PLN 91.8 million sales revenues were earned on a cumulative basis after the three quarters of the year (without OST 112 - 4% y/y), PLN 53.3 million sales margin (-6% y/y) and PLN 31.2 million EBITDA (-6% y/y) and PLN 15.1 operational profit (-18% y/y).

A good, even the best financial performance for many quarters was achieved by the associated company of the Issuer – Linx Telecommunications B.V. The share of ATM in its result in the previous quarter amounted to approx. PLN 1.5 million (and PLN 1.6 million cumulatively from the beginning of the year) which to some extent reduced the partially negative impact of the above drops in operating activities on the lowest items in the Issuer's statement of income. On the other hand, at this point it is necessary to mention the negative impact on Linx's capital that resulted from a significant devaluation of the ruble against the euro from the beginning of 2014 and, as a consequence, on the results of the Issuer presented in the total income statement. The subsidiaries of Linx draft statements among others in rubles, whereas the consolidated balance of this company is drafted in euros. Therefore, the devaluation of the ruble reduces the equity in the consolidated balance of Linx. A loss under this item attributable to ATM in the first three quarters amounted to approx. PLN 1.6 million.

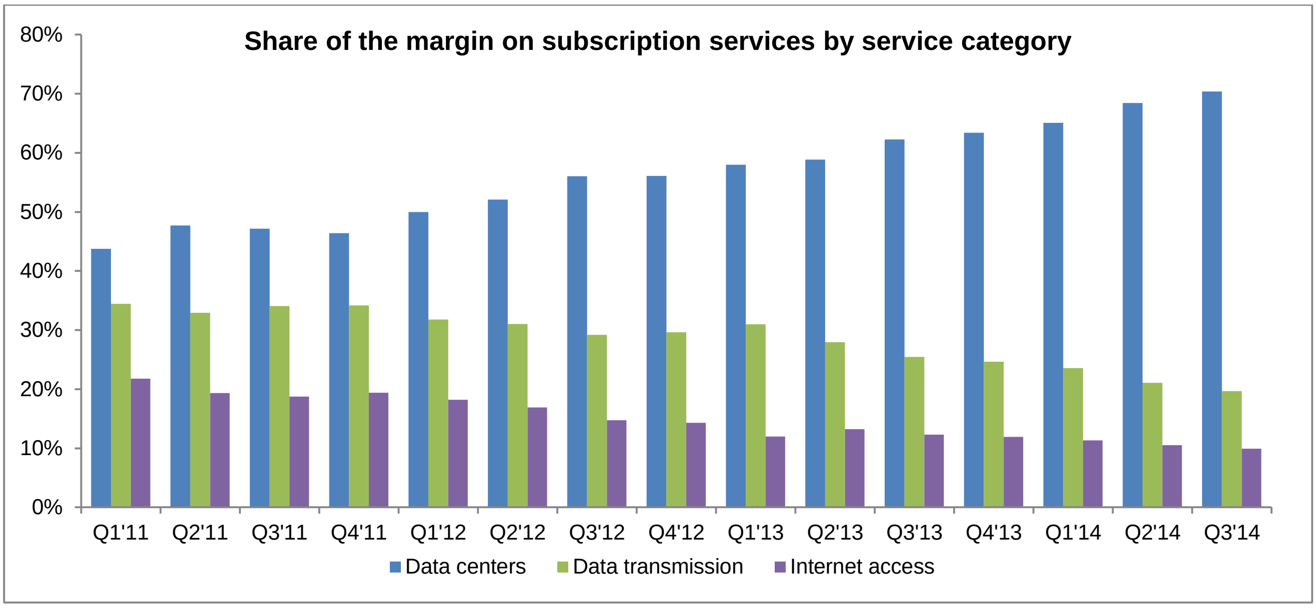
The most important reason for deterioration of the Company's results in the period between the beginning of this year was the significant drop in the sales of transmission services and especially a reduction of revenue from sources other than subscription services from the sale of new transmission lines (PLN 2.3 million between the first and third quarter of 2014 vs. PLN 6.6 million between the first and third quarter of 2013). Moreover, the rate of increase in sales in the category of data center services was not satisfactory in the context of the potential related to the market characteristics and the competitive position of ATM. Detailed description of the results in the particular categories of services was presented in the further part of this sub-chapter.

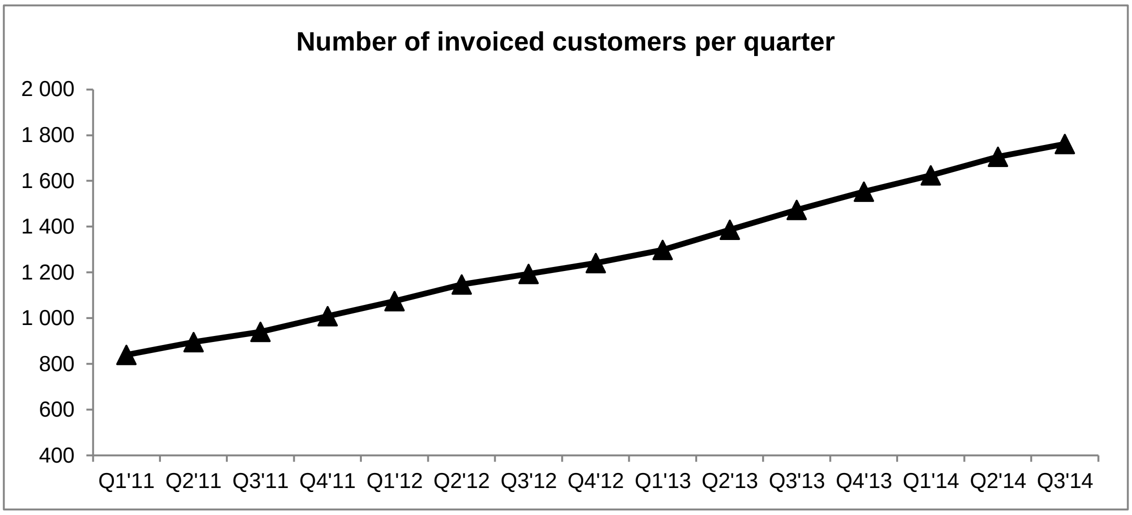
Due to the atypically low share of revenues from the sale of new connections in transmission services in the period from the beginning of this year, the share of revenues from subscription services in the total revenues of the Issuer has reached a slightly higher level than normal, at 95 percent.

The chart above presents the structure and dynamics of ATM's quarterly income:



Subsequent charts present the results of the Issuer's development strategy that is consistently implemented and assumes a systematic increase of the importance of data centers and an increase in the number of customers serviced:





Results in individual service categories

The most important category of services that generates the biggest share of the Issuer's revenues, that is data center services, delivered approx. PLN 16.1 million of revenues in the third quarter of 2014 (more than PLN 46.8 million cumulatively from the beginning of the year, which accounts for approx. 80% of the revenues for 2013). The rate of increase was then at approx. 6.5% y/y for the third quarter and 9.5% y/y for the 3 quarters cumulatively. This means that it was unfortunately not possible to improve the dynamics of sale after a not entirely satisfactory first six months of the current year.

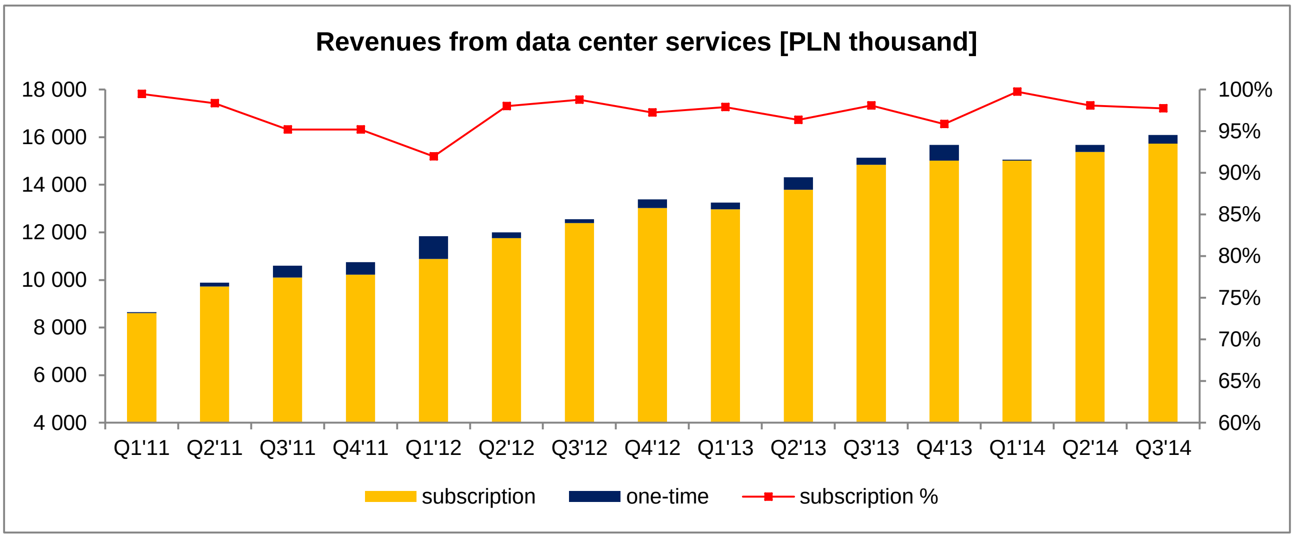
When analyzing the reasons for this state, of affairs the following issues are to be taken into consideration:

- one of the biggest customers of colocation services leaving (as a result of the consolidation of the customer's business) the Company at the brink of 2013 and 2014, as was described in the previous periodic reports, which resulted in the need to supplement a significant gap in subscription services revenues,
- a reduction of the scope of co-operation with two significant customers in the Internet industry that has been progressing for several quarters and results from a dwindling demand for data center services (limiting business scale),

- an emerging pressure for reducing unit prices that is becoming stronger, both when winning new customers and when prolonging contracts with existing partners (in the case of some services the price expected is more than ten percent lower than a year or two years ago),
- a drop in the average revenue per user (ARPU) observed in the last 3-4 quarters. On the one hand, this is a desired phenomenon that results from the strategy of ATM that assumes a diversification of the customer portfolio (reduction of revenue concentration – winning smaller customers from the SME sector). On the other hand however, it is also a derivative of the closure/limitation of the co-operation with several big customers and a drop in unit prices (see above).
- The Issuer has been maintaining a fairly constant level of sales to new customers in the last few quarters, however, this requires obtaining an appropriately larger number of these (result of a dwindling ARPU). Regardless of the above, the number of new big customers that generate demand for the dedicated parts of data centers obtained during the last few quarters was lower than expected.

To supplement data on the results of data centers in the last quarter, it is necessary to mention an almost 30% increase in the number of customers y/y, a traditionally high share of subscription services in the total revenues (98%) and the steadily growing meaning of this category for the Entire business of ATM: these were responsible for approx. 54% of the Company's revenue in the discussed period and 70% of the sales margin (without OST 112). At the end of the third quarter of 2014, almost 3,600 m^2 of ATM data centers were invoiced, meaning an increase of approx. 4% y/y.

The Issuer's quarterly results for the last 4 years in the category of data center services are presented on the following chart:



An ever more important role in the revenues from date center services in the Issuer's operations is made up by dedicated server lease services – ATMAN EcoSerwer. As a result of the dynamic increase maintained for several quarters, the income from those services exceeded PLN 1.8 million in the third quarter (80% increase y/y).

To finish the section devoted to data centers, it is worthwhile mentioning that in the last quarter the Issuer was again among the parties nominated by the prestigious British Capacity Magazine, this time in the "Best Data Center Innovation" category (in 2013 the nomination was in the "Best Data Center" category).

In the scope of data transmission, it was unfortunately again not possible to stop the decreasing trend in subscription services revenues that has been continuing from the beginning of 2013. During the same third quarter, these amounted to PLN 8.5 million, which means a drop of 9.5% y/y (a cumulative drop of PLN 26.6 million and 8% y/y respectively for the 3 quarters). The main reason for this negative tendency is the constant pressure to decrease unit price that is present in the telecommunications market, which is more and more difficult to balance with an increased volume of transmitted data. Similar as in the case of data center services, the Issuer undertakes intensive activities in order to expand its customer base, also to include customers from outside the operator industry – among others by connecting additional business sites to the ATMAN network (each site means a potential to win further customers). At the end of the previous quarter,

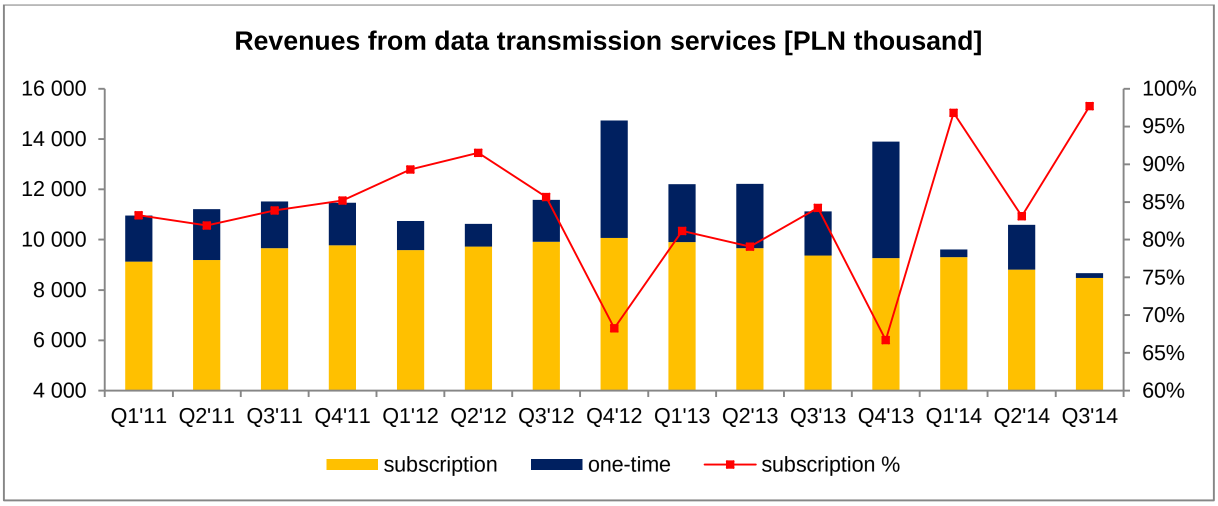
(all amounts are presented in PLN thousand, unless specified otherwise)

the number of such sites increased by more than 25% y/y, which was reflected in an increase of the number of invoiced partners by approx. 13% (y/y).

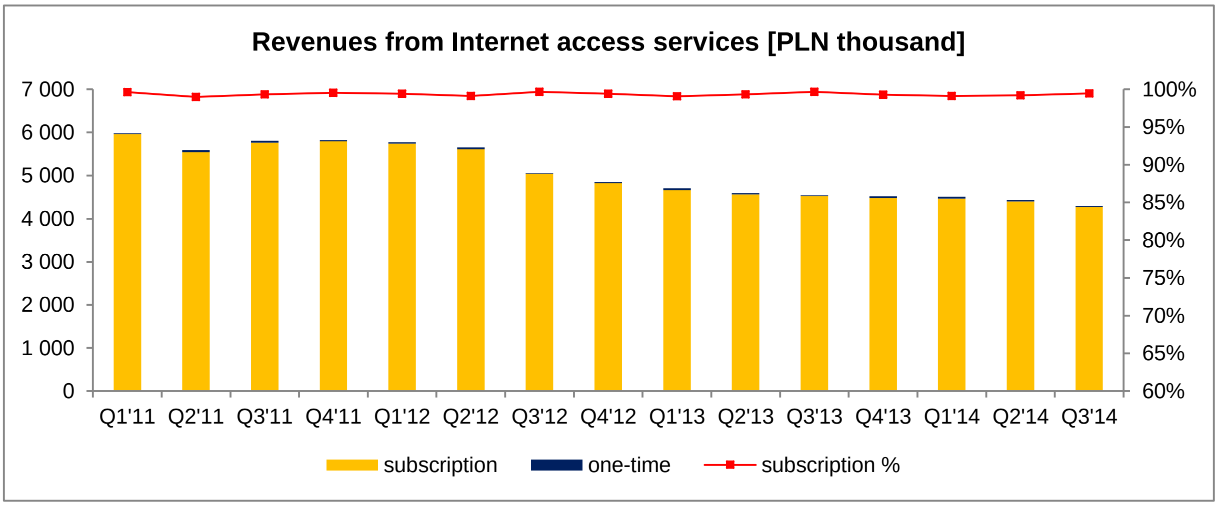
A second important reason for the drop in the revenues from the transmission and fiber optic services, compared against last year, is the lack of significant income from the sale of new connections (of a non-repetitive nature) in the third quarter of the current year. This is also reflected in a reduction of the profitability of transmission services by several percentage points (similar fixed costs of the network with lower revenues).

As a consequence of the phenomena described above a more than average share (more than 90%) of the subscription services in the total revenue from the data transmission services in the period from the beginning of 2014. In the previous quarter, the share of transmission revenues in the total ATM revenues amounted to 29%, whereas the share of sales margin was 20% (without OST 112).

A summary of the quarterly revenues from the sale of transmission services is presented below:



In the category of Internet access services the Issuer still, as in the case of data transmission services, faces a strong pressure to reduce unit prices resulting from the market environment. At the same time, as per the strategy adopted by ATM, there is a systematic reduction in the concentration of revenues in this category of services (reduction of the meaning of large customers from the telecommunication industry against smaller customers from other industries). ARPU has been dropping consistently as a consequence, paired with a parallel dynamic increase of the number of customers (+20% y/y in the third quarter of this year). As a result of the above phenomena, revenues from Internet access that amounted to PLN 4.3 million were achieved in the third quarter of this year (-5.5% y/y, -3% q/q), which almost entirely consisted of subscription service revenues:



In the third quarter, revenues from Internet access reached 14% of the total ATM revenues, whereas sales margin reached 10% (without OST 112).

In order to prevent the above mentioned negative phenomena and in order to reinstate the desired dynamics of service sales increase that would correspond to the potential of a leader in the colocation market and a leading supplier of transmission services in Poland, the Issuer has been taking the following activities, among others:

- processes leading to an increase of the general efficiency of sales departments (among others reorganization of the sales department structure, improving the attractiveness of the incentive scheme for sales representatives, developing analytical tools that supported the sale and assessment of commercial results),
- activities with the aim to improve the efficiency of sales to large customers, including financial institutions (among others a press campaign correlated in time with the issue of the "D recommendation" by the Financial Supervision Authority),
- activities meant to increase customer retention – among others more detailed monitoring of the customer satisfaction level, appropriate preventive actions directed at customers whose subscription services agreements are soon to expire,
- reorganization and expanding the product department that is responsible among others for the pricing policy (special offers, package service sales) and shaping an optimal portfolio of services,
- expanding the offer to include new services, including higher level services (e.g. the private cloud that is currently being implemented – *ATMAN Private Cloud*) – in reply to the growing needs of the customers and looking for new market segments,
- actively searching for opportunities to increase the sale of services outside of Poland, also through partner sales channels.

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:

- digitization of companies — increasing demand for data computing power and storage space (also in relation to the so-called "*Big Data*"),
- 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, on-line 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 digitalization of the public sector (e.g. health care),

- IT outsourcing — increased inclination to place own data processing equipment at the premises of specialized 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 specialized data center providers.

In view of the above, the Issuer implements the adopted strategy and continues its investments by preparing further modules of the ATMAN and Thinx Poland data center for sale and executing a construction project of ATM Innovation Center. The finalization of these investments and the high pace of sales will strengthen ATM's 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. 3 thousand square meters net which, together with the currently available space, gives more than 5.5 thousand square meters of potential colocation space that will generate revenue for the Company in the future.

According to the Issuer's estimates, the commercialization of the aforementioned space should translate into about additional PLN 50-55 million of annual EBITDA, which would mean that ATM's EBITDA profit generated currently by the Company 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. An important risk factor is the lack of certainty as to the demand for the services provided by the Company that it itself forecasted.
Due to the current geopolitical environment an additional risk factor for the following quarters in the context of the Issuer's total income (through the impact on the results of the associated company – Linx Telecommunications B.V.) will be the issue of the potential impact of any worsening of the business conditions in Russia, including further devaluation of the rubel against the euro (see the comment for the results of Linx in the "Description of the Issuer's material achievements or failures during the reporting period" section above).

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.

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

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.

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 fulfill obligations

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

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	**Position/function**	**Date**	**Signature**
Tadeusz Czichon	President of the Management Board	13 November 2014	....
Jacek Krupa	Vice President of the Management Board	13 November 2014	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	13 November 2014	....