



**Quarterly report of ATM S.A.
for the first quarter of 2016**



TABLE OF CONTENTS

KEY INFORMATION REGARDING QUARTERLY REPORT	4
SELECTED FINANCIAL DATA	5
A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE FIRST QUARTER OF 2016..	6
1. CONDENSED INTERIM INCOME STATEMENT	6
2. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	7
3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS	8
4. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES	9
5. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	10
6. CONDENSED INTERIM CASH FLOW STATEMENT.....	13
ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS.....	14
1. GROUNDS FOR THE DRAWING UP OF FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICIES)	14
2. OPERATING SEGMENTS	15
3. INVENTORIES REVALUATION WRITE-DOWNS REDUCING THE VALUE TO NET REALIZABLE VALUE	17
4. REVALUATION WRITE-DOWNS FOR FIXED ASSETS.....	17
5. RECOGNITION, INCREASE, UTILISATION AND RELEASE OF PROVISIONS.....	17
6. DEFERRED INCOME TAX ASSETS AND PROVISIONS	17
7. SIGNIFICANT TANGIBLE FIXED ASSET SALES AND ACQUISITIONS	18
8. SIGNIFICANT LIABILITIES ON ACCOUNT OF THE PURCHASE OF TANGIBLE FIXED ASSETS	18
9. SIGNIFICANT SETTLEMENTS ARISING FROM COURT CASES	18
10. ADJUSTMENT OF ERRORS FROM PREVIOUS PERIODS.....	18
11. CHANGES IN ECONOMIC SITUATION AND BUSINESS CONDITIONS HAVING SIGNIFICANT IMPACT ON THE FAIR VALUE OF THE ENTITY'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES	18
12. BANK LOANS AND BORROWINGS, AND LEASE LIABILITIES.....	18
13. FAILURE TO PAY OFF A LOAN OR A BORROWING	19
14. FINANCIAL ASSETS AT FAIR VALUE.....	19
15. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS DUE TO A CHANGE OF THEIR PURPOSE OR USE	20
16. SEASONALITY OF OPERATIONS	20
17. ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE SECURITIES AND EQUITIES	20
18. DIVIDENDS PAID AND DECLARED	20
19. CHANGES IN THE COMPANY STRUCTURE	20
20. VALUE OF COLLATERAL AND SECURITY GIVEN, CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS	21
21. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER	21
B. OTHER INFORMATION REGARDING THE QUARTERLY REPORT	23
1. INFORMATION ON THE ISSUER.....	23
INFORMATION ON THE ISSUER:	23
DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S GROUP OF COMPANIES, WITH THE LIST OF CONSOLIDATED COMPANIES	24
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 QUARTERLY REPORT	25
SUMMARY OF CHANGES IN THE NUMBER OF ISSUER'S SHARES OR STOCK OPTIONS HELD BY THE ISSUER'S MANAGERS AND SUPERVISORS, IN ACCORDANCE WITH THE INFORMATION AVAILABLE TO THE ISSUER, SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT	26
PURCHASE OF TREASURY SHARES	26
2. DESCRIPTION OF THE ISSUER'S ACHIEVEMENTS AND DEVELOPMENT PROSPECTS	26
DESCRIPTION OF THE ISSUER'S SIGNIFICANT ACHIEVEMENTS OR FAILURES DURING THE REPORTING PERIOD	26
DESCRIPTION OF ATYPICAL FACTORS AND EVENTS WHICH MATERIALLY AFFECT FINANCIAL RESULTS ACHIEVED	30
INFORMATION ON FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT ITS PERFORMANCE DURING AT LEAST THE NEXT QUARTER	30
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.....	31



3. OTHER INFORMATION	32
INFORMATION ON THE CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED ENTITIES, IF THEY ARE, INDIVIDUALLY OR JOINTLY, SIGNIFICANT AND WERE CONCLUDED ON CONDITIONS OTHER THAN MARKET CONDITIONS	32
INFORMATION ON PENDING PROCEEDINGS BEFORE COURT, ARBITRATION PANEL OR PUBLIC ADMINISTRATION BODY	32
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	32
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	32



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 May 2016

Information on the Issuer:

Full name of the Issuer: ATM S.A.

Abbreviated name of the Issuer: ATM

Sector according to the Warsaw Stock Exchange classification: information technology

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REGON (Statistical ID No): 012677986

SELECTED FINANCIAL DATA

	<u>31/03/2016</u>	<u>31/03/2015</u>	<u>31/03/2016</u>	<u>31/03/2015</u>
	in PLN thousand		in EUR thousand	
Total sales revenue	32,718	32,733	7,511	7,890
Revenue from core operating segments	31,375	30,329	7,203	7,310
Sales margin	17,400	16,639	3,995	4,010
EBITDA	9,246	8,471	2,123	2,042
Operating profit	3,667	3,077	842	742
Profit before tax	3,363	2,926	772	705
Net profit on continued operations	2,886	2,486	663	599
Comprehensive income	3,323	3,294	763	794
Net cash from operating activities	2,721	8,242	625	1,986
Net cash from investing activities	(6,665)	(8,508)	(1,530)	(2,051)
Net cash from financing activities	3,251	(2,416)	746	(581)
Increase (decrease) in cash	(694)	(2,681)	(159)	(645)
	<u>31/03/2016</u>	<u>31/12/2015</u>	<u>31/03/2016</u>	<u>31/12/2015</u>
Fixed assets	389,992	388,367	91,367	91,134
Current assets	20,954	19,078	4,909	4,478
Total assets	410,947	407,445	96,276	95,611
Long-term liabilities	106,974	102,031	25,062	23,943
Short-term liabilities	68,851	73,615	16,130	17,274
Equity	235,122	231,799	55,084	54,394
Share capital *	34,723	34,723	8,135	8,148
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.47	6.38	1.52	1.50

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

The above financial data for the first quarter of 2016 and 2015 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 2016 at PLN/EUR 4.2684;
- 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 2016, at PLN/EUR 4.3559 and between 1 January and 31 March 2015 at PLN/EUR 4.1489.

The financial figures for 2015 were translated into EUR according to the following principles:

- individual assets and liabilities were converted at the average PLN/EUR exchange rate of 4.2615 as published by the National Bank of Poland on 31 December 2015.



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

A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE FIRST QUARTER OF 2016

1. CONDENSED INTERIM INCOME STATEMENT

	For the period 01/01– 31/03/2016	For the period 01/03– 31/03/2015
Continued operations		
Sales revenue	32,718	32,733
of which: Revenue from core operating segments	31,375	30,329
Cost of sales (variable)	15,318	16,094
Sales margin*	17,400	16,639
Cost of sales (fixed)	7,017	6,316
Gross profit (loss) on sales	10,384	10,323
Other operating revenue	58	59
General and administrative costs	6,734	7,057
Other operating expenses	40	247
Operating profit (loss)	3,667	3,077
Share in the financial result of undertakings accounted for using the equity method**	800	921
Financial revenue	12	24
Financial expenses	1,117	1,097
Profit (loss) before tax	3,363	2,926
Income tax	476	440
Net profit (loss) on continued operations	2,886	2,486
Discontinued operations		
Net profit (loss) on discontinued operations	-	-
Net profit (loss)	2,886	2,486
Profit (loss) per share	-	-
On continued operations:		
Ordinary	0.08	0.07
Diluted	0.08	0.07
On continued and discontinued operations:		
Ordinary	0.08	0.07
Diluted	0.08	0.07
EBITDA	9,246	8,471

NOTES:

*) The Issuer additionally discloses, in relation to the IFRS requirements, the "Sales margin" category which represents the difference of sales revenue and own 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 associate, Linx Telecommunications Holding B.V. ATM S.A.'s share in the remaining part of changes in equity of this company is recognised as "Share in other comprehensive income of associated entities" of the Condensed Interim Statement of Comprehensive Income presented below.



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

2. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the period 01/01– 31/03/2016	For the period 01/01– 31/03/2015
Net profit (loss)	2,886	2,486
Other comprehensive income that will not be reclassified to profit or loss	437	808
Results of revaluation of fixed assets	-	-
Actuarial gains or losses	-	-
Share in other comprehensive income of associated entities	437	808
Income tax related to items that will not be reclassified	-	-
Other comprehensive 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 comprehensive income items	-	-
Total comprehensive income	3,323	3,294



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

3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

	End of period 31/03/2016	End of period 31/03/2015	End of period 31/12/2015
Fixed assets	389,992	380,091	388,367
Goodwill	-	-	-
Intangible assets	2,964	4,011	2,939
Tangible fixed assets	332,175	320,367	331,825
Investments in associates consolidated using the equity method	54,583	55,475	53,346
Investments in subsidiaries	-	-	-
Deferred income tax assets	-	-	-
Other fixed assets	270	237	257
Current assets	20,954	24,953	19,078
Inventories	1,430	1,188	1,052
Financial assets held for trading	63	172	66
Trade and other receivables	15,102	19,597	13,452
Income tax receivables	57	57	57
Other current assets	3,180	3,094	2,634
Other financial receivables	-	-	-
Cash and cash equivalents	1,123	845	1,817
Total assets	410,947	405,044	407,445



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

4. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

	<u>End of period</u> 31/03/2016	<u>End of period</u> 31/03/2015	<u>End of period</u> 31/12/2015
Equity	235,122	237,980	231,799
Share capital	34,723	34,723	34,723
Supplementary capital from share premium	123,735	123,735	123,735
Revaluation reserve	-	-	-
Treasury shares	-	-	-
Reserve capital	55,504	55,504	55,504
Hedge valuation reserve and FX gains/losses due to consolidation	-	-	-
Retained earnings	21,160	24,017	17,837
Long-term liabilities	106,974	102,137	102,031
Long-term loans and borrowings	76,067	67,185	71,473
Provision for deferred tax	4,022	1,693	3,673
Provisions for liabilities	-	-	-
Long-term trade and other liabilities	17,116	17,536	17,116
Other financial liabilities	9,769	15,723	9,769
Short-term liabilities	68,851	64,927	73,615
Bank loans and borrowings	51,168	47,546	49,627
Provisions for liabilities	-	-	-
Income tax liabilities	-	-	267
Trade and other liabilities	13,283	11,688	17,479
Other financial liabilities	4,400	5,693	6,242
of which: dividends payable	-	-	-
Total equity and liabilities	410,947	405,044	407,445



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

5. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Reserve capital</u>	<u>Retained earnings, including supplementary capital</u>	<u>Equity</u>
As at 1 January 2016	34,723	123,735	-	55,504	17,837	231,799
Increases:						
Current period result	-	-	-	-	2,886	2,886
Share in other comprehensive income of associated entities					437	437
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution – increase of the supplementary capital	-	-	-	-	-	-
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	-	-
Dividend payout	-	-	-	-	-	-
As at 31 March 2016	34,723	123,735	-	55,504	21,160	235,122



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

	<u>Share capital</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Reserve capital</u>	<u>Retained earnings, including supplementary capital</u>	<u>Equity</u>
As at 1 January 2015	34,723	123,735	-	55,504	20,724	234,686
Increases:						
Current period result	-	-	-	-	2,486	2,486
Share in other comprehensive income of associated entities	-	-	-	-	808	808
Share subscription under the stock option plan	-	-	-	-	-	-
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	-	-
Dividend payout	-	-	-	-	-	-
As at 31 March 2015	34,723	123,735	-	55,504	24,017	237,980



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

	<u>Share capital</u>	<u>Supplementary capital from share premium</u>	<u>Treasury shares</u>	<u>Reserve capital</u>	<u>Retained earnings, including supplementary capital</u>	<u>Equity</u>
As at 1 January 2015	34,723	123,735	-	55,504	20,724	234,686
Increases:						
Current period result	-	-	-	-	5,640	5,640
Share in other comprehensive income of associated entities	-	-	-	-	(1,259)	(1,259)
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution	-	-	-	-	799	799
Share subscription under the stock option plan	-	-	-	-	-	-
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	799	799
Dividend payout	-	-	-	-	7,268	7,268
As at 31 December 2015	34,723	123,735	-	55,504	17,837	231,799

6. CONDENSED INTERIM CASH FLOW STATEMENT

	For the period 01/01– 31/03/2016	For the period 01/01– 31/03/2015
Operating activities	3,518	8,242
Profit (loss) before tax	3,363	2,926
Adjustments by items:	156	5,316
Share in the financial result of undertakings accounted for using the equity method	(800)	(921)
Amortisation and depreciation	5,580	5,394
Foreign exchange differences	6	25
Interest received	-	(1)
Interest paid	1,027	997
Dividends received	-	-
(Profit) loss on investing activities	39	51
Change in inventories	(378)	202
Change in receivables	(1,650)	469
Change in liabilities and provisions *	(3,008)	366
Change in other assets	(546)	(172)
Income tax paid	(394)	(709)
Other	280	(385)
Investing activities	(7,463)	(8,508)
Expenses on tangible fixed assets purchases	(7,482)	(12,094)
Expenses on financial assets purchases	-	-
Proceeds from sale of tangible fixed assets	7	3,573
Repayments of long-term borrowings granted	5	34
Borrowings granted	-	-
Proceeds from sales of financial assets	-	-
Interest received	-	-
Dividends received	-	-
Foreign exchange differences	9	(21)
Other	-	-
Financing activities	3,251	(2,416)
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	-	-
Proceeds from loans and borrowings	10,689	3,331
Repayments of loans and borrowings	(4,555)	(3,117)
Purchase of treasury shares	-	-
Payment of liabilities arising from finance leases	(1,841)	(1,630)
Dividends paid	-	-
Interest received	-	1
Interest paid	(1,027)	(997)
Other profit-sharing	-	-
Foreign exchange differences	(15)	(4)
Other (division adjustment)	-	-
Change in cash	(694)	(2,681)
Opening balance of cash	1,817	3,527
Closing balance of cash	1,123	845

*) The item "Change in liabilities and provisions" does not comprise a change in liabilities in respect of investment purchases; the change in such liabilities is reported in the item "Expenses on tangible fixed assets purchases".



(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 2016 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 2016.

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 2016.

In 2016, 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 2016. 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 2015, including notes for the 12 months period ended on 31 December 2015, 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 2015 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 at the date of authorisation of these interim condensed financial statements, no circumstances are found indicating a threat to the continued operations by the Company.

The duration of the Company is 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 2015.

Polish zloty is the functional currency of the Issuer and presentation currency of these 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 2016 and 31 March 2015, and 31 December 2015, as well as results of its operations in the period of 3 months ended 31 March 2016 and 31 March 2015.



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

2. OPERATING SEGMENTS

The operations of the Issuer are divided into two operating segments, which group together the basic categories of services provided by the Issuer:

- the Data Center Services Segment, including collocation services and other services relating to data center infrastructure (such as the leasing of dedicated servers, cloud computing services and backup office services);
- the Telecommunications Services Segment, including broadband data transmission services, telecommunications connection leasing services, Internet access services and voice services (ISDN and VoIP).

The column marked "Other" shows revenue obtained outside the core operating segments, including from the sale of services of an administrative nature. The revenue in this category makes only a small (and decreasing) contribution to the overall profit on sales and does not represent a significant burden on the Company's fixed costs.

The allocation of fixed assets is based on identification of their actual use. For assets used by both segments, allocation is made based on indices. The value of the Issuer's shares in its associated company is shown in the column marked "Other".

Variable costs of sales, costs of depreciation and amortisation, as well as remuneration of employees in the organisational units responsible for the performance of services are allocated to segments in accordance with their direct relationship. Other operating costs are allocated to the appropriate segments proportionally to revenue or to costs of remuneration.



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

Company's results broken down by operating segment in the first quarter of 2016:

	<u>Data Center Services Segment</u>	<u>Telecommunications Services Segment</u>	<u>Other</u>	<u>Total</u>
Fixed assets	168,476	165,220	56,296	389,992
Sales revenue	13,044	18,330	1,344	32,718
of which: sales associated with data center services	-	4,962	-	4,962
Cost of sales (variable)	3,803	10,197	1,318	15,318
Sales margin	9,241	8,133	26	17,400
Fixed costs	6,432	7,319	-	13,751
of which: depreciation and amortisation	3,128	2,452	-	5,580
Other net operating revenue and costs	7	10	-	18
Operating profit (loss)	2,816	825	26	3,667
EBITDA	5,945	3,276	26	9,246
Net financial revenue and expenses				(305)
Profit (loss) before tax				3,363
Income tax				476
Net profit (loss)				2,886

Company's results broken down by operating segment in the first quarter of 2015 (data restated to maintain comparability):

	<u>Data Center Services Segment</u>	<u>Telecommunications Services Segment</u>	<u>Other</u>	<u>Total</u>
Fixed assets	154,169	168,248	57,674	380,091
Sales revenue	11,567	18,762	2,403	32,733
of which: sales associated with data center services	-	5,181	-	5,181
Cost of sales (variable)	3,866	9,967	2,261	16,094
Sales margin	7,701	8,796	142	16,639
Fixed costs	5,336	7,636	402	13,374
of which: depreciation and amortisation	2,614	2,383	397	5,394
Other net operating revenue and costs	(72)	(117)	-	(188)
Operating profit (loss)	2,294	1,043	(260)	3,077
EBITDA	4,908	3,426	137	8,471
Net financial revenue and expenses				(151)
Profit (loss) before tax				2,926
Income tax				440
Net profit (loss)				2,486

The geographical breakdown of sales revenue is as follows:

<u>Sales revenue</u>	<u>For the period 01/01– 31/03/2016</u>	<u>For the period 01/01– 31/03/2015</u>
Domestic customers	28,832	29,474
Foreign customers	3,887	3,259
Total sales revenue	32,718	32,733

In the above table, the item “foreign customers” includes only sales to foreign-registered customers. This category does not include sales to foreign users for whom services are provided through a Polish-registered entity.

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

By 31 March 2016, the Company made revaluation write-downs amounting to PLN 70 thousand.

4. REVALUATION WRITE-DOWNS FOR FIXED ASSETS

The Company did not make any revaluation write-downs for fixed assets by 31 March 2016.

5. RECOGNITION, INCREASE, UTILISATION AND RELEASE OF PROVISIONS

In the reported period, the Company did not recognise any provisions.

6. DEFERRED INCOME TAX ASSETS AND PROVISIONS

	<u>Statement of financial position</u>		<u>Statement of comprehensive income</u>	
	<u>End of period 31/03/2016</u>	<u>End of period 31/12/2015</u>	<u>For the period 01/01– 31/03/2016</u>	<u>For the period 01/01– 31/03/2015</u>
Deferred tax provision				
Difference between the carrying amount and tax value of tangible fixed assets	6,834	6,642	192	328
Recognised service revenue	-	12	(12)	(52)
Receivable compensation	-	-	-	-
Accrued interest	6	6	-	-
Valuation of financial instruments	-	-	-	-
Subsidies received – settlement	-	-	-	-
FX gains	-	-	-	-
Provision for deferred tax acquired as a result of a business combination	-	-	-	-
Gross deferred tax provision	6,840	6,660	180	276
Deferred tax assets				
Valuation of financial instruments	-	-	-	-
Difference between the carrying amount and tax value of tangible fixed assets	-	-	-	-
Deferred payment revenue	-	-	-	-
Revenue settled over time	-	-	-	-
Inventories write-downs	471	487	16	(8)
Receivables write-downs	223	225	2	(25)



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

Write-downs on financial assets	1,840	1,928	88	-
Provisions for service expenses	-	-	-	83
Provisions for employee benefits	-	-	-	-
FX losses	-	-	-	-
Liabilities to the Social Insurance Institution (ZUS)	-	-	-	-
Liabilities to employees	-	-	-	-
Deferred income/expenses and accruals	156	200	44	-
Subsidies received	-	-	-	-
Effects of IRS valuation	126	147	21	22
Recognised interest	-	-	-	-
Tax losses to be deducted	-	-	-	92
Deferred tax assets acquired through a business combination	-	-	-	-
Gross deferred tax assets	2,816	2,987	171	164
Net tax assets (tax provision)	(4,024)	(3,673)		
Deferred income tax charge against profit			351	440

7. 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 6.2 million. The aforementioned sum concerns expenditure construed as an increase in the value of fixed assets.

8. SIGNIFICANT LIABILITIES ON ACCOUNT OF THE PURCHASE OF TANGIBLE FIXED ASSETS

There were no significant liabilities on account of the purchase of tangible fixed assets.

9. SIGNIFICANT SETTLEMENTS ARISING FROM COURT CASES

There were no significant settlements arising from court cases.

10. ADJUSTMENT OF ERRORS FROM PREVIOUS PERIODS

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

11. CHANGES IN ECONOMIC SITUATION AND BUSINESS CONDITIONS HAVING SIGNIFICANT IMPACT ON THE FAIR VALUE OF THE ENTITY'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES

There were no changes in economic situation that would have material impact on the fair value of the entity's financial assets and liabilities.

12. BANK LOANS AND BORROWINGS, AND LEASE LIABILITIES

Bank loans include:

1. investment loan for the period of 5 years (2012–2017) of PLN 20.30 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 34.86 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 14.74 million, secured by mortgage on real estate, where the Issuer develops data centers,



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

4. investment loan for the period of 5 years (2013–2019) of PLN 4.21 million, secured by pledge on capital expenditure,
5. investment loan for the period of 5 years (2015–2020) of PLN 12.30 million, secured by pledge on capital expenditure,
6. overdraft facility, which revolves annually, with a total limit of up to PLN 43.0 million, used as at the balance-sheet date up to the amount of PLN 40.82 million.

Other financial liabilities include finance lease agreements of the net total value of liabilities amounting to PLN 14.15 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.

13. 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 any loan or borrowing.

14. FINANCIAL ASSETS AT FAIR VALUE

As at 31 March 2016, the Company held financial instruments carried at fair value in its statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2 – other methods for which all inputs that have a significant effect on the recognised fair value are included, either directly or indirectly.

Level 3 – methods which use inputs that have a significant effect on the recognised fair value, but 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 input data is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable input data that require significant adjustments based on unobservable inputs, such measurement is a Level 3 measurement. Assessing the significance of particular input data for the fair value measurement in its entirety requires judgement considering factors specific to the asset or liability.

<u>FINANCIAL INSTRUMENTS</u>	<u>31/03/2016</u>		<u>31/12/2015</u>	
	<u>carrying amount</u>	<u>fair value</u>	<u>carrying amount</u>	<u>fair value</u>
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	534	534	717	717
Other financial liabilities	-	-	-	-



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

FAIR VALUE HIERARCHY

<u>Financial liabilities at fair value through profit or loss</u>	<u>Fair value hierarchy level</u>	<u>31/03/2016</u>
Derivative financial instruments – option spread hedging the interest rate risk in respect of the investment loan	level 2	35
Derivative financial instruments – IRS contract hedging the interest rate risk in respect of the investment loan	level 2	499
Total		534

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).

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 31 March 2016, 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.

15. 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.

16. 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. 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 telecommunications lines and collocation space. Such an increase in revenue occurred in the last quarters of the years 2012–2014, and in 2015, this phenomenon did not occur.

17. ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE SECURITIES AND EQUITIES

The Company did not carry out any of the aforementioned transactions.

18. 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 2015.

The aforementioned 1st instalment of the dividend was paid on the indicated date.

19. CHANGES IN THE COMPANY STRUCTURE

There were no changes in the Issuer's structure.



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

20. VALUE OF COLLATERAL AND SECURITY GIVEN, CHANGES IN CONTINENT LIABILITIES AND CONTINGENT ASSETS

<u>Off-balance sheet items</u>	<u>End of period</u> <u>31/03/2016</u>	<u>End of period</u> <u>31/12/2015</u>
1. Contingent receivables	-	-
1.1 from other undertakings	-	-
2. Contingent liabilities	45,469	47,701
2.1 to other entities, of which:	45,469	43,221
- guarantees and sureties granted	693	2,925
- mortgage collateral	31,600	31,600
- collateral pledge	13,176	13,176
Total	45,469	47,701

Since the end of the financial year 2015, the following changes have occurred with respect to collateral and security given:

a) guarantees and sureties granted have decreased by PLN 2,232 thousand because of:

- expiry of guarantees of PLN 2,232 thousand,

b) mortgage collateral has remained unchanged,

c) collateral pledges have remained unchanged.

21. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

On 25 April 2016, the Extraordinary General Meeting of the Company adopted the following resolutions on:

- determining the number of the Members of the Supervisory Board to 6;
- determining the Supervisory Board Members' remuneration in the following amounts:
 - for the Members of the Supervisory Board, in the amount of PLN 500 per Supervisory Board meeting,
 - for the Chairperson of the Supervisory Board, in the amount of PLN 1,000 per Supervisory Board meeting;
- dismissing Sławomir Kamiński, a Member of the Supervisory Board, as of 25 April 2016;
- appointing 2 new Members of the Supervisory Board as of 25 April 2016 — Cezary Smorszczewski and Maciej Kowalski.

On 28 April 2016, the Company received another request from a shareholder (MCI.PrivateVentures FIZ) demanding that an Extraordinary General Meeting be convened and that a vote on the resolutions on changing the number of the Members of the Supervisory Board and changes to its composition be included in the Meeting's agenda. The Extraordinary General Meeting was scheduled for 30 May 2016.

On 29 April 2016, Millennium Dom Maklerski S.A., by which a tender offer for the sale of the Issuer's shares was announced and conducted, informed that as part of the aforementioned tender offer 5,894,740 shares of the Company (representing 16.2% of ATM's share capital) were sold. The shares were acquired as part of the tender offer by MCI.PrivateVentures FIZ acting on behalf of the MCI.EuroVentures 1.0 sub-fund.

On 10 May 2016, the Supervisory Board of the Company dismissed the current Members of the Management Board from their positions and appointed a new Management Board composed of the following three persons: Sylwester Biernacki (President of the Management Board, appointed as of 10 May 2016), Robert Zaklika (Vice-President of the Management Board, appointed as of 1 June 2016) and Tomasz Galas (Member of the Management Board responsible for Finance, appointed as of 16 May 2016).



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

All of the above events are related to significant changes in the Company's shareholding structure as a result of which the aforementioned MCI.PrivateVentures fund appeared among the shareholders holding material blocks of shares.



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

INFORMATION ON 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 Company's core business falls within the sector "Information Technology". 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 composed as follows:

- o Sylwester Biernacki – President of the Management Board,
- o Robert Zaklika – Vice-President of the Management Board (appointed as of 1 June 2016),
- o Tomasz Galas – Member of the Management Board responsible for finance (appointed as of 16 May 2016).

On 10 May 2016, the Issuer's Supervisory Board adopted the following resolutions on:

- o determining the number of the Members of the Management Board to three;
- o dismissing Dariusz Terlecki from the position of the President and Member of the Company's Management Board as of 10 May 2016;
- o dismissing Jacek Krupa from the position of the Vice-President and Member of the Company's Management Board as of 10 May 2016;
- o appointing Sylwester Biernacki to the position of the President of the Company's Management Board as of 10 May 2016;
- o appointing Robert Zaklika to the position of the Vice-President of the Company's Management Board as of 1 June 2016;
- o appointing Tomasz Galas to the position of the Member of the Company's Management Board responsible for finance as of 16 May 2016.

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

- o Kinga Stanisławska – Chairperson of the Supervisory Board,
- o Jacek Osowski – Deputy Chairperson of the Supervisory Board,
- o Grzegorz Domagała – Member of the Supervisory Board,
- o Tadeusz Czichon – Member of the Supervisory Board,
- o Cezary Smorszczewski – Member of the Supervisory Board,
- o Maciej Kowalski – Member of the Supervisory Board.

Due to the resignation from the membership in the Supervisory Board submitted on 4 March 2016 by the Chairperson of the Supervisory Board Mirosław Panek, on 14 March 2016, the Supervisory Board elected a new Chairperson – Kinga Stanisławska, and a new Deputy Chairperson – Jacek Osowski.



On 25 April 2016, the Extraordinary General Meeting of the Company dismissed Sławomir Kamiński from the Supervisory Board and appointed Cezary Smorszczewski and Maciej Kowalski to the Supervisory Board of the Company.

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

Currently, ATM S.A. does not have any subsidiaries – and thus it does not form a capital group.

On the day of publication of this report, the Issuer held shares representing 21.02% of the share capital of Linx Telecommunications Holding B.V. The results of this entity, as an associated company, are not consolidated at the operating level – they are accounted for according to the equity method. The Company recognises the share in the results of the associated entity in its results, while other comprehensive income of the associated entity is recognised in the Company's other comprehensive income. 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. On completion of an impairment test in the fourth quarter of 2014, an impairment loss of PLN 4.9 million was recognised with respect to the goodwill of Linx. Another impairment test of this item of assets, performed at the end of 2015, did not reveal any differences between the value in use of the Issuer's shares in Linx and their carrying amount.

On 31 March 2016, the Issuer took up shares in Linx Telecommunications Holding B.V. with its registered office in Amsterdam through a contribution of shares held by the Issuer in Linx Telecommunications B.V. with its registered office in Amsterdam. The signing of a deed of incorporation of Linx Telecommunications Holding B.V. on 31 March 2016 was a part of the process aimed at ordering and optimising the structure of Linx capital group. As a result of the changes, telecommunications assets were grouped separately and used for the purposes of the data center segment. Basic information concerning the said operation is as follows:

- the articles of association of the established holding company (Linx Telecommunications Holding B.V.) contain provisions which are the same as those previously applicable at Linx Telecommunications B.V.;
- the shareholding structure of the established company is identical to the existing shareholding structure of Linx Telecommunications B.V. (all shareholders of Linx Telecommunications B.V. made an in-kind contribution of their shares held in this company to the new holding company);
- the share capital of the established company is equal to the share capital of Linx Telecommunications B.V. and amounts to EUR 250,000 (it is divided into 25,000,000 shares worth EUR 0.01 each, save that 13,105,671 shares were taken up);
- the Issuer took up 2,754,612 shares in the new company.

Therefore, Linx Telecommunications Holding B.V. became the owner of 100% of shares in Linx Telecommunications B.V.

The Management Board of the Issuer emphasises that from the Company's perspective, there was no change in the value of assets as well as the Company's rights related to the shares held in the parent entity of Linx capital group. The Issuer still holds 21.02% share in the share capital of the parent entity of Linx capital group (currently: Linx Telecommunications Holding B.V.). The conducted operation is neutral to the Issuer in fiscal terms, and does not entail incurring any other costs. Information concerning the above operation was published by the Issuer in current report No 13/2016 of 31 March 2016.

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 QUARTERLY REPORT

<u>Shareholder</u>	<u>Number of shares held</u>	<u>Interest in share capital</u>	<u>Number of votes at the General Meeting</u>	<u>Share in the overall number of votes</u>
MCI.PrivateVentures FIZ *	11,070,470	30.46%	11,070,470	30.46%
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych **	9,119,040	25.09%	9,119,040	25.09%
Nationale-Nederlanden PTE (d. ING PTE) ***	7,160,120	19.70%	7,160,120	19.70%
PKO BP Bankowy OFE ****	1,914,556	5.27%	1,914,556	5.27%

<u>Shareholder</u>	<u>Number of shares according to the previous quarterly report</u>	<u>Number of shares according to the current quarterly report</u>	<u>Change in the number of shares and number of votes</u>
MCI.PrivateVentures FIZ	0	11,070,470	11,070,470
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	9,119,040	9,119,040	0
Nationale-Nederlanden PTE (d. ING PTE)	7,160,120	7,160,120	0
Aviva OFE	3,278,807	0	-3,278,807
Altus TFI	2,352,906	0	-2,352,906
Piotr Puteczny *****	2,243,066	0	-2,243,066
PKO BP Bankowy OFE	1,914,556	1,914,556	0

**) jointly with subsidiaries. The number of shares as at 5 May 2016 based on the notification*

****) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who has been a Member of the Supervisory Board of ATM S.A. since 14 December 2015 (previously he was a Member of the Management Board of ATM S.A. for a number of years)*

*****) the number of shares as at 31 December 2014 based on the "Annual asset structure"*

******) the number of shares as at 7 May 2015 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 QUARTERLY REPORT

<u>Name and surname</u>	<u>As at 12 November 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>As at 13 May 2016</u>
Sylwester Biernacki *	no data	709,171	-	709,171
Jacek Krupa **	21,700	-	-	no data
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ***	9,119,040	-	-	9,119,040

*) Sylwester Biernacki has held the function of the President of the Management Board since 10 May 2016

***) Jacek Krupa held the function of the Vice-President of the Management Board until 10 May 2016

***) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, who has been a Member of the Supervisory Board of ATM S.A. since 14 December 2015 (previously he was a Member of the Management Board of ATM S.A. for a number of years)

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

Operating and financial results

All key items of the statement of income of ATM for the first quarter of 2016 have improved in comparison with the corresponding period in 2015. The growth rate ranges from 3–5% at the level of revenue from core segments and sales margin, through 9% at the level of EBITDA profit, up to 15–20% at the level of the operational profit and net result. As compared to the fourth quarter of 2015, these results also show improvement, though it is symbolic (excluding the operational and net profit, where percentage increases were significant). Detailed description of results in core operational segments¹ is presented further in this chapter. Nevertheless, while analysing the results achieved by the entire company in the previous quarter, it is worth pointing out to the following:

- subscription revenue (this was the fifth consecutive quarter of growth) represented almost 100% of total revenue from core segments;
- profitability of sales in core segments improved by 0.5 p.p. q/q and by 1 p.p. y/y – this situation is attributable to both the increasing profitability of the Data Center Services Segment and halting the decrease in profitability in the Telecommunications Services Segment;

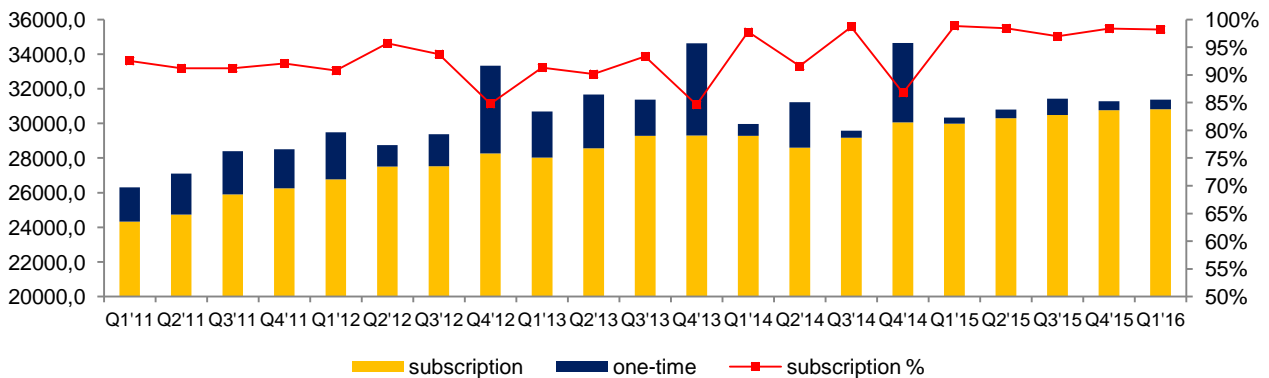
¹Data Center Services Segment and Telecommunications Services Segment



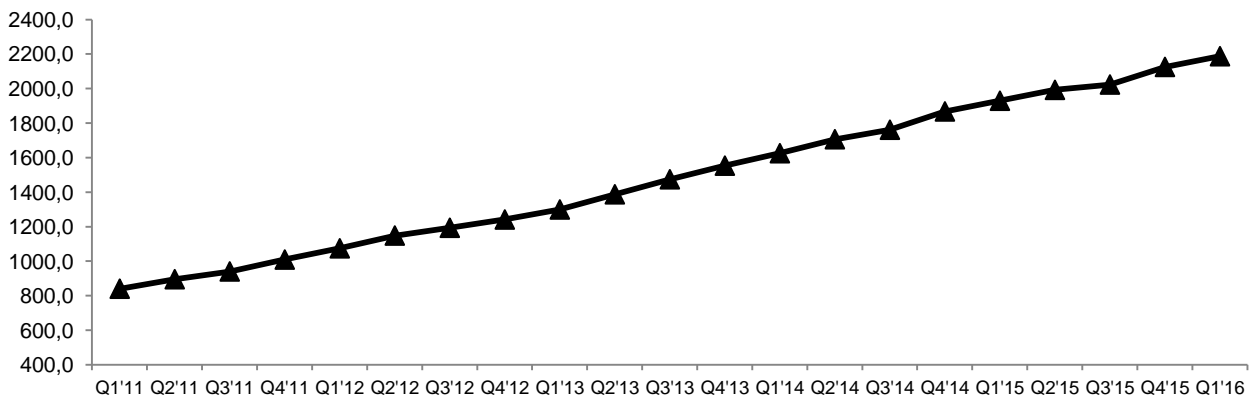
- fixed costs decreased by 5% q/q thanks to lower depreciation and a decrease in the majority of other overheads (except for remunerations in the case of which the results of employment optimisation performed at the beginning of the year will be visible in the second quarter at the earliest);
- positive contribution to the Company's result of the results achieved by the associated entity – Linx Telecommunications Holding B.V. (+PLN 0.8 million – a level similar to the first quarter of 2015). These results comply with the assumptions adopted by the Issuer while performing an impairment test of shares in Linx as at 31 December 2015. On 28 April 2016, Linx announced that on 27 April 2016, it concluded a Share Purchase Agreement (SPA) with CITIC Telecom International CPC Limited with its registered office in Hong Kong within the framework of which both entities agreed on the terms and conditions of sale of the telecommunications part of Linx Telecom Holding B.V. (including 470 km of fibre optic cables located below the seabed of the Baltic Sea, Network Operation Center in Moscow, Tallinn and Estonia, as well as Data Center in Estonia). In accordance with the information provided, the transaction is expected to be finalised in the second half of 2016 (consent of the market regulatory authority is required, among other conditions to be met). Due to the fact that no financial parameters of the agreement were disclosed, the Issuer is unable to determine the potential impact of this transaction (if it is finalised) on the value of the shares held in Linx. In particular, the purpose of funds obtained by Linx if the transaction is finalised is also unknown. The Issuer will announce any material information on the said issue immediately after its receipt. If the transaction is finalised, the Linx capital group plans to focus its activities exclusively on the data center market;
- in accordance with the Issuer's assumptions, there was a slight increase in the net debt (+4% q/q) – among others, due to implementing the planned investment expenditure (largely appropriated for the development of sales of dedicated servers).

The graphs below show quarterly sales in the core operating segments and the systematically growing number of customers invoiced by ATM.

Main operating segments revenue structure in PLN thousand



Number of invoiced customers per quarter

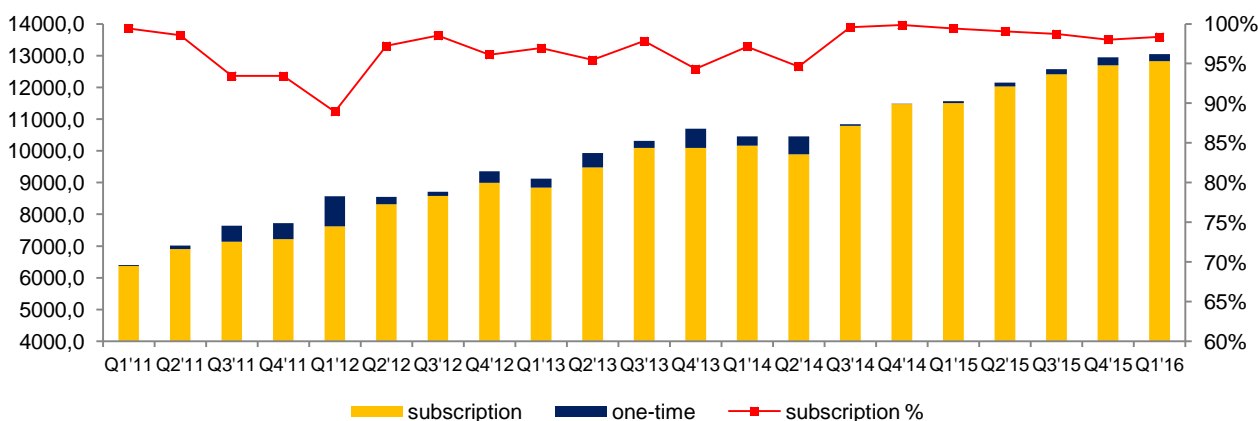


Data Center Services Segment

Starting from the report for the first half of 2015, the Issuer has decided to present the data relating to operating segments in such a way that the revenue and costs of the Data Center Services Segment do not include the revenue and costs of telecommunications services associated with data center services, which are now shown in full under the Telecommunications Services Segment. The Issuer also shows, as a separate item, the value of revenue from the Telecommunications Services Segment, which is correlated with data center services (e.g. sale of Internet access service as an add-on to a collocation service). To enable comparability and further analysis of the results, the results for the Data Center Services Segment are shown below with past figures recalculated according to the methodology described above:

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Revenue from the Data Center Services Segment	10,459	10,458	10,834	11,487	11,567	12,147	12,574	12,951	13,044
Revenue from the Telecommunications Services Segment associated with data center services	4,845	4,953	5,253	5,268	5,181	5,207	5,545	5,187	4,962
Total	15,304	15,410	16,088	16,755	16,748	17,355	18,119	18,138	18,006

Revenues from data center services segment [PLN thousand]



In the first quarter of this year, the Issuer recorded a relatively small increase in revenue in the Data Center Services Segment in comparison with the last quarter of 2015 (+1% to slightly above PLN 13 million). The growth rate of approx. 13% was achieved year-on-year, which was largely achieved thanks to regular increases in revenue for the entire 2015. Reduction in the purchase price of energy performed by the Issuer at the beginning of the year was a very important factor contributing to a slowdown in the increase of revenue in the first quarter of 2016 (which however did not influence the margin). This situation occurred because the cost of energy represents a significant component of the price for collocation services (it is directly transferred to the customers). According to the estimates of the Issuer, if the energy price had not changed, the revenue from the described segment in the first quarter of the year would have achieved a growth rate of 17% y/y and 4.5% q/q. The above situation is reflected in the growth rate of the segment's sales margin which amounted to 20% y/y and 2% q/q (to PLN 9.2 million) and increasing sales profitability which has already exceeded 70%. The segment's EBITDA increased by 21% y/y and accounted for almost 65% of the total EBITDA profit of ATM for the first quarter of this year.

Quarterly increase in collocation revenue is primarily attributable to the commencement of invoicing a few middle-sized customers acquired by the Issuer at the end of 2015 and the beginning of 2016. In addition, the scope of cooperation with key customers using the largest spaces (Data.Room) is still expanded. The aforementioned developments translated into an increase in the occupied net collocation space to the level of approx. 3,950 m² (11% y/y).



Sale of the service of dedicated server (ATMAN EcoSerwer) lease also grows on a regular basis – in the first quarter of 2016, a 50% growth rate y/y (revenue increased to over PLN 2.6 million) was recorded in the segment.

The number of invoiced counterparties increased in the described segment by approx. 16% y/y, assuming no change in the sectoral structure (finance, telecommunications and IT jointly account for almost 75% of revenue) in comparison with 2015.

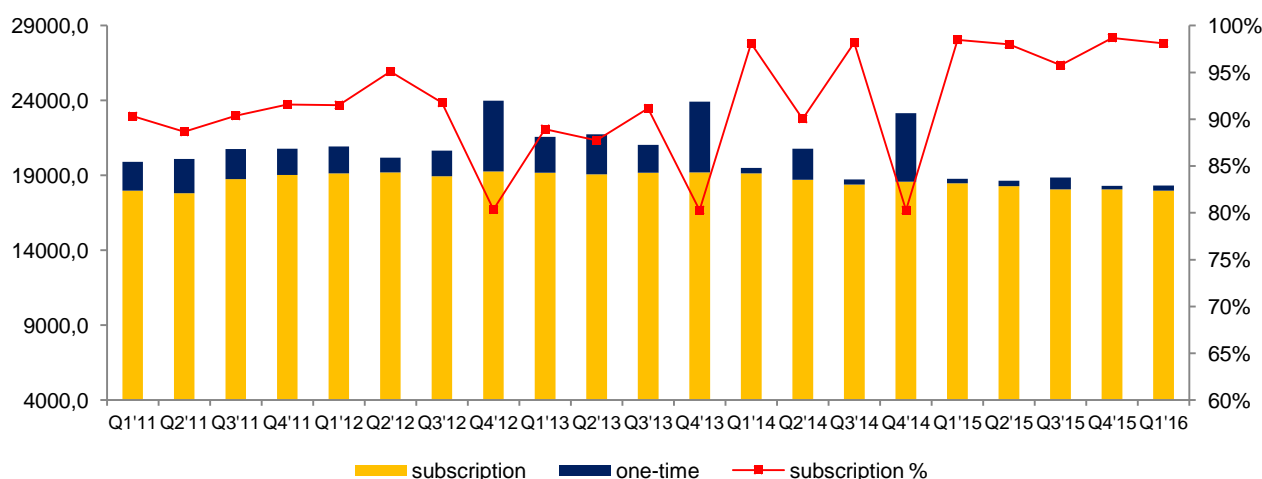
As at the end of the first quarter of this year, a report of a research company PMR entitled “Data Center Market in Poland 2016” was published. According to the analyses conducted by PMP, ATM still holds a leading position in the domestic data center market – with almost 14% share in the total net collocation space (data for 2015). A forecast of the growth rate of the data center market in Poland, pursuant to which the average annual growth rate in the years 2016–2021 will amount to approx. 14%, was also included in the abovementioned report.

Telecommunications Services Segment

Presented below are the results of the Telecommunications Services Segment, with past figures recalculated according to the methodology described in the section on the Data Center Services Segment (see the previous section):

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Revenue from the Telecommunications Services Segment Total	19,505	20,772	18,734	23,148	18,762	18,650	18,860	18,302	18,330
of which: subscription revenue	19,131	18,704	18,388	18,584	18,476	18,274	18,064	18,061	17,981

Revenues from telecommunications services segment
[PLN thousand]



In the Telecommunications Services Segment, the Company maintained its total revenue in the first quarter of 2016 at the level similar to the preceding quarter (they decreased by 2% y/y). The continued sideways trend in sales is related to the following issues:

– stable level of subscription revenue (halting decreases in the last 2 quarters). Revenues from transmission services (almost 2/3), which record on average 1–2% quarterly decreases since the beginning of 2014, have the largest share in subscriptions in the segment concerned. The above situation is the result of pressure on unit prices and ARPU, which the Issuer was unable to compensate, despite the systematic increase in the number of customers and services sold. The situation regarding Internet access (1/3 share in total subscriptions in the segment) is more favourable – since the beginning of 2015, the Issuer records on



average 1% quarterly increases in revenue (slower decrease in ARPU, fast increase in the number of connected locations and stimulating influence of simultaneously sold collocation services) in this category;

– lack of significant revenues from sources other than subscription services over the last few quarters (the Issuer explained the nature of this situation in detail in previous periodical reports).

Analysis of sales profitability is a very important factor in the context of assessing the results of the Telecommunications Services Segment. In the previous quarter, the level of profitability from the last quarter of 2015 (44.4%) was maintained thanks to which the Issuer made another step in the consistently implemented plan of reversing negative tendencies in the discussed area. Activities performed by the Company, which have already been described in previous periodic reports, mostly involve increasing efficiency of purchase processes and effectiveness of actions undertaken in the area of finance controlling. The consequence of maintaining the level of sales profitability was the implementation in the previous quarter of the sales margin from the Telecommunications Services Segment with similar value to the preceding quarter (PLN 8.1 million). The segment's EBITDA amounted to PLN 3.3 million and accounted for approx. 35% of the total EBITDA profit of the Issuer.

The total number of customers handled by this segment increased in the first quarter of 2016 by 11% y/y.

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 Company 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 (collocation) 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 (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, online games, e-commerce, the Internet of Things,
- tangible benefits of locating own equipment in close proximity of the equipment and connection lines of business partners and customers – such possibilities are offered only by data centers, concentrating wide range of stakeholders from different sectors,
- dynamic development of the market for 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 inclination 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 by preparing further modules of the ATMAN and Thinx Poland data centers for sale, including through the ATM Innovation Center Project



finalised in 2015. The high pace of sales of the collocation space offered will strengthen ATM's leading position on the domestic data center market and will bring a tangible result in the increase of revenue and profits in the next financial periods.

After the investment projects completed in 2015, the Company currently has over 8 thousand m² of net collocation space, 50% of which is utilised by customers. In addition, the Company can relatively quickly increase the supply of space with additional 1.5 thousand m² net, by expanding the DC localised at Konstruktorska in Warsaw.

The results achieved by the Issuer in the first quarter of 2016 are nearly entirely based on the recurring stream of revenue, which means that they should be improved regularly in subsequent periods. The dynamics of this growth will substantially depend on 2 factors:

- the EBITDA growth rate in the Data Center Services Segment which, in turn, will be closely correlated with the rate of commercialisation of the collocation space and sales of products based on the data center infrastructure (e.g. dedicated servers, cloud, backup offices). The strategic objective of the Issuer is to strengthen its position of a leader in the data center market in Poland and to build a position of an important player in this segment in the European market. The dynamics of this process depends strongly on market developments and growth in the demand for collocation services in Poland and abroad as well as the
- situation in the Telecommunications Services Segment where the main challenge is to halt the decline in subscription revenue and profitability and maximise the utilisation of potential of the network infrastructure developed over the recent years. Investments in city and intercity optical networks completed in previous years – combined with a systematic increase in the number of served business locations – should contribute to the stabilisation of revenue from broadband data transmission and traffic exchange on the Internet, while at the same time acting as a catalyst for growth of collocation revenue (proper high quality lines increase the attractiveness of data center offers).

Risk associated with the level of demand for the Issuer's services is the main factor which might have a negative impact on its future results. All circumstances known to the Company – including those mentioned above – indicate that the Polish data center market still has not reached its expected growth phase. An argument for this view is provided by a comparison of the scale and degree of development of the data center markets in Western Europe and the USA with that of Poland. The significant gaps here should rapidly close in the coming years.

Due to the geopolitical environment, the impact of any potential worsening of the business conditions in Russia – including the devaluation of the rouble against the euro – will be 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 Holding B.V.).

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 2016.



3. OTHER INFORMATION

INFORMATION ON THE CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED ENTITIES, IF THEY ARE, INDIVIDUALLY OR JOINTLY, SIGNIFICANT AND WERE CONCLUDED ON CONDITIONS OTHER THAN MARKET CONDITIONS

During the reporting period, the Issuer did not conclude any transactions with related entities which, either individually or jointly, were significant and concluded on conditions other than market conditions.

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

There are no proceedings before court, arbitration body or public administration body concerning liabilities or receivables of the Issuer 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.

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
Sylwester Biernacki	President of the Management Board	13 May 2016
Mateusz Boguta	Proxy	13 May 2016



SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka

Chief Accountant

13 May 2016

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