Semi-annual report of ATM S.A.
for the first half of 2017

Warsaw, October 2017

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KEY INFORMATION REGARDING THE SEMI-ANNUAL REPORT

This semi-annual report covers information prepared pursuant to § 86 item 1 and § 89 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: 2 October 2017

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

	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	in PLN thousand		in EUR thousand	
Total sales revenue	66,436	66,063	15,642	15,081
Revenue from core operating segments	65,029	63,292	15,310	14,449
Sales margin	37,980	35,322	8,942	8,063
EBITDA *	21,974	18,146	5,174	4,142
Operating profit *	9,689	6,781	2,281	1,548
Profit before tax	14,892	4,384	3,506	1,001
Net profit on continuing operations	12,507	3,443	2,945	786
Comprehensive income	10,041	4,566	2,364	1,042
Net cash from operating activities	15,291	11,662	3,600	2,662
Net cash from investing activities	(7,765)	(14,654)	(1,828)	(3,345)
Net cash from financing activities	(3,956)	1,947	(931)	445
Increase (decrease) in cash	3,570	(1,044)	841	(238)

	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Fixed assets	382,861	381,148	90,586	86,155
Current assets	25,921	18,469	6,133	4,175
Total assets	408,782	399,617	96,719	90,329
Long-term liabilities	118,932	122,065	28,140	27,592
Short-term liabilities	55,140	52,881	13,046	11,953
Equity	234,711	224,670	55,533	50,784
Share capital **	34,723	34,723	8,216	7,849
Number of shares	36,343,344	36,343,344	36,343,344	36,343,344
Book value per share (PLN/EUR)	6.46	6.18	1.53	1.40

**) Starting from the Annual Report for 2016, the Issuer presents a portion of subsidy received to finance fixed assets (ATM Innovation Centre Project) attributable to a given financial period below the operating profit (and, consequently, below EBITDA). As a result of the aforementioned change, revenue from the subsidy is not credited to the operating profit and EBITDA, as was the case in previous periodical reports of the Issuer. Comparative data for the first half of 2016 were restated accordingly.*

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

The above financial figures for the first half of 2017 and 2016 were converted into EUR according to the following principles:

- particular items of assets and liabilities were converted at the average EUR/PLN exchange rate of 4.2265 as published by the National Bank of Poland on 30 June 2017;
- particular items of the profit and loss account and the statement of cash flows were converted at the EUR/PLN exchange rate which is the arithmetical mean of average rates set by the National Bank of Poland as at the last day of each month of the financial period from 1 January to 30 June 2017 amounting to 4.2474, and from 1 January to 30 June 2016, amounting to 4.3805.

The financial figures for 2016 were converted into EUR according to the following principles:

- particular items of assets and liabilities were converted at the average EUR/PLN exchange rate of 4.4240 as published by the National Bank of Poland on 31 December 2016.

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

A. CONDENSED FINANCIAL STATEMENTS OF ATM S.A. FOR THE FIRST HALF OF 2017

1. CONDENSED INTERIM INCOME STATEMENT

	For the period 01/01–30/06/2017	For the period 01/04–30/06/2017	For the period 01/01–30/06/2016	For the period 01/04–30/06/2016
Continuing operations				
Sales revenue	66,436	33,258	66,063	33,345
of which: revenue from core operating segments	65,029	32,600	63,292	31,917
Cost of sales (variable)	28,456	13,480	30,741	15,423
Sales margin *	**37,980**	**19,778**	**35,322**	**17,922**
Other operating revenue	133	109	59	1
General and administrative expenses **	27,937	14,306	28,463	14,323
Other operating expenses	487	174	137	97
Operating profit (loss) **	**9,689**	**5,408**	**6,781**	**3,503**
Share in the financial result of entities valued using the equity method ***	9,803	(4,067)	1,503	703
Revenue from subsidies **	777	389	777	388
Financial revenue ****	4,926	(168)	29	17
Financial expenses *****	10,302	(1,117)	4,705	3,588
Profit (loss) before tax	**14,892**	**2,678**	**4,384**	**1,022**
Income tax	2,385	1,005	942	465
Net profit (loss) on continuing operations	**12,507**	**1,672**	**3,443**	**557**
Net profit (loss)	12,507	1,672	3,443	557
Profit (loss) per share				
On continuing operations:				
Ordinary	0.34	0.05	0.09	0.02
Diluted	0.34	0.05	0.09	0.02
On continuing and discontinued operations:				
Ordinary	0.34	0.05	0.09	0.02
Diluted	0.34	0.05	0.09	0.02
EBITDA **	**21,974**	**11,640**	**18,146**	**9,289**

NOTES:

*) The Issuer additionally discloses, in relation to the IFRS requirements, the “Sales margin” category which represents the difference between 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.

**) Starting from the Annual Report for 2016, the Issuer presents a portion of subsidy received to finance fixed assets (ATM Innovation Centre Project) attributable to a given financial period below the operating profit (and, consequently, below EBITDA).

As a result of the aforementioned change, revenue from the subsidy is not credited to the operating profit and EBITDA, as was the case in previous periodical reports of the Issuer.

Comparative data for the first half and second quarter of 2016 were restated accordingly. Moreover, starting from this periodical report, the Issuer presents all expenses of a fixed or relatively fixed nature (so-called overheads, i.e. expenses not related directly to the amount of revenue) under a single item: “General and administrative expenses”. In previous periodical reports, a portion of these expenses was disclosed under a separate item: “Cost of sales (fixed)”. The change results from the need to adapt the structure of periodical reports to the current structure of management reports applicable at the Company. Comparative data for the first half and second quarter of 2016 were restated accordingly.

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

***) 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.

****) For the first half of 2017, this item includes income from a dividend received pursuant to a resolution of shareholders of Linx Telecommunications Holding B.V.
(PLN 4.7 million).

*****) For the first half of 2017, this item includes costs of PLN 7.3 million associated with the revaluation of shares in associated entity Linx Telecommunications Holding B.V. to the value disclosed in the Issuer’s books of account as at the end of 2016.

2. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the period 01/01–30/06/2017	For the period 01/04–30/06/2017	For the period 01/01–30/06/2016	For the period 01/04–30/06/2016
Net profit (loss)	**12,507**	**1,672**	**3,443**	**557**
Other comprehensive income that will not be reclassified to profit or loss	**(2,466)**	**1,842**	**1,123**	**686**
Effects of revaluation of fixed assets	-	-	-	-
Actuarial gains or losses	-	-	-	-
Share in other comprehensive income of associated entities	(2,466)	1,842	1,123	686
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	**10,041**	**3,514**	**4,566**	**1,243**

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

3. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

	End of period 30/06/2017	End of period 30/06/2016	End of period 31/12/2016
Fixed assets	**382,861**	**389,118**	**381,148**
Goodwill	-	-	-
Intangible assets	8,015	3,077	7,250
Tangible fixed assets	333,308	332,430	332,522
Investments in associates consolidated using the equity method	41,073	53,346	41,073
Investments in subsidiaries	-	-	-
Deferred income tax assets	-	-	-
Other fixed assets	465	265	303
Current assets	**25,921**	**21,797**	**18,469**
Inventories	9	1,148	816
Financial assets held for trading	41	59	50
Trade and other receivables	18,607	16,374	14,309
Income tax receivables	57	57	57
Other current assets	1,863	3,386	1,463
Other financial receivables	-	-	-
Cash and cash equivalents	5,344	773	1,774
Total assets	**408,782**	**410,915**	**399,617**

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

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

	End of period 30/06/2017	End of period 30/06/2016	End of period 31/12/2016
Equity	**234,711**	**236,365**	**224,670**
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	61,144	61,144	61,144
Hedge valuation reserve and FX gains/losses due to consolidation	-	-	-
Retained earnings	15,109	16,763	5,068
Long-term liabilities	**118,932**	**78,043**	**122,065**
Long-term loans and borrowings	95,606	50,297	101,034
Provision for deferred tax	2,649	4,103	1,312
Provisions for liabilities	-	-	-
Long-term trade and other liabilities	13,878	16,058	15,126
Other financial liabilities	6,798	7,585	4,593
Short-term liabilities	**55,140**	**96,507**	**52,881**
Bank loans and borrowings	27,226	77,939	20,727
Provisions for liabilities	-	-	-
Income tax liability	98	245	424
Trade and other liabilities	22,460	13,222	26,404
Other financial liabilities	5,356	5,102	5,327
of which: dividends payable	-	-	-
Total equity and liabilities	**408,782**	**410,915**	**399,617**

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

5. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2017	**34,723**	**123,735**	**-**	**61,144**	**5,068**	**224,670**
Increases:						
Current period result	-	-	-	-	12,507	12,507
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution – increase of the reserve capital	-	-	-	-	-	-
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	-	-
Share in other comprehensive income of associated entities	-	-	-	-	2,466	2,466
Dividend payout	-	-	-	-	-	-
As at 30 June 2017	**34,723**	**123,735**	-	**61,144**	**15,109**	**234,711**

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

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2016	**34,723**	**123,735**	**-**	**55,504**	**17,837**	**231,799**
Increases:						
Current period result	-	-	-	-	3,443	3,443
Share in other comprehensive income of associated entities					1,223	1,223
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution – increase of the reserve capital	-	-	-	5,640	-	5,640
Decreases:						
Profit distribution to be allocated to equity	-	-	-	-	5,640	5,640
Dividend payout	-	-	-	-	-	-
As at 30 June 2016	**34,723**	**123,735**	-	**61,144**	**16,763**	**236,365**

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

	Share capital	Supplementary capital from share premium	Treasury shares	Reserve capital	Retained earnings, including supplementary capital	Equity
As at 1 January 2016	**34,723**	**123,735**	**-**	**55,504**	**17,837**	**231,799**
Increases:						
Share in other comprehensive income of associated entities	-	-	-	-	2,662	2,662
Repurchase of treasury shares	-	-	-	-	-	-
Profit distribution – increase of the reserve capital	-	-	-	5,640	-	5,640
Decreases:						
Current period result	-	-	-	-	9,791	9,791
Profit distribution to be allocated to reserve capital	-	-	-	-	5,640	5,640
Dividend payout	-	-	-	-	-	-
As at 31 December 2016	**34,723**	**123,735**	-	**61,144**	**5,068**	**224,670**

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

6. CONDENSED INTERIM CASH FLOW STATEMENT

	For the period 01/01–30/06/2017	For the period 01/01–30/06/2016
Operating activities	**15,291**	**11,662**
Profit (loss) before tax	14,892	4,384
Adjustments by:	399	7,278
Share in the profit or loss of equity-accounted entities	(9,803)	(1,503)
Depreciation and amortisation	12,285	11,365
Foreign exchange differences	25	(7)
Interest received	(1)	(1)
Interest paid	2,338	2,006
Dividends received	(4,672)	-
(Gains) losses on investing activities	(306)	43
Change in inventories	807	(96)
Change in receivables	(4,297)	(2,916)
Change in liabilities and provisions *	(1,588)	(2,823)
Change in other assets	6,775	1,874
Income tax paid	(1,051)	(533)
Other	(112)	(130)
Investing activities	**(7,765)**	**(14,654)**
Expenditure on purchase of tangible fixed assets	(13,848)	(14,653)
Expenditure on purchase of financial assets	-	-
Proceeds from sale of tangible fixed assets	1,402	7
Repayments of long-term borrowings granted	9	8
Borrowings granted	-	-
Proceeds from sales of financial assets	-	-
Interest received	-	-
Dividends received	4,672	-
Foreign exchange differences	-	(16)
Other	-	-
Financing activities	**(3,956)**	**1,947**
Net proceeds from issue of shares and other capital contributions	-	-
Subsidies received	-	120
Proceeds from loans and borrowings	3,820	16,648
Repayments of loans and borrowings	(2,749)	(9,512)
Purchase of treasury shares	-	-
Payment of liabilities arising from finance leases	(2,666)	(3,325)
Dividends paid	-	-
Interest received	1	-
Interest paid	(2,338)	(2,006)
Other profit-sharing	-	-
Foreign exchange differences	(25)	23
Other (division adjustment)	-	-
Change in cash	**3,570**	**(1,044)**
Opening balance of cash	**1,774**	**1,817**
Closing balance of cash	**5,344**	**773**

*) 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”.

ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES (POLICY)

The interim condensed financial statements for the first half year ended 30 June 2017 were prepared in accordance with IAS 34 *Interim Financial Reporting in a condensed form* and in compliance with the relevant International Financial Reporting Standards (IFRS) applicable to interim financial reporting, approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), as approved by the European Union and applicable as at 30 June 2017.

Accounting principles (policies) 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 2017.

In 2017, 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 2017. 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 2016, including notes for the 12 months ended 31 December 2016, 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 2016 were the last financial statements audited by an independent statutory auditor.

These condensed interim financial statements have been reviewed by a statutory auditor. The report on that review is published together with these financial statements.

These interim condensed financial statements have been prepared on the assumption that the Company would 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 an 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 2016.

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 30 June 2017 and as at 30 June 2016 and 31 December 2016, as well as the results of its operations in the period of 3 and 6 months ended 30 June 2017 and 30 June 2016.

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 half of 2017:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**168,394**	**167,296**	**47,171**	**382,861**
Sales revenue	28,825	36,204	1,407	66,436
Cost of sales (variable)	8,678	18,470	1,308	28,456
Sales margin	20,146	17,734	99	37,979
Fixed costs	14,276	13,661	-	27,937
of which: depreciation and amortisation	7,244	5,041	-	12,285
Other net operating revenue and costs	(156)	(197)	-	(353)
Operating profit (loss)	**5,714**	**3,876**	**99**	**9,689**
EBITDA	**12,958**	**8,918**	**99**	**21,974**
Revenue from subsidies	777	-	-	777
Net financial revenue and expenses	-	-	-	4,427
Profit (loss) before tax	**-**	**-**	**-**	**14,892**
Income tax	-	-	-	2,385
Net profit (loss)	**-**	**-**	**-**	**12,507**

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

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**169,117**	**164,889**	**55,112**	**389,118**
Sales revenue	26,725	36,567	2,772	66,063
Cost of sales (variable)	7,603	20,383	2,754	30,741
Sales margin	19,121	16,183	18	35,322
Fixed costs	13,797	14,666	-	28,463
of which: depreciation and amortisation	6,357	5,008	-	11,365
Other net operating revenue and costs	(34)	(45)	-	(78)
Operating profit (loss)	**5,290**	**1,473**	**18**	**6,781**
EBITDA	**11,647**	**6,481**	**18**	**18,146**
Revenue from subsidies	777	-	-	777
Net financial revenue and expenses	-	-	-	(3,174)
Profit (loss) before tax	**-**	**-**	**-**	**4,385**
Income tax	-	-	-	941
Net profit (loss)	**-**	**-**	**-**	**3,443**

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

Company's results broken down by operating segment in the second quarter of 2017:

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**168,394**	**167,296**	**47,171**	**382,861**
Sales revenue	14,501	18,099	658	33,258
Cost of sales (variable)	3,814	9,090	576	13,480
Sales margin	10,687	9,009	82	19,778
Fixed costs	7,312	6,994	-	14,306
of which: depreciation and amortisation	3,672	2,560	-	6,232
Other net operating revenue and costs	(29)	(36)	-	(65)
Operating profit (loss)	**3,346**	**1,979**	**82**	**5,408**
EBITDA	**7,018**	**4,539**	**82**	**11,639**
Revenue from subsidies	389	-	-	389
Net financial revenue and expenses	-	-	-	(3,118)
Profit (loss) before tax	**-**	**-**	**-**	**2,678**
Income tax	-	-	-	1,005
Net profit (loss)	**-**	**-**	**-**	**1,672**

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

	Data Center Services Segment	Telecommunications Services Segment	Other	Total
Fixed assets	**169,117**	**164,889**	**55,112**	**389,118**
Sales revenue	13,681	18,237	1,428	33,345
Cost of sales (variable)	3,800	10,186	1,436	15,423
Sales margin	9,880	8,050	(8)	17,922
Fixed costs	6,976	7,347	-	14,324
of which: depreciation and amortisation	3,229	2,556	-	5,785
Other net operating revenue and costs	(41)	(55)	-	(96)
Operating profit (loss)	**2,863**	**648**	**(8)**	**3,503**
EBITDA	**6,092**	**3,205**	**(8)**	**9,289**
Revenue from subsidies	389			389
Net financial revenue and expenses				(2,869)
Profit (loss) before tax				**1,022**
Income tax				465
Net profit (loss)				**557**

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

The geographical breakdown of sales revenue is as follows:

Sales revenue	For the period 01/01–30/06/2017	For the period 01/04–30/06/2017	For the period 01/01–30/06/2016	For the period 01/04–30/06/2016
Domestic customers	60,846	30,540	60,175	30,452
Foreign customers	5,590	2,719	5,888	2,892
Total sales revenue	**66,436**	**33,259**	**66,063**	**33,344**

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. In addition, from the beginning of 2017 (following the implementation of a new ERP system), the Company improved the customer classification mechanism, particularly in relation to the Issuer's customers who operate as Polish-registered branches of foreign entities and to customers whose legal status was changed to a domestic entity. Comparative data for the first half and second quarter of 2016 were restated accordingly.

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

By 30 June 2017, the Company did not recognise any revaluation write-downs on inventories.

4. REVALUATION WRITE-DOWNS ON FIXED ASSETS

The Company did not recognise any revaluation write-downs on fixed assets as at 30 June 2017, save for a write-down on the value of shares in an associated undertaking Linx Telecommunications Holding B.V., as referred to in note 5 to the Condensed Interim Income Statement. In the Issuer's opinion, the operating results of Linx, without taking account of exchange rate differences, are consistent with the assumptions made for the end of 2016 and, therefore, the valuation as at 31 December 2016 is currently valid on the basis of available financial information.

5. RECOGNITION, INCREASE, UTILISATION AND REVERSAL OF PROVISIONS

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

6. DEFERRED INCOME TAX ASSETS AND PROVISIONS

	Statement of financial position		Statement of comprehensive income	
	End of period 30/06/2017	End of period 31/12/2016	For the period 01/01–30/06/2017	For the period 01/01–30/06/2016
Deferred tax provision				
Difference between the carrying amount and tax base of tangible fixed assets	8,785	7,677	1,109	429
Recognised service revenue	-	-	-	(12)
Receivable compensation	-	-	-	-
Accrued interest	6	6	-	-
Valuation of financial instruments	-	-	-	-

Subsidies received – settlement	-	-	-	-
Foreign exchange gains	-	-	-	-
Provision for deferred tax acquired as a result of a business combination	-	-	-	-
Gross deferred tax provision	**8,791**	**7,683**	**1,108**	**417**
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	-	-	-	-
Write-downs on inventories	480	469	(12)	(6)
Write-downs on receivables	287	280	(7)	(14)
Write-downs on financial assets	4,259	4,259	-	2
Provisions for service expenses	-	-	-	-
Provisions for employee benefits	-	-	-	-
Foreign exchange losses	125	-	(125)	-
Liabilities to the Social Insurance Institution (ZUS)	-	-	-	-
Liabilities to employees	-	-	-	-
Deferred income/expenses and accruals	920	1,276	355	(22)
Subsidies received	-	-	-	-
Effects of IRS valuation	71	88	17	55
Recognised interest	-	-	-	-
Deductible tax losses	-	-		-
Deferred tax assets acquired through mergers	-	-	-	-
Gross deferred tax assets	**6,142**	**6,371**	**228**	**15**
Net tax assets (tax provision)	**(2,649)**	**(1,312)**		
Deferred income tax charge against profit			**1,336**	**431**

7. Significant tangible fixed asset sales and acquisitions

In the reporting period, the Company acquired fixed assets in the amount of PLN 14.8 million, including financed under finance lease agreements in the amount of PLN 4.9 million. The aforementioned amount 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, apart from the aforementioned lease liabilities of PLN 4.9 million.

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.

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

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. refinancing loan for the period of 5 years (2016–2021), drawn in the amount of PLN 52.93 million, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
2. refinancing loan for the period of 5 years (2016–2021), drawn in the amount of PLN 52.93 million, secured by a contractual mortgage, registered pledges on sets of assets, assignment of contracts as well as by registered and financial pledges on the Company's bank accounts;
3. overdraft facility, which revolves bi-annually, with a total limit of up to PLN 20 million, used as at the balance-sheet date up to the amount of PLN 16.9 million.

Other financial liabilities include finance lease agreements of the net total value of liabilities amounting to PLN 12.2 million as at the balance sheet date. The lease agreements are concluded primarily in order to refinance investment expenditures, and they are usually entered into for the period of 5 years.

13. DEFAULT ON A LOAN OR 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 30 June 2017, 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.

FINANCIAL INSTRUMENTS	30/06/2017		31/12/2016	
	carrying amount	fair value	carrying amount	fair value
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets held to maturity	-	-	-	-
Financial assets available for sale (at fair value)	-	-	-	-

Loans granted and own receivables	-	-	-	-
Financial liabilities at fair value through profit or loss	373	373	461	461
Other financial liabilities	-	-	-	-

FAIR VALUE HIERARCHY

Financial liabilities at fair value through profit or loss	Fair value hierarchy level	30/06/2017
Derivative financial instruments — IRS contract hedging the interest rate risk in respect of the loan	level 2	373
Total		**373**

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

During the period ended 30 June 2017, 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. In 2015 and 2016, this phenomenon did not occur.

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

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

18. DIVIDENDS PAID AND DECLARED

On 31 May 2017, the Ordinary Shareholders' Meeting adopted resolution on covering the Company's net loss for 2016, amounting to PLN 9,790,946.16, with the Company's profits earned in future years.

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

Off-balance sheet items	End of period 30/06/2017	End of period 31/12/2016

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

1. Contingent receivables	**-**	**-**
1.1 from other entities	-	-
2. Contingent liabilities, collateral	**168,922**	**168,922**
2.1 to other entities, of which:	168,922	168,922
- guarantees and sureties received	295	295
- mortgage collateral	89,207	89,207
- collateral pledge	79,420	79,420
Total	**168,922**	**168,922**

Since the end of the financial year 2016, there were no changes in the amount of collateral.

20. SIGNIFICANT EVENTS AFTER THE END OF THE HALF YEAR

On 4 July 2017, the Company's Supervisory Board adopted the following resolutions on:

- appointing Sławomir Koszołko to the position of President of the Company's Management Board as of 4 July 2017;
- shortening the term of assignment of Piotr Sieluk to act as the President of the Management Board of the Company — the said delegation expired upon the adoption of the resolution in question;
- appointing Piotr Sieluk to the position of the Vice-Chairman of the Company's Supervisory Board.

On 2 August 2017, AAW III Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (the "Inviting Entity") announced a tender offer for the sale of 15,782,413 ordinary bearer shares in the Company (the "Tender Offer"). According to the Tender Offer, the Inviting Entity intended to acquire, as a result of the Tender Offer announced pursuant to Article 74(1) of the Act on Public Offering, 15,782,413 shares representing 43.43% of the Company's share capital and entitling to 15,782,413 votes at the General Meeting of the Company, which represents (together with shares held directly and indirectly by the Inviting Entity, the Inviting Entity's parent and entities with whom the Inviting Entity and its parent concluded agreements) 100% of the total number of votes at the General Meeting of the Company.

On 26 September 2017, Trigon Dom Maklerski S. A., acting as an intermediary in the Tender Offer, informed that the total number of subscriptions under the Tender Offer amounted to 12,573,086 (in words: twelve million five hundred seventy-three thousand eighty-six) shares.

On 14 September 2017, the Issuer was notified that on 12 September 2017 the General Meeting of Linx Telecommunications Holding B.V. (hereinafter: "Linx") adopted resolution on the dividend payout. The dividend value was set at EUR 0.25 per share. The Company holds 2,754,612 shares in Linx and the dividend attributable to the Company amounts to EUR 688,703. The date of dividend payout was set as one month from the date of adoption of the resolution by Linx's GM. The said dividend is the second interim dividend in 2017 adopted by Linx's GM, related to the sale of the telecommunications segment of this company, of which the Issuer notified in periodical reports for the 1st quarter and 1st half of 2016 (information on the previous dividend was published by the Issuer in CR No 9/2017 dated 24 March 2017).

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Name and surname	Position/function	Date	Signature
Sławomir Koszołko	President of the Management Board	2 October 2017	
Tomasz Galas	Vice-President of the Management Board	2 October 2017	

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	2 October 2017	....

B. MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF ATM S.A. FOR THE FIRST HALF OF 2017

(OTHER DISCLOSURES 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:

- Sławomir Koszołko – President of the Management Board,
- Tomasz Galas – Vice-President of the Management Board.

On 6 February 2017, Robert Zaklika tendered his resignation from the position of the Vice-President and Member of the Company's Management Board.

On 31 May 2017, the Company's Supervisory Board adopted the following resolutions on:

- dismissing Sylwester Biernacki from the position of President and Member of the Company's Management Board as of 31 May 2017;

- assigning a Member of the Supervisory Board, Piotr Sieluk, to act as the President and Member of the Company's Management Board as of 31 May 2017 (until 31 August 2017).

On 4 July 2017, the Company's Supervisory Board adopted the following resolutions on:

- appointing Mr Sławomir Koszołko to the position of President of the Company's Management Board as of 4 July 2017;
- shortening the term of assignment of Mr Piotr Sieluk to act as the President of the Management Board of the Company — the said delegation expired upon the adoption of the resolution in question.

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

- Tadeusz Czichon — Chairperson of the Supervisory Board,
- Piotr Sieluk — Deputy Chairperson of the Supervisory Board,
- Tomasz Czechowicz — Member of the Supervisory Board,
- Maciej Kowalski – Member of the Supervisory Board,
- Jacek Osowski – Member of the Supervisory Board,
- Łukasz Wierdak — Member of the Supervisory Board.

On 11 January 2017, the Extraordinary General Meeting of the Company dismissed Cezary Smorszczewski from the Supervisory Board. On the same day, the Extraordinary General Meeting of the Company set the number of Supervisory Board members at five and appointed Tomasz Czechowicz to the Company's Supervisory Board.

On 31 May 2017, the Ordinary General Meeting of the Company set the number of Supervisory Board members at five to six and appointed Piotr Sieluk to the Company's Supervisory Board.

On 31 May 2017, the Supervisory Board of the Company appointed an Audit Committee composed of: Maciej Kowalski (Chairman of the Audit Committee), Tadeusz Czichon and Jacek Osowski. Previously, the tasks of the Audit Committee were performed by the Supervisory Board of ATM S.A.

On 4 July 2017, the Supervisory Board of the Company adopted resolution on appointing Piotr Sieluk to the position of the Vice-Chairman of the Company's Supervisory Board.

DESCRIPTION OF CHANGES IN THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP, INCLUDING CHANGES RESULTING FROM BUSINESS COMBINATIONS, OBTAINING OR LOSING CONTROL OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, AS WELL AS DIVISION, RESTRUCTURING OR DISCONTINUATION OF OPERATIONS; INDICATION OF CONSOLIDATED ENTITIES AND, IN THE CASE OF AN ISSUER WHICH IS A DOMINANT ENTITY AND, UNDER APPLICABLE REGULATIONS, IS NOT REQUIRED OR MAY OPT NOT TO DRAW UP CONSOLIDATED FINANCIAL STATEMENTS – ALSO THE REASON AND LEGAL BASIS FOR THE LACK OF CONSOLIDATION

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.

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 SEMI-ANNUAL 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

Shareholder	Number of shares held	Interest in share capital	Number of votes at the General Meeting	Share in the overall number of votes
MCI.PrivateVentures FIZ *	11,441,891	31.48%	11,441,891	31.48%
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych **	9,119,040	25.09%	9,119,040	25.09%
Nationale-Nederlanden 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%

Shareholder	Number of shares in accordance with the previous quarterly report	Number of shares according to the current semi-annual report	Change in the number of shares and number of votes

MCI.PrivateVentures FIZ	11,070,470	11,441,891	371,421
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	9,119,040	9,119,040	0
Nationale-Nederlanden PTE	7,160,120	7,160,120	0
PKO BP Bankowy OFE	1,914,556	1,914,556	0

**) jointly with subsidiaries. The number of shares as at 3 July 2017 based on the notification The number reported does not include shares for which, according to the announcement published by Trigon Dom Maklerski S.A. on 26 September 2017, subscriptions were placed in response to the tender offer for the sale of the Company's shares announced by a subsidiary of MCI.PrivateVentures FIZ – AAW III Sp. z o.o. (as at the date of publication of this periodic report, the share purchase transaction resulting from the aforementioned tender offer has not yet been executed and settled)*
***) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, Chairperson of the Supervisory Board of ATM S.A. since 2 June 2016 (previously 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*

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

Name and surname	As at 30 May 2017	Increases	Decreases	As at 2 October 2017
Sławomir Koszołko	-	-	-	-
Tomasz Galas	-	-	-	-
ATP Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych *	9,119,040	-	-	9,119,040
Sylwester Biernacki **	742,843	no data	no data	no data

**) the majority of ATP FIZ AN certificates are held by Tadeusz Czichon, Chairperson of the Supervisory Board of ATM S.A. since 2 June 2016 (previously Member of the Management Board of ATM S.A. for a number of years)*

**) jointly with subsidiaries.*

PURCHASE OF TREASURY SHARES

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

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

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

Operating and financial results

In the second quarter of 2017, the Company generated slightly better operating results than in the first quarter. Sales revenue from core operating segments were improved by 1% q/q, return on sales increased by 4 p.p. q/q (following a decrease in costs of sales), whereas fixed costs (general and administrative expenses) increased by 5% q/q (mainly due to higher salary costs). As a consequence, the operating profit was improved in the second quarter of 2017 by 26% as compared to the preceding quarter, and EBITDA increased by 13% q/q.

Taking into account the Company's performance in the entire first half of 2017, the following developments should be noted:

- an increase in revenue from core segments by 3% y/y, driven by the continuously growing data center services segment (+8% y/y) and the revenue from the telecommunications services segment which has remained at a consistent level since the beginning of 2016 (-1% y/y in the first half of 2017);

- a decrease in cost of sales (-7% y/y), where major savings were made by the Company in the telecommunications services segment (-9% y/y which means PLN 2 million of costs of sales less than in the first half of 2016);

- an improvement in the return on sales in core segments by 2.5 p.p. (up to 58.3% in the first half of 2017) — as a consequence of the factors listed in the previous indents;

- a decrease in general and administrative expenses by approx 2% y/y, mainly as a result of reduced salary costs (staff restructuring carried out in the Company mainly throughout 2016);

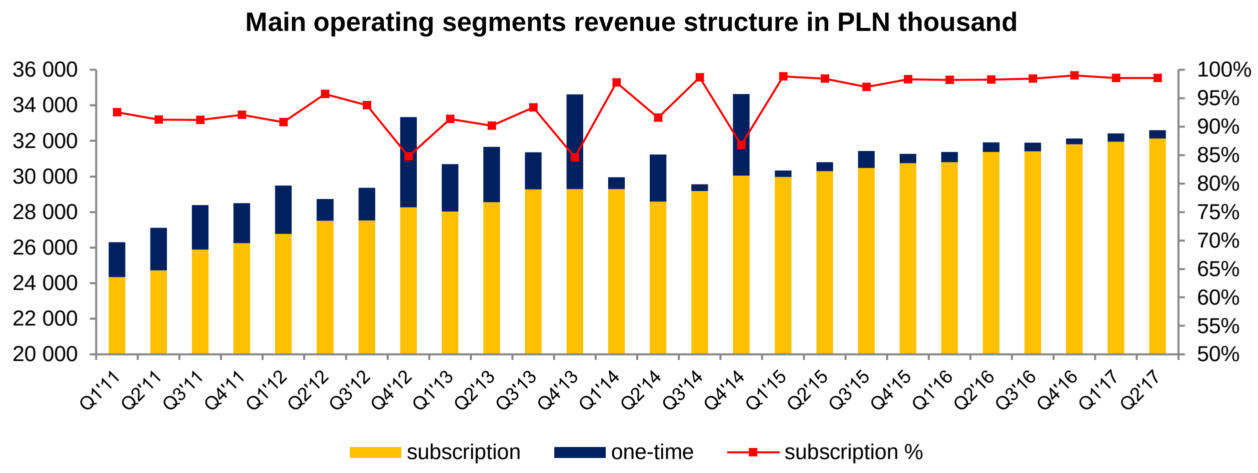
- an improvement in operating profit by 43% y/y and an increase in EBITDA by 21% y/y.

In addition, the final level of the Company's net profit was also materially affected by:

- income from a dividend received pursuant to a resolution of shareholders of Linx Telecommunications Holding B.V. adopted in the first quarter of 2017 in the amount of PLN 4.7 million (presented under "Financial revenue" in the Income statement);

- share in the profit earned by Linx in the first half of 2017, amounting to nearly PLN 9.8 million (such a good profit earned by Linx in the first half of 2017 resulted primarily from proceeds from the sale of the telecommunications business, of which the Company notified in previous periodic reports). However, at the level of financial expenses reported in the Issuer's Income Statement, this income was offset by a revaluation write-down on shares in Lynx, amounting to PLN 7.3 million, to the value disclosed in ATM's books of accounts as at the end of 2016.

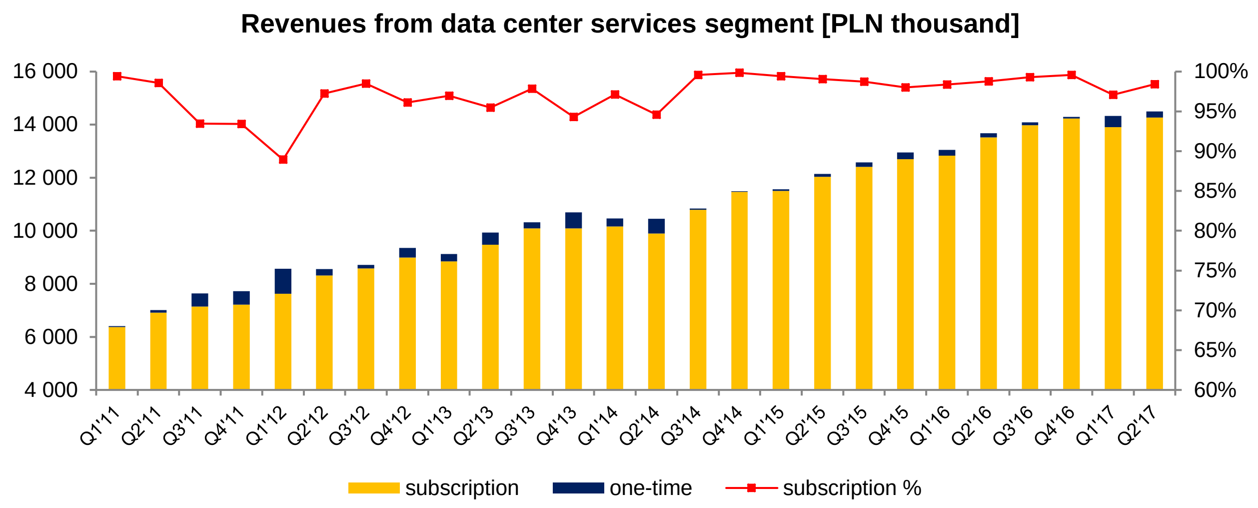
As in the previous periods of the Company's operations, nearly 100% of total revenue was of a recurring and subscription-based nature — as presented in the following diagram:



A more detailed discussion of results in particular operating segments is presented further below.

Data Center Services Segment

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
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**	**13,681**	**14,083**	**14,290**	**14,324**	**14,501**
of which: subscription revenue	10,159	9,893	10,787	11,470	11,502	12,033	12,413	12,693	12,830	13,516	13,983	14,230	13,906	14,270



In the first half of 2017, revenue of the data center services segment increased to PLN 28.8 million (+8% y/y), mainly as a result of:
- maintaining a high growth rate of revenue from the ATMAN EcoSerwer services — the Company recorded here an increase by 31% on a year-on-year basis (to PLN 7.3 million in the first half of 2017);
- consistent extension of cooperation with the existing customers and attracting new middle-sized customers (in reference to services such as lease of space in collocation cabinets, or boxes) — this part of revenue increased in the first half of 2017 by 9% y/y.

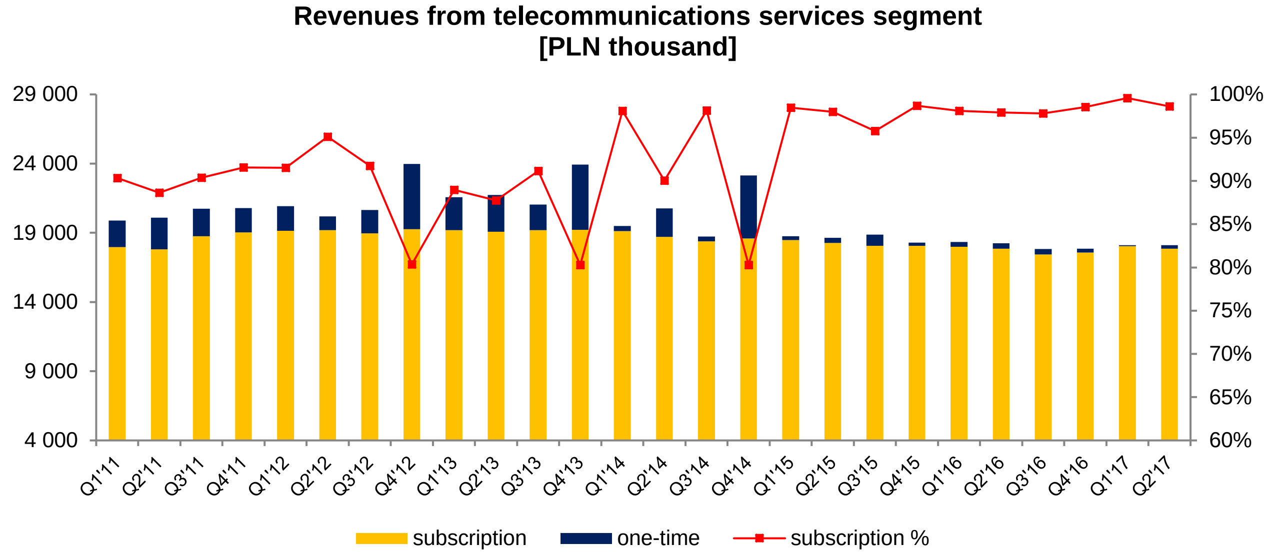
Costs of sales in the segment in question amounted to PLN 8.7 million in the first half of 2017, which represents an increase by 14% y/y. As a consequence, the return on sales in this segment decreased slightly — from 71.5% in the first half of 2016 to nearly 70% in the first half of 2017. The above change results primarily from 2 factors:
- as a result of improving the process of allocation of direct costs between core segments (owing to, among other factors, the implementation of a new ERP system at the beginning of 2017), a portion of costs allocated previously to the telecommunications services segment has been allocated to the data center services segment as of the beginning of 2017.
- in the first quarter of the current year, the Company incurred one-off costs related to the operation of data centers, such as refuelling of power generators or cleaning fuel tanks.

EBITDA generated by the data center services segment increased to PLN 13 million (by 11% y/y) and accounted for 59% of total EBITDA of ATM in the past half year.

Net collocation space occupied by the customers amounted to more than 4,500 m^2 as at the end of the quarter, which represents an increase by 12% y/y.

Telecommunications Services Segment

figures in PLN thousand	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Total Revenue from the Telecommunications Services Segment	**19,505**	**20,772**	**18,734**	**23,148**	**18,762**	**18,650**	**18,860**	**18,302**	**18,330**	**18,237**	**17,826**	**17,844**	**18,105**	**18,099**
of which: subscription revenue	19,131	18,704	18,388	18,584	18,476	18,274	18,064	18,061	17,981	17,855	17,433	17,584	18,029	17,846



In the first half of this year, the telecommunications services segment maintained the trends observed in preceding periods. The following issues are of key importance for the assessment of segment's performance:

- the total revenue of the segment is kept at a relatively stable level – approx. PLN 18.1 million per quarter (-1% y/y in the first half of 2017);
- a downward trend is observed for the revenue from transmission services (accounting for nearly 65% of the segment's sales) which decreased by 2% y/y in the fist half of 2017. It should be reminded, however, that in previous years the downward trend in this area was more pronounced (quarterly declines of approx. 1-2% from the beginning of 2014 to the third quarter of 2016);
- revenue from Internet access services are slowly growing — between the beginning of 2015 and the end of 2016, the Issuer recorded, on average, 1% quarterly increases in revenue (a horizontal trend can be observed in the current year);
- lack of significant revenue from sources other than subscription services (the Issuer explained the nature of this situation in detail in previous periodical reports).

At the same time – mainly due to increased efficiency on the purchasing side, but also owing to the improvement of the inter-segment cost allocation mechanism mentioned in the previous section – the profitability of the telecommunications services segment increased noticeably (by 5 p.p. y/y to 49%).

As a result, the margin on sales in the telecommunications services segment increased in the first half of 2017 to 9.5% y/y (to PLN 17.7 million), while the segment's EBITDA increased by 38% y/y in the same period and accounted for approx. 41% of the Issuer's total EBITDA.

Amounts and types of items affecting assets, liabilities, equity, net financial result or cash flows which are atypical due to their type, size or frequency. Description of atypical factors and events which materially affect the condensed financial statements

No atypical factors or events occurred which might materially affect the financial results achieved by the Company, apart from those listed below:

- income from a dividend received pursuant to a resolution adopted in the first quarter of 2017 by shareholders of Linx Telecommunications Holding B.V. in the amount of PLN 4.7 million;

- share in the profit earned by Linx, amounting to PLN 9.8 million which, at the level of financial expenses reported in the Issuer's Income Statement, was offset by a revaluation write-down on shares in Lynx, amounting to PLN 7.3 million, to the value disclosed in ATM's books of accounts as at the end of 2016.

- costs in the amount of PLN 392 thousand related to the restructuring of the Issuer, carried out by the Management Board.

Risk factors

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

The Issuer’s operation is not sensitive to changes in economic conditions.

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 of the results and goodwill of the associated company — Linx Telecommunications B.V. on it) will be the economic situation in Russia and its potential impact on functioning of Linx Telecommunications B.V. on this market. Further devaluation of the rouble against the euro may have a particularly significant impact.

Risk associated with human resources

The Issuer’s operations are successfully carried out by highly qualified staff. Another factor influencing the Company’s success and competitiveness is its management team. The loss of employees — experts and members of management staff alike — caused by a situation independent from the Issuer, may bring the risk of decreasing the quality of services and solutions offered and, for instance, delays in projects implemented for the customers. Possible illegal activities of employees (e.g. causing harm to third parties, disloyal behaviour exhibited in, among others, undertaking competitive activity or disclosure of business and professional secrets) could also have negative repercussions.

The Company’s experiences so far show that the Issuer’s situation concerning staff is stable, the employees and managers are involved in the development of the company.

Risk related to forecasts and planning

Risk related to forecasts and planning involves the danger that the forecasts underlying the investment decisions on the data centre market fail to materialise as a result of changes in the economic or technological environment (e.g. the emergence of new technologies). Forecasts for the planned investments might be wrong, despite using legitimate assumptions in the forecasting process.

Risk connected with strong competition

In the ICT sector, the risk associated with the emergence of new competitors is high, mainly due to the attractiveness of the data 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.

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 Data Center 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 m^2 of net collocation space, 58% of which is utilised by customers. In addition, the Company can relatively quickly increase the supply of space with additional 1.5 thousand m^2 net, by expanding the DC localised at Konstruktorska in Warsaw.

The results achieved by the Issuer in the first half of 2017 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;
- situation in the Telecommunications Services Segment where the main challenge is to halt the decline in subscription revenue, improve its 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.

Position of the Management Board regarding the viability of achieving previously published forecast results for a particular year, taking into account the results presented in the semi-annual report versus projected results

The Company did not publish any forecasts for 2017.

3. Other information

Information concerning the conclusion by the Issuer or its subsidiary of one or more transactions with related undertakings if concluded under non-market conditions

During the reporting period, the Issuer did not conclude any transactions with related entities under non-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
Sławomir Koszołko	President of the Management Board	2 October 2017	....
Tomasz Galas	Vice-President of the Management Board	2 October 2017	....

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS:

Kinga Bogucka	Chief Accountant	2 October 2017	....

STATEMENT OF THE MANAGEMENT BOARD

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

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

These interim condensed financial statements have been drawn up in accordance with the accounting principles compliant with International Financial Reporting Standards ("IFRS") as approved by the European Union and to the extent required by the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information submitted by the issuers of securities (Journal of Laws No 33 item 259, as amended). The statements cover the period from 1 January to 30 June 2017.

The Management Board declares that the entity authorised to audit and review the financial statements, which reviewed the interim financial statements, was selected pursuant to applicable laws, and that this entity as well as the statutory auditors who reviewed these statements fulfilled the conditions for issuing an impartial and independent review report, pursuant to applicable regulations and standards of the profession. In accordance with the corporate governance rules adopted by the Management Board, the statutory auditor was selected by the Supervisory Board of the Company on 20 June 2017. The Supervisory Board made the above-mentioned selection, taking into consideration ensuring the complete independence and objectivity for the said selection and the tasks performance by the statutory auditor.

President of the Management Board   Vice-President of the Management
Board

Sławomir Koszołko   Tomasz Galas

Warsaw, 2 October 2017   Warsaw, 2 October 2017

INDEPENDENT STATUTORY AUDITOR'S REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

For the General Meeting of ATM S.A.

Introduction

We have reviewed the accompanying condensed interim financial statements of ATM S.A. (the "Company") with its registered office in Warsaw, at Grochowska 21A, drawn up as at 30 June 2017 (the "condensed interim financial statements") which comprise:

- condensed interim income statement for the six months ended 30 June 2017;
- condensed interim statement of comprehensive income for the six months ended 30 June 2017;
- condensed interim statement of financial position as at 30 June 2017;
- condensed interim statement of changes in equity for the six months ended 30 June 2017;
- condensed interim cash flow statement for the six months ended 30 June 2017; and
- explanatory notes to the condensed financial statements.

The preparation and fair presentation of these condensed interim financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"), published in the form of a regulation of the European Commission, and with other regulations in force is the responsibility of the Management Board of the Company. Our responsibility was to draw a conclusion on the condensed interim financial statements based on our review.

Scope of review

We conducted out review in accordance with the provisions of the National Standard on Auditing 2410 in the wording of the International Standard on Auditing 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* adopted by resolution No 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015, as amended.

A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing by the resolution No 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015, as amended. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion on these condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements were not prepared, in all material respects, in accordance with International Accounting Standard 34 '*Interim Financial Reporting*' published in the form of a regulation of the European Commission.

On behalf of Polska Grupa Audytorska Spółka z ograniczoną odpowiedzialnością sp. k.
Registration No 3887
Jana III Sobieskiego 104, apt. 49
00-764 Warsaw

Maciej Kozysa
Key Statutory Auditor
Registration No 12005
General Partner's Management Board Member

Kamil Walczuk
General Partner's Management Board Member

2 October 2017