

Directions of ATM S.A. development in 2007

In its Current Report No. 11/2006, dated February 15, 2006, the Executive Board of ATM S.A. informed the investors about adoption of new directions of the Company development from 2006 onwards. After a year since that announcement, the situation of the ATM S.A. Capital Group reconfirms that the decisions made then were right.

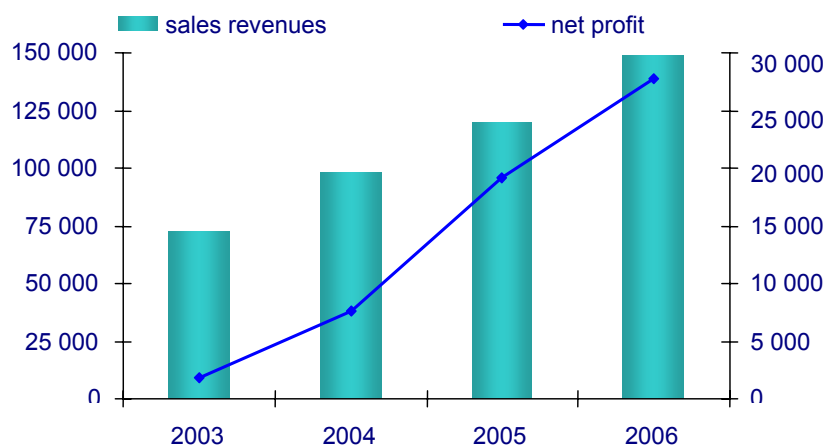


Figure 1 — Financial results of ATM S.A. in the years 2003-2006, in PLN thousands (the value given for 2006 reflects the preliminary unaudited consolidated results of the Capital Group)

The Company is increasing its value thanks to the concentration of its financial resources, leading-edge technological expertise, and efficient organization which enables expansion in the areas indicated in the above-mentioned Report. The strategy adopted by the Executive Board has been accepted by the investors, as indicated by the increase of the ATM S.A. stock price by more than 155% in 2006.

Taking into consideration the positive assessment of the Company's achievements in the last year and the increasing capabilities of the continuously expanding Capital Group, the Executive Board of ATM S.A. decided to continue the main directions of the Group development and identified next goals of that development.

In the subsequent sections of this document, the following subjects are discussed:

- the main achievements in accomplishment of the assumptions adopted more than a year ago and the further planned steps in the relevant business areas;
- assumptions for expanding the target market segments where the Group is to offer its products and services;
- plans for increasing the share of sales to small and medium-size customers in the Group revenues;
- assumptions for the development of the Group's product portfolio.

1. Assessment of the Group's situation since 2006

In its document dated February 15, 2006, the Executive Board of ATM S.A. identified the following core elements of the Company's development strategy:

- continuation and systematic improvement of the traditional business areas which had brought good results in the previous years;
- development of innovative solutions for the emerging market segments (in particular, network-based content distribution and mobile services), as well as active participation in creating a fast growth of those segments;
- acquisition of certain technology companies in order to supplement the product portfolio;
- acquisition of companies or establishing new entities (such as single-purpose companies) in cooperation with companies whose profile and competencies fit the assumed strategy of ATM S.A.

1.1. Core business areas of ATM S.A.

In the area of grid-based provisioning of ICT (information & communication technology) resources, the Company maintains its leading position as a provider of high-performance computing systems for the Polish science (see the press release dated January 18, 2007). The Company consistently offers solutions with the aim to build a distributed ICT infrastructure thanks to which advanced data-storage and data-processing resources will be someday as universally available and user friendly as electricity and tap water are now. Some products resulting from our own research and development works, such as the distributed multimedia archive architecture, will provide a technological basis for specific applications, for example in network-based movie distribution or remote radiology.

Our Data Protection Center is successful and continuously expanding. In 2006, the Data Protection Center won six new customers from the financial sector, who entrust protection of their key resources to our Center. Furthermore, nine other organizations have plans to place their data in the Center, which is considered by the Executive Board a reason to invest more in expansion of the facility.

Atmosfera BCP (a software package designed to support creating and maintaining Business Continuity Plans) is also gaining acceptance. In result of the successfully completed deployment in a bank, the cooperation with that customer will be expanded to cover business security solutions related to the implementation of the created Business Continuity Plans, including the Data Protection Center services.

The flagship product of the Atmosfera family, a software package supporting operations of IT departments, is also achieving significant successes. In addition to new deployments, the product obtained the Teleinfo Golden Processor Award and was the first Polish software package to win the prestigious PinkVerify™ Service Support certificate, issued by a Canadian company to confirm compliance with the generally accepted standard ITIL (see the press release dated January 16, 2007).

Wide-area network (WAN) outsourcing is an important part of the line of business conducted under the ATMAN brand name. In particular, in result of the tender called by BRE Bank, we continue to maintain the oldest and largest contract of that type (see the press release dated January 29, 2007). However, the scope of telecommunications outsourcing offered by ATM exceeds the area of WANs and at present includes also advanced hosting services, such as implementation of complex server platforms for the PLL LOT portal (see the press release dated June 5, 2006).

1.2. Strategic alliances with large partners

Our cooperation with world leaders on the ICT market brings positive effects. The sales generated by cooperation with Cisco increased in 2006 by almost 20% and the plans for 2007 assume a growth by ca. 50% (see the press release dated February 12, 2007). Cisco appreciates the competencies of ATM S.A. in building systems for telecommunications carriers, and in particular systems for provisioning value-added services in IP networks (including video services).

Our cooperation with Dell, the leading supplier of computers, resulted in establishing the ATM Services company which provides maintenance and outsourcing services based on Dell solutions. More information about those services are provided below, in the descriptions of individual companies of the Capital Group.

Also, the Company is committed to further develop its cooperation with Microsoft, the giant player on the software market. ATM S.A. became a Microsoft Gold Certified Partner (see the press release dated January 10, 2007). Some solutions developed by ATM S.A., such as the Atmosfera family or ATM InternetTV, take

advantage of Microsoft technologies. We intend to increase the cooperation and broaden the portfolio of products based on such technologies.

At the same time, the Company maintains key relationships with its traditional partners, such as SGI, Ericsson, Sun Microsystems, HP, IBM, Symantec, Check Point, and Oracle.

1.3. Development of our own innovative solutions

The topic of continuous expansion of our attractive product portfolio deserves a separate elaboration which is provided in one of the subsequent sections of this document. Here, we only mention the main products being developed:

- the ATM InternetTV platform, designed to distribute video contents through IP networks;
- a multimedia archive, in particular for remote medical applications, such as remote access to results of digital diagnostic imaging;
- a mobile payment system (mPay S.A.);
- Web 2.0-based sites (iloggo Sp. z o.o.).

1.4. Investments in technology companies under the corporate venturing program

In 2006, ATM S.A. invested in acquisition of majority interests in certain start-up companies whose goal is to develop and bring on the market various innovative products based on ICT technologies.

1.4.1. mPay

In the opinion of the Executive Board, the most interesting in terms of its perspectives is the company mPay S.A., which provides mobile payment services (see the Current Report No. 6/2006 and the press release dated February 2, 2006). In cooperation with ATM S.A., the company has developed a technical platform for effecting and settling mobile payments. The platform has successfully passed a series of tests in the Polkomtel network. In parallel, the organizational structure was developed and pursuant to an application filed to the Chairman of the National Bank of Poland, mPay S.A. obtained on January 26, 2007, as the first entity in Poland, a license to operate a mobile payment authorization and settlement system (the status of mobile payment acquirer). At present, the company is preparing to offer the services commercially. The market interest is enormous and the last arrangements with business partners, mainly mobile telecommunications operators, are close to finalization.

1.4.2. Iloggo

On October 4, 2006, the company iloggo Sp. z o.o. officially launched its modern website, which includes a graphical system enabling easy management of links to the most often used web pages. Iloggo also promotes creating communities focused on common interests, a feature of the category of sites referred to as "Web 2.0", which is gaining more and more popularity in the world. On November 29, 2006, iloggo was presented on the conference "Web 2.0 Wave in the US and Poland", organized at the famous Stanford University in the heart of Silicon Valley. At present, the company is expanding its partner relationships with similar sites, building new application areas, and gaining popularity.

1.5. Acquisitions and establishing new companies

1.5.1. KLK Technologie Informatyczne

On October 31, 2006, ATM S.A. implemented an investment agreement with the Katowice-based company KLK Technologie Informatyczne Sp. z o.o., one of the longest-operating integrators on the Polish market. This acquisition strengthened the Group's implementation capabilities by adding a team of a few tens of experienced engineers, mostly specializing in implementation of advanced data-center infrastructure systems.

1.5.2. Sputnik Software

The Executive Board of ATM S.A. continues its policy of investing in companies whose profile fits the strategic development directions of the Group. On January 26, 2007, ATM S.A. signed an investment agreement with the Poznań-based company Sputnik Software Sp. z o.o., specializing in IT systems for public administration. The agreement has not been implemented yet. Sputnik is also a Microsoft Gold Certified Partner and its

products are currently used in all districts (boroughs) in the country (the BeSTi@ system is used by the Ministry of Finances and Regional Clearing Houses to supervise the financial management in districts). In result of that acquisition, the ATM Group will achieve a perfect position to expand onto that market, seen as becoming more and more attractive.

1.5.3. ATM Services

The company ATM Services, established on May 24, 2006 (see the Current Report No. 23/2006), offers the service "Computerized Workstation". The service, delivered under the full outsourcing model, are addressed to the small and medium-size business (SMB) segment. Against a flat monthly fee, the customer gets a number of workstations equipped with personal computers with standard-based system and office software, local-area network (LAN), secure Internet access, and ongoing technical support. As an option, the service package might also include telephone services (VoIP).

1.5.4. Cineman

On August 21, 2006, ATM S.A. and Monolith Films Sp. z o.o. established the company Cineman Sp. z o.o. , which will offer services based on the ATM InternetTV technological platform, including digital distribution of movie, information, and entertainment contents. Within a few weeks from its establishment, the company won Telekomunikacja Polska S.A. as its strategic customer (see the press release dated October 17, 2006). The next planned step is to launch within a few weeks video-on-demand services in the network of a local subscriber network operator in Warsaw.

2. Building position in new market segments

2.1. The core sectors of ATM S.A. sales

For many years, the Company has been strengthening its position as a preferable partner for telecommunications operators. In 2006, the revenues from that market segment constituted more than 50% of the total revenues from sales.

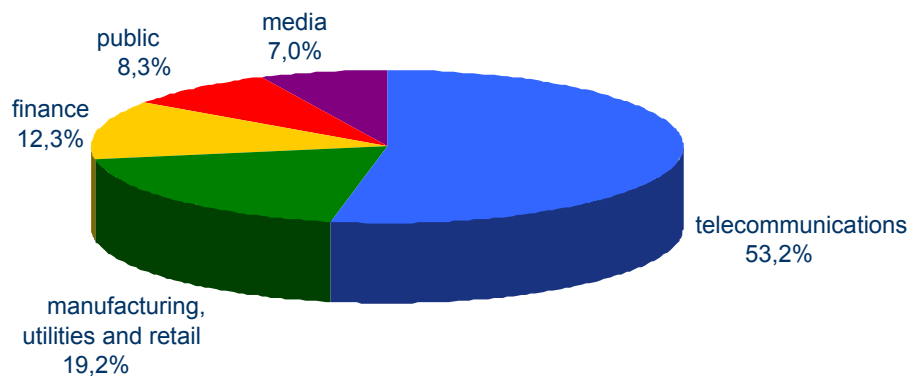


Figure 2 — The structure of ATM S.A. revenues from sales in 2006, by market segments (preliminary unaudited data)

Other segments important for ATM S.A. include financial services, industry, the power industry, science, and the media. While not neglecting the offer addressed to those customer groups, the Executive Board intends to adjust the product and service portfolio to the needs of those market segments which in the Executive Board's opinion are going to make in the near future considerable investments in ICT tools to support their operations.

In 2007, the Company intends to expand the following two important segments of its product and service customers: the medical service market (in 2006: 0.2% of the revenues) and the public administration sector (in 2006: 1.7% of the revenues).

2.2. The medical service market

The growing sector of private medical services, as well as the planned legislation changes and the visibly increasing interest of financial institutions, insurance companies, and banks in that market, have all contributed to making certain organizational decisions aimed to develop the ATM S.A. business in that area. The Company's Executive Board established a business unit, operating under the brand name of ATMED, responsible for the healthcare market.

Experts in the area of medical service market in Poland expect fast and dynamic improvement in financing the healthcare system, both in its public and private part. It is estimated that until 2020, the public healthcare system will have ca. three times more financial means than it has at present. According to the *Rynek Zdrowia* monthly (issue December 2006), the expenditures of Poles on healthcare outside the public insurance system in 2005 were as much as PLN 20 billion. The private medical insurances will significantly contribute to the growth of that sector. The expected definition of the "basket" of guaranteed public services and the possible introduction of tax exemptions for patients paying for non-public medical services will certainly result in a growth of the private sector.

Subsidies from the European Union constitute an important factor which will significantly contribute to the fast improvement of financing on the healthcare market in the nearest future. In the years 2007-2013, Poland will receive a huge stream (EUR 67 billion) of European money under the so-called structural funds. Additional money are allocated to the high-priority program of the European Commission, known as "e-Health", whose purpose is to employ ICT technologies to create a health protection system that would be effective and sensitive to the needs of the European citizens.

The largest projects planned for the next years in our country include building nation-wide IT systems, such as OSOZ (*Ogólnopolski System Ochrony Zdrowia* — nation-wide health protection system), *System Rozliczeń z NFZ* (National Health Fund settlement system), and RUM (*Rejestr Usług Medycznych* — medical service register). Those projects have been undertaken by large players with whom ATM S.A. is not going to compete. But the Executive Board sees particular opportunities in such areas as modern diagnostic imaging, remote treatment, EPR (Electronic Patient Record) systems, and secure data storage and retrieval. The Company enters onto that market segment with its own product ATM SAT (Tele-radiology Archive System). Starting from the basic concept of video archive, developed for the purposes of the media, the project has been expanded to include archiving images in the DICOM format, generated by modern digital diagnostic equipment (such as X-ray, CT, NMR, and PET imaging devices). The tele-radiology archive project is subsidized by the Ministry of Science and Higher Education. Also, several private medical institutions are interested in the ATM SAT services.

ATM S.A. cooperates with the Cardinal Wyszyński Memorial Institute of Cardiology under the CTM-HeartNet project whose objective is to build a nation-wide network of tele-medical centers designed to prevent and fight against cardiovascular diseases. The CTM-HeartNet project is on the list of key projects to be implemented under the Operational Programme Innovative Economy, 2007-2013.

2.3. Public administration agencies

Development of local governments and building the civil society are among the goals supported by the European Union. Those goals are connected with programs aimed to computerize services provided to the citizens in offices (e-Government) and — obviously — to equip the administration agencies with efficient IT tools to support their daily operations. The Executive Board of ATM S.A. believes that the public administration sector will be one of the most attractive purchasers of information and communication technologies in the next years.

Consequently, the Executive Board decided to make an investment in the Poznań-based company Sputnik Software whose core business includes developing, deploying and supporting software systems facilitating the tasks of public offices. The "Modern District Office" program being carried out by Sputnik implements the vision of adapting the public administration agencies to the 21st-century standards. It is a well-thought-out concept of interoperation of multiple components resulting in improvement of the scope and quality of services provided by offices to citizens and businesses.

Taking advantage of both its own products and competencies and capabilities of other companies within the Capital Group, ATM S.A. is going to offer to public administration units a complete suite of solutions, including:

- software to support the tasks of public offices — Sputnik;
- digital-signature solutions — ATM and Sputnik;

- services related to development of Internet-based solutions (e-government, BIP) — ATM and Sputnik;
- LANs, hardware supplies and support — KLK, ATM Services;
- WANs, telecommunication services, data centers — ATM (under the ATMAN brand name)
- outsourcing services — ATM Services.

3. The small and medium-size business segment

Until now, the Company's offer has been generally addressed mainly to large customers with high-level expectations and high needs in the area of ICT solutions. The sales to large customers constituted 90% of the Company revenues in 2006. In consequence of the increasing significance of small and medium-size businesses (SMB) in the Polish economy, as well as of the significant means from the European Union engaged in development of SMB, the Executive Board of ATM S.A. sees now opportunities in increasing sales to that group of customers.

The Executive Board decided that it was necessary to define a consistent package of solutions and services offered by all entities of the Group, taking into consideration the specific needs of SMB. The package should include:

- state-of-the-art ICT services under the brand name of ATMAN;
- effective outsourcing of computerized workstations (ATM Services);
- dedicated solutions based on cooperation with partners:
 - computers — Dell,
 - core software packages — Microsoft,
 - network solutions — Cisco;
- cooperation with business application providers.

In consequence of the expansion plans on that market, the Executive Board of ATM S.A. approved for implementation an investment plan within which the following activities would be performed:

- expanding the ATMAN network by adding access nodes for delivery of telecommunications services (Internet access, telephony, VPNs);
- expansion of fiber-optic metropolitan-area networks (MAN) to new locations and acquisition of existing networks;
- building the infrastructure to enable taking advantage of BSA (bit-stream access) frame agreements under which existing access links of TP S.A. may be used;
- deployment of a system to support planning and configuring an IT environment for our customers and providing them with high-quality support services.

4. Development of the product and service portfolio

4.1. The core product portfolio of ATM S.A.

The ATM's product portfolio is based on our competencies in the areas of system integration, telecommunications, and software development. The portfolio includes the following five areas:

- integrated ICT infrastructure systems (incl. network infrastructure and system infrastructure);
- telecommunications and value-added services provided under the ATMAN brand name;
- business security solutions and services;
- application solutions;
- multimedia solutions and services.

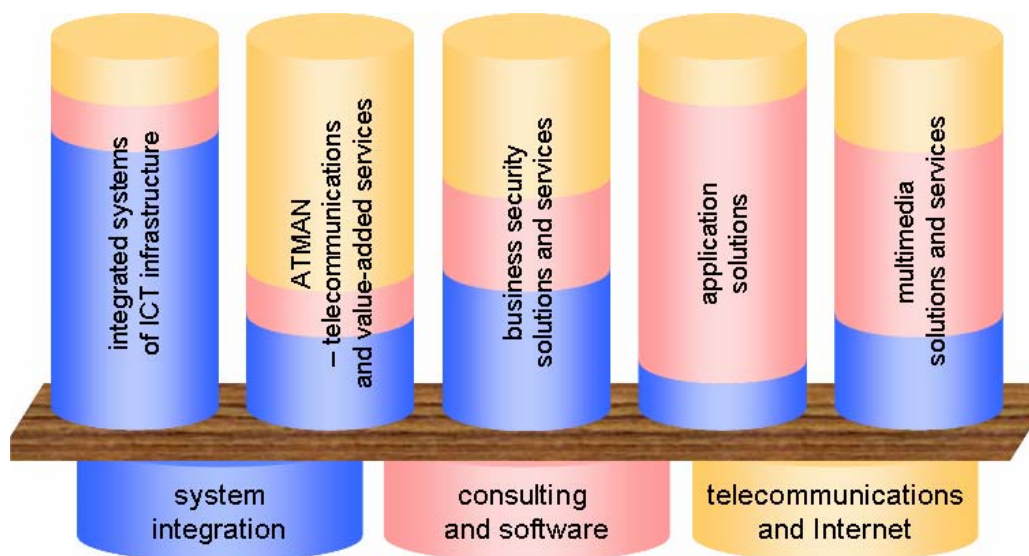


Figure 3 — Structure of the ATM S.A. product portfolio

The companies of the Capital Group extend the core portfolio of ATM S.A. with:

- mPay — an innovative mobile payment system
- ilogo — the “Web 2.0”-type Internet services;
- Cineman — the premium-class offer of network-based movie distribution;
- KLK — professional data-center infrastructure systems, particularly power-supply systems;
- ATM Services — outsourcing, including equipping and supporting computer-based workstations for small and medium-size organizations;
- Sputnik Software — systems supporting tasks of public-administration offices.

The Executive Board of ATM S.A. has identified the main directions of development of the above-presented portfolio. They are described in the following sections.

4.2. Development of selected product groups of the ATM S.A. Group

4.2.1. Multimedia services based on the “TV over IP” concept

We have completed the first stage of implementation of the ATM InternetTV (ATM ITV) system, designed to provide commercial video-on-demand (VoD) services. In addition to the existing services of distribution of licenses to play movies and adjusting the technical format of the materials for distribution, ATM S.A. starts to provide VoD services. The services are addressed to customers of subscriber-network operators cooperating with the Company. The distributed movies are protected against unauthorized playing and copying.

In the next stage, the distribution platform will be extended by adding the capability to deliver live TV signal, i.e. traditional TV broadcasts. In the already implemented version of the ATM ITV platform, the video signal may be received by a computer. In the near future, ATM S.A. plans to introduce the possibility of receiving the signal on a regular television screen with a set-top-box, available in a few models. At a later time, it is also planned to deliver the signal to mobile devices.

The ATM ITV platform is integrated with the billing systems which charge the subscribers for using the system. The charges for delivered movies may be added by the operator to the invoice or collected under the pre-payment (pay-per-view) model. Another envisaged payment method is the mobile payment based on the mPay system.

4.2.2. Value-added services for mobile device users

The mPay payment system enables effecting and settling mobile payments, i.e. payments initiated from any mobile phone in the partner's mobile telephony network. Taking into consideration the large number of established relationships, letters of intent, and declarations of interest from various groups of potential merchants accepting this form of payment, the Executive Boards of ATM S.A. and mPay S.A. expect that the number of points of sale where payments through a mobile phone could be accepted will grow quickly. At present, the last arrangements with the operators are being finalized and the commercial launch of the system should take place within a few months.

The Executive Board sees a significant potential for growth of the Group's product sales in connection with the changes on the mobile telecommunications service market. The competition between operators will be to a larger and larger extent based on the offered value-added services. We believe that in 2007, there will be a significant growth of video and Internet-access services delivered through mobile devices. Also, there will be a growth of the HSDPA standard which enables communications with parameters competitive to those of some fixed-network services, contributing to the wider and wider acceptance of multimedia-based techniques in mobile telecommunications networks.

The ATM S.A. Capital Group has in its offer more and more solutions for mobile operators. The video-on-demand (VoD) services mentioned in the previous section are currently being adapted to the standards of content protection used in mobile telephony. The Cineman company is now acquiring contents for distribution through the mobile platform. We plan to launch those services later this year.

The iloggo company is developing *iloggo mobile* — a community site designed for mobile phone users, integrated with the already existing "iloggo" website.

5. Financing

5.1. Equity capital

Late in 2006, the Executive Board decided to perform yet another transaction of freeing the assets by selling and leasing a part of the owned fiber-optic network. The financial surplus obtained from the transaction was equal to the difference between the value of the infrastructure considered as an environment for providing highly profitable services and the cost of expenditures incurred to build the infrastructure. In this way, the Company obtained a significant reserve of free capital which the Executive Board intends to invest in creating capacity to deliver new services.

5.2. Issue of shares

The Executive Board of ATM S.A. intends to obtain capital by issuing shares within the target capital. The shares issued in the first tranche will be used to cover the concluded investment agreements (KLK and Sputnik) and to cover the Company's investment needs for six quarters. The determined total amount of investment needs is ca. PLN 190 million. The investments are described in more detail in the subsequent sections.

5.3. Investments

The Executive Board allocated an amount of ca. PLN 55 million for investments in further development of the carrier infrastructure, mainly through building additional fiber-optic lines in cities and expanding the network backbone from 1 Gbps to 10 Gbps.

An amount of ca. PLN 30 million will be used to build technological platforms for the network-based content distribution services and for infrastructure to provide innovative services by the subsidiary companies (mainly mPay and Cineman).

Furthermore, the Executive Board intends to invest PLN 40 million in building an access network enabling delivery of telecommunications services, value-added services, and outsourcing services for the few thousand customers in the SMB and public-administration segments. The access network will be based mainly on BSA (bit-stream access) agreements with Telekomunikacja Polska S.A. and on our own access links using radio technologies.

5.4. Further acquisitions

The Executive Board is considering a plan to acquire a minority block of newly-issued shares of an international telecommunications carrier operating mainly in Central and Eastern European countries. The forecasted value of the investment will be ca. EUR 15 million. The investment will constitute an initial step before further capital engagement, possibly including acquisition of the majority share in the future. The investment will enable the Company to achieve a significant position in providing wholesale data-transmission services in this European region and to establish a next-generation telecommunications carrier with an international position.

The Executive Board assesses that thanks to the synergy, the investment in question might bring diversified positive effects, such as:

- increasing the sales of transmission services to the existing ATM customers which have branches or partners in the region;
- a possibility to sell ATM services to those partner's customers which have branches or partners in Poland;
- a possibility to sell modern ATM services, including for example multimedia services, to international customers.

5.5. A comment on the Company's perspectives

In the opinion of the Executive Board, the situation of the ATM Capital Group in its existing business areas is stable and the development strategy being implemented opens a chance for further dynamic growth of the Group both in terms of revenues and profits. The Executive Board ensures continuing the safe investment policy and maintaining strict control of the operating costs in relation to the actual results of sales operations.

In the opinion of the Executive Board, the changes currently taking place on the network-based content distribution and mobile service markets, as well as the significant stream of investment means flowing to the public-administration and healthcare sectors and to small and medium-size businesses, create an opportunity for the Group to use the gathered potential by significantly increasing sales within the expanded product portfolio.

We maintain the opinion that almost each of the new products being developed in the Group has a potential to generate a dramatic increase of the revenues and profits of ATM S.A. The Executive Board expresses a hope that the elements of the Company's strategy presented above will gain acceptance of both the existing and future shareholders.