The Capital Group of Midas Spółka Akcyjna

Consolidated quarterly report for the 3-month and 9-month period ended 30 September 2014

QSr 3/2014

Place and date of publication: Warsaw, 14 November 2014

CONTENT OF THE REPORT:

SELECTED FINANCIAL DATA OF THE MIDAS CAPITAL GROUP

	9-month period ended 30 September 2014	9-month period ended 30 September 2013	9-month period ended 30 September 2014 in EUR '000	9-month period ended 30 September 2013 in EUR '000
Revenue from sales	253,325	148,972	60,599	35,275
Loss on operating activities	(177,018)	(151,706)	(42,345)	(35,923)
Loss before taxation	(225,184)	(160,146)	(53,867)	(37,921)
Net loss on continuing operations attributable to equity holders of the Issuer	(221,056)	(141,291)	(52,880)	(33,457)
Net cash flow from operating activities	(19,801)	(162,977)	(4,737)	(38,592)
Net cash flow from investing activities	(66,883)	(83,078)	(15,999)	(19,672)
Net cash flow from financing activities	57,662	230,067	13,794	54,478
Average weighted number of shares	1,479,666,750	1,479,664,900	1,479,666,750	1,479,664,900
Basic loss from continuing operations per ordinary share (in PLN)	(0.15)	(0.10)	(0.04)	(0.02)

	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014 in EUR '000	As at 31 December 2013 in EUR '000
Total assets	1,448,143	1,482,769	346,819	357,535
Total liabilities	906,073	719,643	216,997	173,525
Non-current liabilities	594,398	482,565	142,354	116,359
Current liabilities	311,675	237,078	74,644	57,166
Equity attributable to equity holders of the parent of the Issuer	542,070	763,126	129,822	184,010
Share capital	147,967	147,967	35,437	35,679

SELECTED FINANCIAL DATA OF MIDAS S.A.

	9-month period ended 30 September 2014	9-month period ended 30 September 2013	9-month period ended 30 September 2014 in EUR '000	9-month period ended 30 September 2013 in EUR '000
Revenues from core operating activities	68,676	12,737	16,428	3,016
Profit / (loss) on operating activities	8,333	(2,576)	1,993	(610)
Profit before taxation	8,805	1,282	2,106	304
Net profit on continuing operations attributable to equity holders of the Company	8,805	1,282	2,106	304
Net cash flow from operating activities	(53,757)	(203,978)	(12,860)	(48,300)
Net cash flow from investing activities	17	(142)	4	(34)
Net cash flow from financing activities	(4,780)	171,177	(1,143)	40,533
Average weighted number of shares	1,479,666,750	1,479,663,960	1,479,666,750	1,479,663,960
Basic profit on continuing operations per ordinary share (in PLN)	0.0060	0.0009	0.00142	0.0002

	As at 30 September 2014	As at 31 December 2013	As at 30 September 2014 in EUR '000	As at 31 December 2013 in EUR '000
Total assets	1,650,283	1,525,742	395,230	367,897
Total liabilities	429,756	313,722	102,923	75,647
Non-current liabilities	426,222	313,123	102,077	75,502
Current liabilities	3,534	599	846	144
Equity attributable to equity holders of the Issuer	1,220,527	1,212,020	292,307	292,250
Share capital	147,967	147,967	35,437	35,679

Selected items from the interim condensed consolidated and interim condensed non-consolidated statements of financial position presented in EUR were converted using the average EUR exchange rate announced by the National Bank of Poland on 30 September 2014: 4.1755 PLN/EUR, and on 31 December 2013: 4.1472 PLN/EUR.

Selected items from the interim condensed consolidated and interim condensed non-consolidated statement of comprehensive income and from the interim condensed consolidated and the interim condensed non-consolidated statement of cash flow were converted into EUR using the exchange rate announced by the National Bank of Poland, being the arithmetic mean of average EUR exchange rates which were in effect on the last day of each completed month in the 9-month period ended 30 September 2014 and the 9-month period ended 30 September 2013 (4.1803 PLN/EUR and 4.2231 PLN/EUR respectively).

The Capital Group
of MIDAS Spółka Akcyjna

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 3-MONTH AND 9-MONTH PERIOD ENDED 30 SEPTEMBER 2014

(in PLN '000, except for items otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 9-month period ended 30 September 2014

	Note	3-month period ended 30 September 2014 *(unaudited)*	9-month period ended 30 September 2014 *(unaudited)*	3-month period ended 30 September 2013 *(unaudited, restated)*	9-month period ended 30 September 2013 *(unaudited, restated)*
Continuing operations					
Revenues from sales of goods and services	8	113,979	253,325	56,411	148,972
Depreciation and amortisation	9	(29,411)	(88,803)	(27,739)	(81,860)
Wages and salaries	9	(1,589)	(5,864)	(2,097)	(4,959)
Costs related to the telecommunications network	9	(99,297)	(299,075)	(70,127)	(179,248)
Taxes and charges	9	(6,063)	(19,850)	(9,204)	(23,513)
Other costs by type	9	(4,977)	(18,911)	(4,470)	(12,964)
Other operating income	10	1,207	3,920	2,280	4,613
Other operating expenses	11	(1,381)	(1,760)	(901)	(2,747)
Loss on operating activities		**(27,532)**	**(177,018)**	**(55,847)**	**(151,706)**
Finance income	12	4,772	6,671	1,248	4,923
Financial costs	13	(38,496)	(54,837)	(7,153)	(13,363)
Loss on financial activities		**(33,724)**	**(48,166)**	**(5,905)**	**(8,440)**
Loss before taxation		**(61,256)**	**(225,184)**	**(61,752)**	**(160,146)**
Current income tax		-	-	-	-
Deferred tax	14	252	4,128	332	18,855
Total income tax		**252**	**4,128**	**332**	**18,855**
Net loss on continuing operations		**(61,004)**	**(221,056)**	**(61,420)**	**(141,291)**
Net profit/ (loss) from discontinued operations		**-**	**-**	**-**	**-**
Net loss		**(61,004)**	**(221,056)**	**(61,420)**	**(141,291)**
Other comprehensive income		**-**	**-**	**-**	**-**
COMPREHENSIVE LOSS		**(61,004)**	**(221,056)**	**(61,420)**	**(141,291)**
Attributable to:					
shares of equity holders of the parent		(61,004)	(221,056)	(61,420)	(141,291)
non-controlling interests		-	-	-	-
Average weighted number of ordinary shares		1,479,666,750	1,479,666,750	1,479,666,750	1,479,664,900
Net loss on continuing operations per 1 share attributable to equity holders of the parent (in PLN)		(0.04)	(0.15)	(0.04)	(0.10)

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN '000, except for items otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2014

	Note	30 September 2014 *(unaudited)*	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	15	407,573	403,440
Intangible assets	16	722,423	779,239
goodwill of subsidiaries		41,231	41,231
value of frequency reservations		678,709	734,554
other intangible assets		2,483	3,454
Other financial assets	19	52,339	61,860
Non-current receivables	18	37,353	26,262
Other non-financial assets		2,632	2,872
Deferred income tax assets	14	8,605	11,050
Total non-current assets		**1,230,925**	**1,284,723**
Current assets			
Inventories		185	187
Trade and other receivables	18	125,569	95,797
Other assets	19	16,678	1,040
Cash and cash equivalents		71,225	100,247
Current settlements		3,561	775
Total current assets		**217,218**	**198,046**
Total assets		**1,448,143**	**1,482,769**

	Note	30 September 2014 *(unaudited)*	31 December 2013
EQUITY AND LIABILITIES			
Equity			
attributable to equity holders of the parent, of which:			
Share capital		147,967	147,967
Supplementary capital		1,140,765	1,140,765
Uncovered losses		(746,662)	(525,606)
Accumulated losses		(525,606)	(319,056)
Net loss for the current period		(221,056)	(206,550)
Total equity		**542,070**	**763,126**
Non-current liabilities			
Loans and borrowings	21	150,512	89,181
Liabilities from issue of bonds	23	319,311	267,543
Deferred income	22	34,742	39,011
Provisions	20	13,188	3,612
Deferred tax liability		76,645	83,218
Total non-current liabilities		**594,398**	**482,565**
Current liabilities			
Trade and other liabilities	27	102,059	132,496
Deferred income	22	206,783	104,451
Loans and borrowings		2,833	68
Provisions for other liabilities		-	63
Total current liabilities		**311,675**	**237,078**
Total equity and liabilities		**1,448,143**	**1,482,769**

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN '000, except for items otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW for the 9-month period ended 30 September 2014

	Note	9-month period ended 30 September 2014 *(unaudited)*	9-month period ended 30 September 2013 *(unaudited)*
Gross loss		**(225,184)**	**(160,146)**
Adjustments of items:			
Depreciation of fixed and intangible assets		88,803	81,860
Interest and commission expenses and income		54,052	12,445
Exchange rate differences		-	(10)
Profit from investing activities		455	2,000
Change in the balance of assets and liabilities related to operating activities:			
- Trade and other receivables		(40,863)	(36,618)
- Inventories		2	(1,325)
- Trade and other liabilities	28.1	12,264	25,977
- Deferred income		98,063	(88,036)
- Provisions	20	184	954
- Other prepayments/accruals		(2,551)	(323)
Revaluation of embedded derivative		(5,108)	-
Other adjustments		82	245
Net cash flow from operating activities		**(19,801)**	**(162,977)**
Proceeds from sale of property, plant and equipment and intangible assets		43	6
Purchase of property, plant and equipment and intangible assets		(66,926)	(83,084)
Net cash flow from investing activities		**(66,883)**	**(83,078)**
Proceeds from sale of treasury shares		-	4
Proceeds from issue of debt securities		-	200,099
Proceeds from loans drawn down	21	65,000	41,000
Repayment of loans		-	(6,000)
Commission and interest paid in connection with bank credit		(7,286)	(5,036)
Other		(52)	-
Net cash flow from financing activities		**57,662**	**230,067**
Net increase/(decrease) in cash and cash equivalents		(29,022)	56,342
Cash at the beginning of the period		**100,247**	**165,889**
Cash at the end of the period	17	**71,225**	**149,901**

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN '000, except for items otherwise indicated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 9-month period ended 30 September 2014

	Note	Share capital	Supplementary capital	Treasury shares	Uncovered losses	Total	Total equity
As at 1 January 2014		**147,967**	**1,140,765**	**-**	**(525,606)**	**763,126**	**763,126**
Net loss for the period		-	-	-	*(221,056)*	*(221,056)*	*(221,056)*
Total loss for the period		-	-	-	(221,056)	(221,056)	(221,056)
As at 30 September 2014 *(unaudited)*		**147,967**	**1,140,765**	**-**	**(746,662)**	**542,070**	**542,070**

	Note	Share capital	Supplementary capital	Treasury shares	Uncovered losses	Total	Total equity
As at 1 January 2013		**147,967**	**1,140,911**	**(150)**	**(321,366)**	**967,362**	**969,672**
Proceeds from sale of treasury shares		-	(146)	150	-	4	4
Net loss for the period		-	-	-	*(141,291)*	*(141,291)*	*(141,291)*
Total loss for the period		-	-	-	(141,291)	(141,291)	(141,291)
As at 30 September 2013 *(unaudited)*		**147,967**	**1,140,765**	**-**	**(462,657)**	**826,075**	**826,075**

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/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN '000, except for items otherwise indicated)

SUPPLEMENTARY EXPLANATORY NOTES

The interim condensed consolidated financial statements of the Midas S.A. Capital Group (the "Group", the "Midas Group") have been drawn for the 3-month and 9-month period ended 30 September 2014 and contain comparative data as required by the International Financial Reporting Standards ("IFRS").

The interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated statement of comprehensive income include data for the 9-month period ended 30 September 2014, the 3-month period ended 30 September 2014, and comparative data for the 9-month period ended 30 September 2013 and the 3-month period ended 30 September 2013. The data for the 3-month and 9-month period ended 30 September 2014 and the comparative data for the 3-month and 9-month period ended 30 September 2013 were not subject to a review or an audit by an independent auditor.

On 14 November 2014, these interim condensed consolidated financial statements of the Group for the 3-month and 9-month period ended 30 September 2014 were approved for publication by the Management Board.

1. General information

The Midas S.A. Capital Group consists of Midas S.A. (the "parent", the "Company", "Midas") and its subsidiaries. The parent is entered in the Commercial Register of the National Court Register kept by the District Court in Warsaw, Division XII Commercial of the National Court Register, under KRS 0000025704.

The parent holds statistical identification number (REGON) 010974600.

The parent and the entities belonging to the Capital Group are established in perpetuity.

The core business activity of the Group is telecommunications activities conducted on the territory of Poland.

The immediate parent of Midas S.A. is Litenite Limited with its registered office in Nicosia, Cyprus – an entity indirectly controlled by the Deputy Chairman of the Company's Supervisory Board, Mr. Zygmunt Solorz-Żak. As at 30 September 2014, the shareholders of Litenite Ltd. were: Ortholuck Ltd. and LTE Holdings SPV.

The subsidiaries of Midas S.A. which belong to the Group and are subject to full consolidation are:

Entity	Registered office	Scope of activity	The Company's percentage share in equity	
			30 September 2014	31 December 2013
CenterNet S.A. ("CenterNet")	Warsaw, Poland	telecommunications	100%	100%
Mobyland Sp. z o.o. ("Mobyland")	Warsaw, Poland	telecommunications	100%	100%
Conpidon Ltd. ("Conpidon")	Nicosia, Cyprus	holding	-	100%
Aero2 Sp. z o.o. ("Aero2")	Warsaw, Poland	telecommunications	100%	100%

As at 30 September 2014 and as at 31 December 2013, the share in the total number of votes held by the Group in the subsidiaries is equal to the share of the Group in the capital of those entities.

Aside from the merger between Conpidon and Midas, during the 9-month period ended 30 September 2014, there were no changes in the composition of the Group compared to 31 December 2013. Information on the merger between Conpidon and Midas, which was registered in the first quarter of 2014, is set forth in Note 32 hereto.

The interim financial result may not fully reflect the financial result which can be realised for the financial year.

2. Basis of preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were prepared in accordance with the International Financial Reporting Standards, as approved by the EU (the “IFRS”), in particular in accordance with International Accounting Standard No. 34.

As at the date of approval of these statements for publication, taking into account the EU process of implementing the IFRS standards and the business conducted by the Group, in the context of the accounting principles applied by the Group, the IFRS accounting principles differ from the EU IFRS.

The EU IFRS comprise standards and interpretations accepted by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”).

These interim condensed consolidated financial statements have been presented in Polish zlotys (“PLN”) and all values are given in thousands (PLN ‘000) except when otherwise indicated.

These interim condensed consolidated financial statements were prepared on the assumption that the business activities of the companies of the Group will continue in the foreseeable future, i.e. at least in the period of twelve months from the balance sheet date. As at the date of approval of these financial statements, no circumstances were identified that would pose a threat to the continued activity of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013, published on 21 March 2014.

3. Summary of significant accounting policies

The accounting policies adopted in preparing the interim condensed consolidated financial statements are consistent with those adopted in preparing the annual consolidated financial statements of the Company for the year ended 31 December 2013, except for the following new or amended standards and interpretations in force for annual periods beginning on or after 1 January 2014.

- IFRS 9 *Financial Instruments* (published on 24 July 2014) - effective for annual periods beginning on or after 1 January 2018 - not approved by the EU until the date of approval of these financial statements, the process of approval of the standard in the EU as at the date of approval of these financial statements remains on hold,
- IFRIC 21 *Levies* (published on 20 May 2013) - effective for annual periods beginning on or after 1 January 2014 - in the EU, effective at the latest for annual periods beginning on or after 17 June 2014,
- Amendments of IAS 19 *Defined Benefit Plans: Employee Contributions* (published on 21 November 2013) - effective for annual periods beginning on or after 1 July 2014 - not approved by the EU until the date of approval of these financial statements,
- *Amendments resulting from an IFRS review 2010-2012* (published on 12 December 2013) - some of the amendments are effective for annual periods beginning on or after 1 July 2014, and some for transactions taking place on or after 1 July 2014 - not approved by the EU until the date of approval of these financial statements,
- *Amendments resulting from an IFRS review 2011-2013* (published on 12 December 2013) - effective for annual periods beginning on or after 1 July 2014 - not approved by the EU until the date of approval of these financial statements,
- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) - effective for annual periods beginning on or after 1 January 2016 - no decision was made regarding the time frame in which EFRAG will conduct each phase of the works leading to the approval of the standard, not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (published on 6 May 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements,

(in PLN '000, except for items otherwise indicated)

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (published on 12 May 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements.
- IFRS 15 *Revenue from Contracts with Customers* (published on 28 May 2014) - effective for annual periods beginning on or after 1 January 2017 - not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (published on 30 June 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements.
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (published on 12 August 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements.
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (published on 11 September 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements,
- *Amendments resulting from an IFRS review 2012-2014* (published on 25 September 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements.

The Group decided against early application of any standard, interpretation or amendments which have been published but have not entered into force.

4. Change in presentation

In order to increase the transparency of its financial reporting, the Group has made a change to the presentation of selected costs by type in the statement of comprehensive income (similarly to the change of data made in the financial statements for the year ended 31 December 2013). The Company converted the comparative data presented in these condensed financial statements for the 3-month and 9-month period ended 30 September 2013. A summary of these is presented below.

Interim condensed consolidated statement of comprehensive income

	3-month period ended 30 September 2013 *(unaudited)*	**Change in presentation**	**3-month period ended 30 September 2013** *(unaudited, restated)*
Continuing operations			
Revenues from sales of goods and services	56,411	-	56,411
Depreciation and amortisation	(27,739)	-	(27,739)
Wages and salaries	(2,097)	-	(2,097)
Costs related to the telecommunications network		(70,127)	(70,127)
Taxes and charges		(9,204)	(9,204)
Other costs by type	(83,801)	79,331	(4,470)
Other operating income	2,280	-	2,280
Other operating expenses	(901)	-	(901)
Loss on operating activities	**(55,847)**	**-**	**(55,847)**
Finance income	1,248	-	1,248
Financial costs	(7,153)	-	(7,153)
Loss on financial activities	**(5,905)**	**-**	**(5,905)**
			-
Loss before taxation	**(61,752)**	**-**	**(61,752)**
Current income tax	-	-	-
Deferred tax	332	-	332
Total income tax	**332**	**-**	**332**
			-
Net loss on continuing operations	**(61,420)**	**-**	**(61,420)**
			-
Net profit/ (loss) from discontinued operations	**-**	**-**	**-**
			-

Net loss	**(61,420)**	**-**	**(61,420)**
Other comprehensive income	**-**	**-**	**-**
COMPREHENSIVE LOSS	**(61,420)**	**-**	**- (61,420)**

	9-month period ended 30 September 2013 ***(unaudited)***	**Change in presentation**	**9-month period ended 30 September 2013** ***(unaudited, restated)***
Continuing operations			
Revenues from sales of goods and services	148,972	-	148,972
Depreciation and amortisation	(81,860)	-	(81,860)
Wages and salaries	(4,959)	-	(4,959)
Costs related to the telecommunications network		(179,248)	(179,248)
Taxes and charges		(23,513)	(23,513)
Other costs by type	(215,725)	202,761	(12,964)
Other operating income	4,613	-	4,613
Other operating expenses	(2,747)	-	(2,747)
Loss on operating activities	**(151,706)**	**-**	**(151,706)**
Finance income	4,923	-	4,923
Financial costs	(13,363)	-	(13,363)
Loss on financial activities	**(8,440)**	**-**	**(8,440)**
Loss before taxation	**(160,146)**	**-**	**(160,146)**
Current income tax	-	-	-
Deferred tax	18,855	-	18,855
Total income tax	**18,855**	**-**	**18,855**
Net loss on continuing operations	**(141,291)**	**-**	**(141,291)**
Net profit/ (loss) from discontinued operations	**-**	**-**	**-**
Net loss	**(141,291)**	**-**	**(141,291)**
Other comprehensive income	**-**	**-**	**-**
COMPREHENSIVE LOSS	**(141,291)**	**-**	**- (141,291)**

The changes in presentation described above did not affect the result of the Group as presented in the interim condensed consolidated financial statements for the 3-month and 9-month period ended 30 September 2013.

5. Changes in estimates

Provision for dismantling

During the 9-month period ended 30 September 2014, there was a change in the estimated values of the Group's provision for dismantling the base stations.

The Management Board of the Company updated the anticipated cost of dismantling the electronic equipment installed on the proprietary base stations and on the structures supported by other operators. The anticipated cost of dismantling the electronic equipment per base station was estimated as PLN 3,000.

Note 20 contains a description of the assumptions made for the purpose of calculating the value of the provision for dismantling base stations.

6. Business segments

The activities conducted by the Capital Group are treated by the Management Board as a single coherent operational segment covering telecommunications activity. The Management treats the entire Capital Group as a single operational segment and evaluates the financial results of the Group by analysing financial data derived from the consolidated financial statements.

(in PLN '000, except for items otherwise indicated)

7. Seasonality of activities

The Group's activities are not seasonal in nature, and so the Group's results presented do not show any significant fluctuations during the year.

8. Revenues

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Sales of telecommunications services	113,530	249,667	56,393	148,927
Other sales	449	3,658	18	45
Total	**113,979**	**253,325**	**56,411**	**148,972**

During the 9-month period ended 30 September 2014, revenues increased by PLN 104,353,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, revenues increased by PLN 57,568,000 in comparison to the corresponding period of the previous year. This was mainly due to the increasing amount of data transmission services ordered by wholesale customers of the Group resulting from such factors as the growing popularity of the LTE technology, and to the consistently expanding coverage of the telecommunications network utilised by the Group. The Management Board of the Company emphasises that revenue in the third quarter of 2014 increased by approximately 57 per cent compared to the revenue achieved in the second quarter of 2014. On 27 March 2014, Polkomtel placed a new order (Order 3 to the agreement to provide telecommunications services on wholesale conditions) for data transmission services with a total volume of 306 million GB and a period of validity of 36 months counting from 1 January 2014. The total value of Order 3 is PLN 1,442.3 million.

9. Costs by type

During the 9-month period ended 30 September 2014, costs by type increased by PLN 129,959,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, there was an increase in costs by type of PLN 27,700,000. The change results from an increase in depreciation costs and in the costs of maintaining and operating the telecommunications network, which change (increase) as the number of base stations grows.

The Management Board notes that during the 9-month period ended 30 September 2014, one-off expenses were incurred in the amount of PLN 7,200,000, in relation to selling telephones (CenterNet business) and one-off fees for transmission and maintenance services (Aero2 business). During the 9-month period ended 30 September 2013 (corresponding period of the previous year), there were no significant one-off costs.

10. Other operating income

During the 9-month period ended 30 September 2014, other operating expenses decreased by PLN 693,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, other operating expenses decreased by PLN 1,073,000 in comparison to the corresponding period of the previous year. For the purposes of the interim condensed consolidated statement of comprehensive income, other operating revenues comprise the following:

(in PLN '000, except for items otherwise indicated)

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Release of provisions	57	57	-	122
Received compensation and similar benefits	-	17	1	3
Dissolution of write-downs of receivables and inventories	-	-	-	64
Liabilities written off	-	-	1,098	1,098
Subsidies	667	2,021	614	1,812
Postal charges	290	1,287	567	1,495
Other	193	538	-	19
Total	**1,207**	**3,920**	**2,280**	**4,613**

11. Other operating expenses

During the 9-month period ended 30 September 2014, other operating expenses decreased by PLN 987,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, other operating expenses increased by PLN 480,000 in comparison to the corresponding period of the previous year. For the purposes of the interim condensed consolidated statement of comprehensive income, other operating expenses comprise the following:

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Donations	30	60	-	-
Cost of abandoned investments	1,124	1,229	-	-
Loss from disposal/ liquidation of non-financial fixed assets	224	455	-	-
Revaluation write-down of the value of fixed assets and intangible assets	-	-	667	1,999
Court fees	-	-	130	130
Write-off of bad debts	-	-	-	342
Compensation and penalties	-	-	25	25
Other	3	16	79	251
Total	**1,381**	**1,760**	**901**	**2,747**

12. Finance income

During the 9-month period ended 30 September 2014, there was an increase in the value of finance income of PLN 3,524,000 in comparison to the corresponding period of the previous year. During the 3-month period ended
30 September 2014, finance income increased by PLN 1,748,000 in comparison to the corresponding period of the previous year. The change results primarily from a revaluation (increase in value) of the embedded derivative (early bond redemption option).

13. Financial costs

During the 9-month period ended 30 September 2014, financial costs increased by PLN 41,474,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, financial costs increased by PLN 31,343,000 in comparison to the corresponding period of the previous year. The above changes result from an increase in costs related to issuing the bonds and servicing the debt under the investment credit obtained from Alior Bank. The increase in interest expense on the bonds results from a change of security, i.e. deletion of the pledge on the shares of the subsidiaries from the register of pledges in order to release them for the purpose of establishing security for the repayment of the bank credit to be granted to the Group by Bank Pekao S.A. pursuant to the credit agreement of 10 July 2014. Under the terms of issue of the bonds, the discount rate increased by 1.7 percentage points. The difference in the nominal value of the bonds, discounted by the effective rate of discount over the outstanding repayment period, resulted in a charge for the period in the amount of PLN 29,833,000. Note 23 provides more information related to the change of security. For the purposes of the interim condensed consolidated statement of comprehensive income, financial costs comprise the following:

(in PLN '000, except for items otherwise indicated)

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Interest on issued bonds	36,887	49,693	7,046	12,690
Interest on bank credit received	1,453	4,208	57	193
Commission on bank credit received	115	572	14	246
Late-payment interest	21	30	10	77
Negative exchange rate differences	-	1	-	-
Discount on the provision for dismantling base stations	-	247	6	126
Other financial costs	20	86	20	31
Total	**38,496**	**54,837**	**7,153**	**13,363**

14. Income tax

As at 30 September 2014, the Group recognised deferred income tax assets counted as tax losses and negative temporary differences of CenterNet due to the strong likelihood of those assets being attained. As at 30 September 2014, the Group recognised assets of PLN 8,605,000 (PLN 11,050,000 as at 31 December 2013).

15. Property, plant and equipment

15.1. Purchases and disposals

During the 9-month period ended 30 September 2014, the Group acquired items of property, plant and equipment with a value of PLN 25,890,000 (mainly telecommunications infrastructure from Nokia Solutions and Networks and Ericsson).

During the 9-month period ended on 30 September 2013, the Group acquired property, plant and equipment with a value of PLN 83,837,000.

During the 9-month period ended 30 September 2014 and the 9-month period ended 30 September 2013, the Group did not dispose of any property, plant and equipment with a significant value.

15.2. Impairment write-downs

During the 9-month period ended 30 September 2014, the Group did not make any impairment write-downs. In the corresponding period of the previous year, the Group made impairment write-downs of property, plant and equipment in the amount of PLN 1,999,000.

16. Intangible assets

16.1. Purchases and disposals

During the 9-month period ended on 30 September 2014, the Group acquired intangible assets with a value of PLN 132,000. During the 9-month period ended 30 September 2013, the Group did not acquire any intangible assets with a significant value.

During the 9-month period ended 30 September 2014 and the 9-month period ended 30 September 2013, the Group did not dispose of any intangible assets with a significant value.

(in PLN '000, except for items otherwise indicated)

16.2. Impairment write-downs

During the 9-month period ended 30 September 2014 and the corresponding period of the previous year, the Group did not recognise any significant impairment of intangible assets.

17. Cash and cash equivalents

For the purposes of the interim condensed consolidated statement of cash flow, cash and cash equivalents comprise the following:

	30 September 2014 *(unaudited)*	**30 September 2013** *(unaudited)*
Cash at bank and on hand	25,889	10,313
Short-term bank deposits	45,336	139,256
Interest accrued on bank deposits	-	327
Other	-	5
Cash and cash equivalents	**71,225**	**149,901**

18. Non-current receivables, trade and other receivables

During the 9-month period ended 30 September 2014, non-current receivables of the Group increased by PLN 11,091,000 in comparison to the balance as at 31 December 2013. The change stems primarily from an increase in receivables not settled by Sferia S.A. ("Sferia") towards Aero2 in respect of, among other things, the agreement for joint use of the telecommunications network.

During the 9-month period ended 30 September 2014, current receivables of the Group increased by PLN 29,772,000 in comparison to the balance as at 31 December 2013. The change results mainly from an increase in the Group's receivables from Polkomtel (performance of the agreements concluded).

19. Other financial assets

During the 9-month period ended 30 September 2014, other non-current financial assets of the Group decreased by PLN 9,521,000 in comparison to the balance as at 31 December 2013. The change stems primarily from the recognition of receivables under the loan granted to Sferia, in accordance with the agreement, as non-current (under other financial assets - PLN 14,628,000, as at 31 December 2013, the loan was recognised as a long-term loan) and the revaluation of the fair value of the embedded derivative (early bond redemption option) - PLN 5,109,000.

The change in the value of the embedded derivative results from the change (increase) in the value of the discount (change of security) on the bonds and changes in market parameters, including changes in the profitability of bonds with similar maturities.

20. Provisions

During the 9-month period ended 30 September 2014, the Group updated the value of the non-current provisions for the cost of anticipated dismantling of base stations forming part of the telecommunications infrastructure. Stations may be erected on land (proprietary tower stations), on roofs or chimneys of existing facilities (proprietary non-tower stations), on existing towers of other operators (third-party tower stations) or on the roofs or chimneys of other operators (third-party non-tower stations). To this end, the Group concludes tenancy and lease agreements with property owners, which stipulate the obligation to restore the property to its original condition after the agreement is terminated. In calculating the amount of the provision for dismantling as at 30 June 2014, the Group used the following anticipated one-off cost of dismantling for:

- proprietary structures erected on the ground - PLN 75,000, including the cost of dismantling electronic equipment on the base station - PLN 3,000,
- proprietary structures erected on building roofs or chimneys - PLN 25,500, including the cost of dismantling electronic equipment - PLN 3,000,

- structures erected on land owned by another operator - PLN 19,500, including the cost of dismantling electronic equipment - PLN 3,000,
- electronic equipment from the structures located on roofs or chimneys - PLN 3,000,
- transmission points - PLN 90,000,
- intermediate points - PLN 7,000.

The consolidated financial statements disclosed provisions for the cost of dismantling stations in the present value, assuming a 22-year useful life of the station structures, a 10-year useful life of the electronic equipment and a discount rate stemming from the risk-free interest rate.

The value of the provision as at 30 September 2014 was PLN 13,188,000 - the increase in the value of the provision compared to its value as at 31 December 2013 results primarily from the change in the estimates of the Management Board, which is discussed in Note 5 hereto. The change in the value of the provision, resulting from a revision of the Management Board's estimate, in the amount of PLN 9,329,000, was recognised in correspondence to the book value of the fixed assets which the dismantling concerns. The change in the provision resulting from revaluation of the discount amounted to PLN 247,000 and was recognised under financial costs.

21. Interest-bearing bank credit

During the 9-month period ended 30 September 2014, the Company drew down other tranches of the investment credit (agreement with Alior Bank on 28 February 2013) in the total amount of PLN 65 million. The funds from the credit were sent directly to the bank account of Aero2, in accordance with the loan agreement concluded between Midas and Aero2 on 13 September 2013. In the statement of financial position, the value shown of liabilities from the credit is based on the effective interest rate, taking account of costs incurred in connection with obtaining the financing.

Since 1 July 2014, as a result of the signing, on 12 June 2014, of Annex No. 1 to the credit agreement concerning investment credit, concluded on 28 February 2013 between Midas and Alior Bank, the bank's margin has been changed (reduced).

On 10 July 2014, Midas, together with the following of its subsidiaries: Aero2, CenterNet and Mobyland, entered with Bank Polska Kasa Opieki S.A. into an agreement concerning investment credit for up to PLN 200,000,000 for the purpose of expanding the LTE and HSPA+ telecommunications network.

Under the Agreement, the Borrowers may utilise the Credit after the Bank notifies the Borrowers, within the time frame specified in the Agreement, that all of the conditions precedent set forth in the Agreement (and described in more detail below) for the utilisation of the Credit (the "Conditions Precedent") have been satisfied, but no later than one year from the date of entering into the Agreement (the "Availability Period"). The Credit will each time be disbursed upon written instruction from a Borrower (the "Utilisation Request"), prepared in accordance with the Agreement. The credit will be repaid in 48 equal monthly principal instalments (the "Repayment Period"), starting from the month following the month of the last day of the Availability Period, but no later than on the fifth anniversary of executing the Agreement. The interest, calculated on the basis of the 1M WIBOR rate increased by the Bank's margin, will also be repaid in monthly periods. In the case set forth in the Agreement and related to the accounting revenue of Midas Group entities generated until the end of 2015, the Bank will be entitled to shorten the Repayment Period so that it ends on the third anniversary of executing the Agreement, unless the Borrowers provide a solution acceptable to the Bank, which will require the Borrowers to obtain external assistance that will ensure timely debt repayment. For granting the Credit and for its early repayment, the Bank is also entitled to commission, the amount of which has been determined at a market level. The Agreement also defines events ("Events of Default") that will cause the Bank's margin to be increased by the amount specified in the Agreement. The higher margin for the Bank will be in effect until an Event of Default has been remedied by the Borrowers. The list of Events of Default defined in the Agreement is a standard list commonly used in these types of agreements. The Borrowers are jointly and severally liable for any amounts payable to the Bank under the Agreement.

The Conditions Precedent set forth in the Agreement are: (a) providing the Bank with the documents set forth in the Agreement, including copies of the constitutional documents, current excerpts from the KRS, powers of attorney and any required corporate approvals for all of the Borrowers; (b) providing the Bank with legal opinions prepared by the Bank's legal counsel (on the validity and enforceability of the Bank's rights under the Agreement, among other things) and the Borrowers' legal counsel (on the Borrowers' ability to enter into and perform the Agreement and the documents concerning the collateral for the Credit); (c) providing the Bank with the Finance Documents as defined in the Agreement, i.e. in particular: duly executed documents on establishing a collateral for the Credit (the "Security Documents"), proof of payment and filing with competent courts of motions to register collaterals for the Credit, proof of delivery of any notices under the Security Documents, excerpts from the register of pledges and the register of fiscal pledges confirming that no registered pledges (other than as defined in the Agreement) or fiscal pledges have been established over the Company's assets or the assets and shares of the other Borrowers; (d) providing the Bank with any other documents specified in the Agreement. Until the date of publishing these statements, none of the Conditions Precedent had been fulfilled.

The Credit is secured by: (a) a registered pledge for up to PLN 300,000,000 over the shares of CenterNet, Aero2 and Mobyland; (b) a registered pledge for up to PLN 300,000,000 over a pool of assets and rights owned by the Borrowers and treated as a single economic unit; (c) assignment of rights under the insurance policies concluded by Aero2 concerning assets securing the Credit; (d) assignment of receivables under the agreements on wholesale data transfer services concluded by Mobyland with Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.; (e) subordination of the receivables of an entity outside the Borrower's group (save for Alior Bank SA, Plus Bank SA and holders of the Company's series A bonds) providing financing for the Borrowers, with respect to the Bank's receivables from the Borrowers under the Finance Documents; (f) conditional powers of attorney authorising the Bank to act on behalf of the Borrowers (save for the Company) before the Polish Office of Electronic Communications; (g) powers of attorney for the Borrowers' bank accounts; (h) a declaration of submission to enforcement for up to PLN 300,000,000 made by the Borrowers in favour of the Bank pursuant to Article 97 of the Banking Law of 29 August 1997; (i) a declaration by Mr. Zygmunt Solorz-Żak on providing, within the scope of rights vested in shareholders of public companies, assistance throughout the term of the Agreement, which, in particular, involves making efforts to ensure that the Borrowers repay any and all of their obligations towards the Bank in a timely manner, remain in sound economic and financial standing and obtain additional financing sufficient to satisfy their obligations towards the Bank in the event of a delay in their repayment. Until the date of publishing of these statements, the Security Documents have not been signed, save for the above declaration by Mr. Zygmunt Solorz-Żak. On 26 August 2014, the Extraordinary General Meeting of the Company adopted a resolution in which it agreed to the establishing of a limited right in rem over the Company's assets. Approval from the General Meeting will allow the Management Board of the Company to successfully establish the registered pledge over the Company's assets referred to in pt. (b) above.

Furthermore, each potential prospective guarantor of the Credit agrees to issue a guarantee to the Bank for up to PLN 300,000,000, as well as other collaterals that may be agreed with the Bank (the obligation is in effect until 30 June 2022). In the Agreement, the Borrowers also agreed to open temporary bank accounts to which payments will be made under agreements on wholesale data transfer services and insurance policies, as well as a DSRA account, in which a balance of no less than 10 per cent of the value of the disbursed Credit will be maintained throughout the term of the Credit. Subject to the terms and in the manner set forth in the Agreement, the Bank may block certain amounts in the above accounts and apply them towards satisfying due and payable obligations of the Borrowers under the Credit. The Company also agrees that, without the Bank's written approval (which approval will not be unreasonably denied by the Bank), it will not exercise its early redemption option with respect to the Company's series A bonds.

The Company has also agreed that, until the lapse of the Repayment Period, it will not disburse dividends or refund contributions or any other compensation or payments on its share capital, except in the event of a possible consolidation of the Company's shares, and that none of the Borrowers will acquire (directly or indirectly) any entity or enterprise, except as provided in the Agreement. The Company also restricts the Borrowers' ability to dispose of their assets and to encumber and divide the Borrowers' assets, save for any exceptions stipulated in the Agreement. The Agreement also contains provisions concerning General Obligations, both by the Borrowers and by the Bank, which do not vary considerably from provisions commonly used in these types of agreements.

22. Deferred income

As at 30 September 2014, the Group recognised deferred income of PLN 241,525,000 (PLN 143,462,000 as at 31 December 2013). This amount consists of non-current deferred income of PLN 34,742,000 and the current portion of deferred income of PLN 206,783,000 (as at 31 December 2013: PLN 39,011,000 and PLN 104,451,000, respectively).

In the 9-month period ended 30 September 2014, the growth seen in the value of deferred income results from an order under the agreement placed during the above period with Mobyland, on the basis of which Mobyland provides data transmission services on the basis of the LTE and HSPA+ technologies for the benefit of Polkomtel Sp. z o.o. and Cyfrowy Polsat S.A. Each order is payable in instalments (currently, payments are being made in accordance with the schedule published in Current Report No. 4/2014) on the basis of invoices issued by Mobyland, and this is reflected in the value of deferred income. In turn, in line with the usage of the data transmission packets ordered, the statement of comprehensive income, under revenues from sales, shows a result proportional to the number of gigabytes (GB) actually used within a given order. As at 30 September 2014, the value of paid instalments remaining to be settled, resulting from the orders placed under the agreement with Cyfrowy Polsat and Polkomtel amounted to PLN 200,594,000.

Furthermore, the amount of deferred income resulting from the agreement with Sferia for mutual utilisation of telecommunications infrastructure, in comparison with the balance as at 31 December 2013, decreased by PLN 2,248,000 and amounted to PLN 15,736,000 as at 30 September 2014.

The remaining amount of deferred income comprises EU grants of PLN 24,675,000 and settlements of sales of telecommunications services (prepaid) of PLN 520,000.

23. Other financial liabilities

During the 9-month period ended 30 September 2014, there was an increase in the value of liabilities under the issue of bonds. The change results from calculating the discount on the series A bonds and an increase in the value of the discount related to a change of security for the bonds. The amount of interest increases the existing debt under the series A bonds.

On 23 July 2014, Midas, acting on the basis of the provisions of the Bond Issue Conditions ("BIC"), announced that it was intending to make use of the right to which it was entitled to change the security ("Change of Security") for the series A bonds issued on 16 April 2013, which would involve deleting the following registered pledges from the register of pledges:

(i) a pledge on 221,000 shares of Aero2 representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;

(ii) a pledge on 4,264,860 shares of CenterNet representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;

(iii) a pledge on 204,200 shares of Mobyland representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer.

The decision concerning the intention to make use of the right to change security is the consequence of the agreement concluded by the Company on 10 July 2014 with Bank Polska Kasa Opieki S.A. concerning investment credit for up to PLN 200,000,000 (as described above). Under the provisions of the Agreement, one form of security for the Credit being granted is a registered pledge up to the amount of PLN 300,000,000 on the shares of subsidiaries of the Issuer, i.e. Aero2, CenterNet and Mobyland. On 27 August 2014, the registered pledges on the shares of Aero2, Mobyland and CenterNet were deleted.

Presented below is information on selected financial indicators as at 30 September 2014:

consolidated financial debt: PLN 472,656,000, consolidated equity: PLN 542,070,000, leverage ratio: 0.466.

consolidated financial debt (less the value of the embedded derivative): PLN 424,777,000, leverage ratio (not including the embedded derivative): 0.439.

(in PLN '000, except for items otherwise indicated)

24. Goals and principles of financial risk management

During the 9-month period ended 30 September 2014, the Group did not recognise any significant changes in financial risk or in the objectives and policies of managing such risk in relation to those described in the annual consolidated financial statements for 2013.

25. Capital management

During the 9-month period ended 30 September 2014, the Group did not change its goals, principles or procedures for capital management compared to those disclosed in the 2013 annual consolidated financial statements.

26. Contingent liabilities and contingent assets

In the 9-month period ended 30 September 2014, there were changes in contingent liabilities compared with the data disclosed in Note 31 to the 2013 annual consolidated financial statements. Presented below is up-to-date information concerning liabilities from bank guarantees granted as security for the performance of trade agreements:

	30 September 2014	**31 December 2013**
Liabilities from bank guarantees granted mainly as security for the performance of trade agreements	289	461
Total contingent liabilities	**289**	**461**

As at 30 September 2014, the contingent debt of the Group was PLN 289,000, of which:

- a bank guarantee of PLN 288,000 of which the beneficiary is IVG Institutional Funds GmbH, granted by mBank S.A. (formerly BRE Bank S.A., hereinafter "mBank") at the instruction of Aero2 in connection with securing a rental agreement of 11 February 2010 for office premises and parking spaces in the Norway House building located at ul. Lwowska 19 in Warsaw.
- a bank guarantee of PLN 600 of which the beneficiary is Orange Polska S.A. (formerly PTK Centertel Sp. z o.o.), granted by mBank at the instruction of Aero2 in connection with securing the Framework Agreement for the provision of Telehousing PRO No. POS/K-9827 concluded on 25 June 2012.

On 8 May 2014, the Supreme Administrative Court ("NSA") issued a judgement in the matter concerning the tender for frequency reservations in the 1800 MHz range, pursuant to which the NSA upheld the judgement of the Province Administrative Court in Warsaw ("WSAW") of 6 July 2012. The judgement of the NSA was issued as a result of dismissal of the cassation appeals submitted by the President of the UKE and subsidiaries of Midas: CenterNet and Mobyland.

On 29 May 2014, the NSA issued a judgement in the matter concerning frequency reservations in the 1800 MHz range, pursuant to which the NSA upheld the judgement of the WSAW of 19 November 2012. The judgement of the NSA was issued as a result of dismissal of the cassation appeal submitted by Polska Telefonia Cyfrowa Sp. z o.o. with its registered office in Warsaw (current name T-Mobile Polska S.A. with its registered office in Warsaw).

On 23 September 2014, the WSAW issued a non-binding judgement in the matter concerning the repeated tender, to the extent pertaining to the assessment of PTC's bid, in which judgement it revoked the decision of the President of the UKE of 28 November 2012 as well as the decision of the President of the UKE of 8 November 2013, on the basis of which the President of the UKE refused to invalidate the Repeated Tender. The judgement of the WSAW was issued after considering the appeals brought by T-Mobile Polska and Orange Polska S.A.

(in PLN '000, except for items otherwise indicated)

Given the status of proceedings concerning frequency reservations pending against the subsidiaries of Midas, the Management Board of the Company is not able to predict the final outcome of this issue, although it is of the opinion that the issue should not have a negative impact on the financial results and position of the Group. The carrying amount of the above concessions granted to CenterNet and Mobyland, disclosed in the consolidated statement of financial position as at 30 June 2014, was PLN 191,621,000.

Other contingent liabilities and assets did not change compared to those disclosed in the annual consolidated financial statements for 2013.

27. Trade and other liabilities

During the 9-month period ended 30 September 2014, liabilities of the Group decreased by PLN 30,437,000 in comparison to the balance as at 31 December 2013. The change results primarily from the repayment of the Group's liabilities towards Nokia Siemens Networks and Ericsson from telecommunications infrastructure purchases.

28. The reasons for the differences existing between changes stemming from the statement of financial position and changes stemming from the statement of cash flows

28.1. Change in the balance of liabilities

	1 Jan 2014 - 30 Sep 2014	**1 Jan 2013 - 30 Sep 2013**
Change in the balance of short-term liabilities	(30,437)	21,904
Exchange rate differences	-	1
Change in the balance of liabilities arising from the acquisition of property, plant and equipment and investments	(42,701)	(4,074)
	12,264	**25,977**

29. Capex liabilities

As at 30 September 2014 and as at 31 December 2013, the Company did not have any current material capex liabilities that have not been disclosed in these financial statements.

30. Related party disclosures

The table below presents the total values of transactions with related parties entered into during the 3-month and 9-month periods ended 30 September 2014 and 30 September 2013, respectively, and the balances of receivables and payables as at 30 September 2014 and 31 December 2013:

		Revenues from mutual transactions, of which:	**from sales**	**interest on loans**	**other**
Entities controlled by a person (or members of their immediate family) controlling, jointly controlling or having significant influence over Midas S.A.	**3-month period ended 30 September 2014** *(unaudited)*	114,038	113,457	142	439
	9-month period ended 30 September 2014 *(unaudited)*	253,310	251,777	421	1,112
	3-month period ended 30 September 2013 *(unaudited, restated)*	56,326	55,866	137	323
	9-month period ended 30 September 2013 *(unaudited, restated)*	149,469	147,624	469	1,376

(in PLN '000, except for items otherwise indicated)

		Costs of mutual transactions, of which:	**bonds discount**	**interest on loans**	**other**
Entities controlled by a person (or members of their immediate family) controlling, jointly controlling or having significant influence over Midas S.A.	**3-month period ended 30 September 2014** *(unaudited)*	89,271	-	523	88,748
	9-month period ended 30 September 2014 *(unaudited)*	268,846	-	1,604	267,242
	3-month period ended 30 September 2013 *(unaudited, restated)*	64,490	7,042	601	56,847
	9-month period ended 30 September 2013 *(unaudited, restated)*	155,333	12,683	2,344	140,306

		Receivables from related parties, of which:	**trade**	**loans**	**other**
Entities controlled by a person (or members of their immediate family) controlling, jointly controlling or having significant influence over Midas S.A.	**30 September 2014** *(unaudited)*	143,900	126,282	15,048	2,570
	31 December 2013	79,926	62,362	14,628	2,936

		Liabilities towards related parties, of which:	**trade**	**loans**	**other**
Entities controlled by a person (or members of their immediate family) controlling, jointly controlling or having significant influence over Midas S.A.	**30 September 2014** *(unaudited)*	329,258	69,327	43,601	216,330*
	31 December 2013	233,541	73,960	43,601	115,980*

**Amounts recognised as deferred income*

31. Remuneration of the senior management staff of the Group

31.1. Remuneration paid or due to members of the Management Board and members of the Supervisory Board of the Group

The table below shows the value of remuneration (together with bonuses) paid or due to members of the Management Board of the Company and members of the Supervisory Board of the Company for the performance of their duties on the governing bodies of the Company.

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Management Board of the parent				
Current employee benefits or similar (wages and salaries and bonuses)	120	962	427	904
Supervisory Board of the parent				
Current employee benefits or similar (wages and salaries and bonuses)	12	76	43	57
Total	**132**	**1,038**	**470**	**961**

(in PLN ‘000, except for items otherwise indicated)

31.2. Remuneration paid or due to members of the Management Board and members of the Supervisory Board of the Group

The table below shows the value of remuneration (together with bonuses) paid or due to members of the Management Board of the Company and members of the Supervisory Board of the Company for the performance of their duties on the governing bodies of subsidiaries.

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Management Board of the parent				
Current employee benefits (wages and salaries and bonuses)	85	252	132	303
Supervisory Board of the parent				
Current employee benefits (wages and salaries and bonuses)	3	9	3	9
Total	**88**	**261**	**135**	**312**

32. Business combinations

On 21 February 2014, the District Court for the City of Warsaw in Warsaw, Division XII Commercial of the National Court Register, registered the merger of Midas with its registered office in Warsaw (as the Acquiring Company) with the subsidiary Conpidon Limited with its registered office in Nicosia, Cyprus (as the Target Company). As a result of the merger, Midas entered into all the rights and obligations, assets and liabilities of Conpidon, which was dissolved without being liquidated. In view of the fact that all of the shares in the Target Company were held by the Acquiring Company, the Merger was effected without increasing the share capital of the Acquiring Company.

33. Events occurring after the balance sheet date

On 6 October 2014, the Management Board of Sferia notified the Company that Sferia had obtained the decision of the President of the Office of Electronic Communications of 26 September 2014 concerning a change of radio frequency reservations in the 816-821 MHz range and the 857-862 MHz range (the “Decision”). Pursuant to the notification, the Decision was issued by a duly authorised administrative body and was in line with its powers. The decision is final and authorises Sferia to commence commercial use of the frequencies granted to it in the 816-821 MHz and 857-862 MHz ranges as of 1 January 2015. In view of the above, in the opinion of the Management Board of the Company, the Framework Agreement (described in Current Report No. 55/2012) may be performed with respect to concluding the Supply Agreement in the time frame stemming from Annex No. 2 to the Framework Agreement (described in Current Report No. 5/2014), i.e. by 31 December 2014, with effect from 1 January 2015, and with respect to concluding the Wholesale Agreement - in the time frame stemming from the Framework Agreement, i.e. 12 months from the date on which Sferia obtained the right to utilise frequency allowing it to provide LTE services in Poland. The Management Board of the Company notes that in order for the Supply Agreement and Wholesale Agreement to be concluded, the condition precedent set forth in the Framework Agreement must be satisfied, which requires that the Supervisory Board of the Company grant its consent to the conclusion of the Supply Agreement. The Company notes that if the Supply Agreement is concluded, the Midas Group Companies will supply Sferia with a telecommunications network which Sferia will be able to use to provide telecommunications services, under conditions no lesser than the LTE technology, and using the frequencies which Sferia will have the right to utilise. However, if the Wholesale Agreement is concluded, Sferia will wholesale services created in the telecommunications network to the Midas Group, and the Company will have the right to further resell those services.

On 29 October 2014, a plan was agreed and signed for a merger by takeover (the “Merger”) between the companies Aero2 (as the acquiring company) and CenterNet (as the target company). Detailed information about the planned merger of the above companies is set forth in pt. 2 of Other information for the quarterly report.

On 31 October 2014, the Company drew down another tranche of the investment credit (agreement with Alior Bank of 28 February 2013) in the amount of PLN 10 million. The funds from the credit were sent directly to the bank account of the Company’s subsidiary, i.e. Aero2, in accordance with the loan agreement concluded between Midas and Aero2 on 13 September 2013. The loan bears variable interest, calculated on the basis of the cost of capital for Midas increased by a margin.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Krzysztof Adaszewski /President of the Management Board/	Maciej Kotlicki /Vice-President of the Management Board/

SIGNATURE OF THE PERSON ENTRUSTED TO MAINTAIN THE BOOKS OF ACCOUNT:

Teresa Rogala
/on behalf of SFERIA
Spółka Akcyjna/

Warsaw, 14 November 2014

Midas Spółka Akcyjna

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 3-MONTH AND 9-MONTH PERIOD ENDED 30 SEPTEMBER 2014

(in PLN '000, except for items otherwise indicated)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the 9-month period ended 30 September 2014

	Note	3-month period ended 30 September 2014 *(unaudited)*	9-month period ended 30 September 2014 *(unaudited)*	3-month period ended 30 September 2013 *(unaudited, restated)*	9-month period ended 30 September 2013 *(unaudited, restated)*
Continuing operations					
Revenues from core operating activities	7.1	44,764	68,676	6,841	12,737
Own costs from core operating activities	7.2	(38,850)	(55,988)	(7,141)	(13,128)
Depreciation and amortisation		(7)	(22)	(11)	(21)
Wages and salaries		(272)	(1,487)	(611)	(1,233)
Other costs by type		(1,099)	(2,856)	(282)	(930)
Other operating income		30	37	-	-
Other operating expenses		-	(27)	(1)	(1)
Profit/ (loss) on operating activities		**4,566**	**8,333**	**(1,205)**	**(2,576)**
Finance income	7.3	88	472	1,095	3,858
Profit on financial activities		**88**	**472**	**1,095**	**3,858**
Profit/ (loss) before tax		**4,654**	**8,805**	**(110)**	**1,282**
Current income tax		-	-	-	-
Deferred tax		-	-	-	-
Total income tax		**-**	**-**	**-**	**-**
Profit/ (loss) for the period on continuing operations		**4,654**	**8,805**	**(110)**	**1,282**
Net profit/ (loss) from discontinued operations		**-**	**-**	**-**	**-**
Net profit/ (loss) for the period		**4,654**	**8,805**	**(110)**	**1,282**
Other comprehensive income		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME (LOSS)		**4,654**	**8,805**	**(110)**	**1,282**
Average weighted number of ordinary shares		1,479,666,750	1,479,666,750	1,479,666,188	1,479,663,960
Net profit/ (loss) on continuing operations per share (in PLN)		0.0031	0.0060	(0.0001)	0.0009

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN ‘000, except for items otherwise indicated)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 September 2014

	Note	30 September 2014 *(unaudited)*	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	8	97	132
Non-current financial assets	9	1,391,418	1,272,981
Total non-current assets		**1,391,515**	**1,273,113**
Current assets			
Trade and other receivables	13	3,872	-
Loans granted	13	247,134	186,021
Other assets	9	700	1,040
Cash and cash equivalents		7,023	65,543
Other prepayments		39	25
Total current assets		**258,768**	**252,629**
Total assets		**1,650,283**	**1,525,742**

	Note	30 September 2014 *(unaudited)*	31 December 2013
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company, of which:			
Share capital		147,967	147,967
Supplementary capital		1,140,860	1,140,860
Treasury shares		-	-
Retained earnings/ Accumulated losses		(68,300)	(76,807)
Retained profit / (loss)	20	(77,105)	(76,892)
Net profit / (loss) for the current period		8,805	85
Total equity		**1,220,527**	**1,212,020**
Non-current liabilities			
Loans and borrowings	12	106,911	45,580
Liabilities from issue of bonds	12	319,311	267,543
Total non-current liabilities		**426,222**	**313,123**
Current liabilities			
Trade and other liabilities		565	415
Loans and borrowings		2,833	69
Accruals		136	115
Total current liabilities		**3,534**	**599**
Total equity and liabilities		**1,650,283**	**1,525,742**

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN '000, except for items otherwise indicated)

INTERIM CONDENSED STATEMENT OF CASH FLOW

for the 9-month period ended 30 September 2014

	Note	9-month period ended 30 September 2014 *(unaudited)*	9-month period ended 30 September 2013 *(unaudited, restated)*
Gross profit		**8,805**	**1,282**
Depreciation of fixed and intangible assets		22	21
Interest and commission costs		55,908	13,127
Profit/ (loss) on investing activities		(4)	-
Exchange rate differences		-	(11)
Change in the balance of assets and liabilities related to operating activities:			
- Trade and other receivables		(3,872)	9
– Inventories		-	(1)
- Trade and other liabilities		150	(181)
– Accruals		(7)	(37)
Interest income		(59,730)	(12,727)
Revaluation of embedded derivative		(5,108)	-
Other adjustments		79	-
Adjustments of total gross profit		**(3,757)**	**1,482**
Other cash flows from operating activities			
Loans granted	13	(50,000)	(211,000)
Repayment of loans granted		-	5,000
Interest received		-	540
Other cash flows from operating activities		**(50,000)**	**(205,460)**
Net cash from operating activities		**(53,757)**	**(203,978)**
Purchase of property, plant and equipment and intangible assets		(41)	(142)
Proceeds from sale of property, plant and equipment and intangible assets		58	-
Net cash flow from investing activities		**17**	**(142)**
Proceeds from sale of shares		-	4
Issue of bonds		-	200,099
Expenses related to issuing bonds		(52)	(483)
Repayment of commercial papers issued		-	(22,250)
Interest paid on commercial papers issued		-	(3,984)
Commission and interest paid in connection with bank credit		(4,728)	(2,209)
Net cash flow from financing activities		**(4,780)**	**171,177**
Net decrease in cash and cash equivalents		**(58,520)**	**(32,943)**
Cash and cash equivalents at the beginning of the period		**65,543**	**134,036**
Cash and cash equivalents at the end of the period	10	**7,023**	**101,093**

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

(in PLN ‘000, except for items otherwise indicated)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

for the 9-month period ended 30 September 2014

	Note	Share capital	Supplementary capital	Treasury shares	Uncovered losses	Total equity
As at 1 January 2014		**147,967**	**1,140,860**	**-**	**(76,807)**	**1,212,020**
Business combinations	20	-	-	-	(298)	**(298)**
Net profit for the period		-	-	-	*8,805*	*8,805*
Comprehensive income for the period		-	-	-	8,805	8,805
As at 30 September 2014 *(unaudited)*		**147,967**	**1,140,860**	**-**	**(68,300)**	**1,220,527**

	Note	Share capital	Supplementary capital	Treasury shares	Uncovered losses	Total equity
As at 1 January 2013		**147,967**	**1,141,006**	**(150)**	**(76,892)**	**1,211,931**
Proceeds from sale of treasury shares		-	(146)	150	-	4
Net loss for the period		-	-	-	*1,282*	*1,282*
Comprehensive income for the period		-	-	-	1,282	1,282
As at 30 September 2013 *(unaudited)*		**147,967**	**1,140,860**	**-**	**(75,610)**	**1,213,217**

Krzysztof Adaszewski	Maciej Kotlicki	Teresa Rogala
/President of the Management Board/	/Vice-President of the Management Board/	/on behalf of SFERIA Spółka Akcyjna/

SUPPLEMENTARY EXPLANATORY NOTES

The interim condensed financial statements of the Company cover the 3-month and 9-month period ended 30 September 2014 and contain comparative data as required by the International Financial Reporting Standards ("IFRS").

The interim condensed statement of comprehensive income includes data for the 9-month period ended 30 September 2014, the 3-month period ended 30 September 2014, and comparative data for the 9-month period ended 30 September 2013 and the 3-month period ended 30 September 2013. The data for the 3-month and 9-month period ended 30 September 2014 and the comparative data for the 3-month and 9-month period ended 30 September 2013 were not subject to a review or an audit by an independent auditor.

On 14 November 2014, these interim condensed financial statements of Midas S.A. for the 3-month and 9-month period ended 30 September 2014 were approved for publication by the Management Board of Midas S.A.

The Company Midas S.A. also prepared interim condensed consolidated financial statements for the 3-month and 9-month period ended on 30 September 2014, which were approved by the Management Board of Midas S.A. for publication on 14 November 2014.

1. General information

MIDAS S.A. (the "Company", "Midas") is a joint-stock company with its registered office in Warsaw at Lwowska 19, whose shares are in public trading.

The Company is entered in the Commercial Register of the National Court Register kept by the District Court in Warsaw, Division XII Commercial of the National Court Register, under KRS 0000025704. The Company was granted statistical number REGON 010974600.

The Company is established in perpetuity.

The main area of the Company's business activities includes:

- Activities of holding companies (64.20.Z)
- Other credit granting (64.92.Z)
- Other financial service activities, except insurance and pension funding not elsewhere classified (64.99.Z)
- Other activities auxiliary to financial services, except insurance and pension funding (66.19.Z)
- Buying and selling of own real estate (68.10.Z)

2. Basis for preparing the interim condensed financial statements

These interim condensed financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union, in particular in accordance with International Accounting Standard No. 34.

As on the date of approval of these statements for publication, taking into account the EU process of implementing the IFRS standards and the business conducted by the Company, in the context of the accounting policies applied by the Company, the IFRS differ from the EU IFRS.

The EU IFRS comprise standards and interpretations accepted by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC").

These interim condensed financial statements have been presented in Polish zlotys (PLN), and all values are given in thousands (PLN '000) except when otherwise indicated.

These interim condensed financial statements were prepared assuming that the Company would continue as a going concern in the foreseeable future. As at the date of approval of these interim financial statements, no circumstances were identified that would pose a threat to the continued activity of the Company.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2013, published on 21 March 2014.

The interim financial result may not fully reflect the financial result which can be realised for the financial year.

3. Summary of significant accounting policies

The accounting policies adopted in preparing the interim condensed financial statements are consistent with those adopted in preparing the annual financial statements of the Company for the year ended 31 December 2013, except for the following new or amended standards and interpretations in force for annual periods beginning on or after 1 January 2014.

- IFRS 9 *Financial Instruments* (published on 24 July 2014) - effective for annual periods beginning on or after 1 January 2018 - not approved by the EU until the date of approval of these financial statements, the process of approval of the standard in the EU as at the date of approval of these financial statements remains on hold,
- IFRIC 21 *Levies* (published on 20 May 2013) - effective for annual periods beginning on or after 1 January 2014 - in the EU, effective at the latest for annual periods beginning on or after 17 June 2014,
- Amendments of IAS 19 *Defined Benefit Plans: Employee Contributions* (published on 21 November 2013) - effective for annual periods beginning on or after 1 July 2014 - not approved by the EU until the date of approval of these financial statements,
- *Amendments resulting from an IFRS review 2010-2012* (published on 12 December 2013) - some of the amendments are effective for annual periods beginning on or after 1 July 2014, and some for transactions taking place on or after 1 July 2014 - not approved by the EU until the date of approval of these financial statements,
- *Amendments resulting from an IFRS review 2011-2013* (published on 12 December 2013) - effective for annual periods beginning on or after 1 July 2014 - not approved by the EU until the date of approval of these financial statements,
- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) - effective for annual periods beginning on or after 1 January 2016 - no decision was made regarding the time frame in which EFRAG will conduct each phase of the works leading to the approval of the standard, not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (published on 6 May 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (published on 12 May 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements,
- IFRS 15 *Revenue from Contracts with Customers* (published on 28 May 2014) - effective for annual periods beginning on or after 1 January 2017 - not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (published on 30 June 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (published on 12 August 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements.
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (published on 11 September 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements,

(in PLN '000, except for items otherwise indicated)

- *Amendments resulting from an IFRS review 2012-2014* (published on 25 September 2014) - effective for annual periods beginning on or after 1 January 2016 - not approved by the EU until the date of approval of these financial statements.

The Company decided against early adoption of any standard, interpretation or amendment already issued but not yet effective.

4. Change in presentation and conversion of comparative data

Due to the fact that the primary activity conducted by the Company is holding activity, the Company amended the presentation of income and costs in the statement of comprehensive income and in the statement of cash flow (similarly to the data amendment made in the financial statements for the year ended 31 December 2013). The Company converted the comparative data presented in these interim condensed financial statements for the 3-month and 9-month period ended 30 September 2013. The conversion involved changing the existing presentation of income and financial costs (in the part concerning obtaining financing for subsidiaries) as operating income and operating expenses, respectively. Those changes concern the statement of comprehensive income and the statement of cash flow. A summary of these is presented below.

Interim condensed statement of comprehensive income

	3-month period ended 30 September 2013 *(unaudited)*	**Change in presentation**	**3-month period ended 30 September 2013** *(unaudited, restated)*
Continuing operations			
Revenues from core operating activities	-	6,841	6,841
Own costs from core operating activities	-	(7,141)	(7,141)
Depreciation and amortisation	(11)	-	(11)
Wages and salaries	(611)	-	(611)
Other costs by type	(282)	-	(282)
Other operating expenses	(1)	-	(1)
Loss on operating activities	**(905)**	**(300)**	**(1,205)**
Finance income	7,936	(6,841)	1,095
Financial costs	(7,141)	7,141	-
Profit/ (loss) on financial activities	**795**	**300**	**1,095**
Profit before taxation	**(110)**	**-**	**(110)**
Current income tax	-	-	-
Deferred tax	-	-	-
Total income tax	**-**	**-**	**-**
Net profit on continuing operations	**(110)**	**-**	**(110)**
Net profit/ (loss) from discontinued operations	**-**	**-**	**-**
Net profit	**(110)**	**-**	**(110)**
Other comprehensive income	**-**	**-**	**-**
COMPREHENSIVE LOSS	**(110)**	**-**	**(110)**

	9-month period ended 30 September 2013 *(unaudited)*	**Change in presentation**	**9-month period ended 30 September 2013** *(unaudited, restated)*
Continuing operations			
Revenues from core operating activities	-	12,737	12,737
Own costs from core operating activities	-	(13,128)	(13,128)

(in PLN '000, except for items otherwise indicated)

Depreciation and amortisation	(21)	-	(21)
Wages and salaries	(1,233)	-	(1,233)
Other costs by type	(930)	-	(930)
Other operating expenses	(1)	-	(1)
Profit/ (loss) on operating activities	**(2,185)**	**(391)**	**(2,576)**
Finance income	16,595	(12,737)	3,858
Financial costs	(13,128)	13,128	-
Profit on financial activities	**3,467**	**391**	**3,858**
Profit before taxation	**1,282**	**-**	**1,282**
Current income tax	-	-	-
Deferred tax	-	-	-
Total income tax	**-**	**-**	**-**
Net profit on continuing operations	**1,282**	**-**	**1,282**
Net profit	**1,282**	**-**	**1,282**
COMPREHENSIVE INCOME	**1,282**	**-**	**1,282**

Interim condensed statement of cash flow

	9-month period ended 30 September 2013 *(unaudited)*	**Change in presentation**	**9-month period ended 30 September 2013** *(unaudited, restated)*
Gross profit	**1,282**	**-**	**1,282**
Depreciation of fixed and intangible assets	21	-	21
Interest and commission costs	394	12,733	13,127
Exchange rate differences	(11)	-	(11)
Change in the balance of assets and liabilities related to operating activities:			
– Trade and other receivables	9	-	9
– Inventories	(1)	-	(1)
- Trade and other liabilities	(181)	-	(181)
– Accruals	(37)	-	(37)
Interest income	(12,727)	-	(12,727)
Costs of interest on bonds	12,720	(12,720)	-
Other adjustments	13	(13)	-
Adjustments of total gross profit	**1,482**	**-**	**1,482**
Other cash flows from operating activities			
Loans granted	-	(211,000)	(211,000)
Repayment of loans granted	-	5,000	5,000
Interest received	-	540	540
Other cash flows from operating activities	**-**	**(205,460)**	**(205,460)**
Net cash from operating activities	**1,482**	**(205,460)**	**(203,978)**
Purchase of property, plant and equipment and intangible assets	(142)	-	(142)
Loans granted	(211,000)	211,000	-
Repayment of loans granted	5,000	(5,000)	-
Interest received	540	(540)	-
Net cash flow from investing activities	**(205,602)**	**205,460**	**(142)**
Proceeds from sale of treasury shares	4	-	4
Issue of bonds	200,099	-	200,099
Repayment of commercial papers issued	(22,250)	-	(22,250)
Interest paid on commercial papers issued	(3,984)	-	(3,984)
Expenses related to issuing bonds	-	(483)	(483)
Commission and interest paid in connection with bank credit	-	(2,209)	(2,209)
Commission paid (related to issuing bonds and the bank credit)	(2,692)	2,692	-
Net cash flow from financing activities	**171,177**	**-**	**171,177**
Net decrease in cash and cash equivalents	**(32,943)**	**-**	**(32,943)**

(in PLN '000, except for items otherwise indicated)

Cash and cash equivalents at the beginning of the period	**134,036**	**-**	**134,036**
Cash and cash equivalents at the end of the period	**101,093**	**-**	**101,093**

The changes in presentation described above did not affect the result of the Company as presented in the interim condensed financial statements for the 9-month period ended 30 September 2013.

5. Business segments

The activities conducted by the Company are treated by the Management Board as a single coherent operating segment that includes supervisory activities in relation to subsidiaries operating in the telecommunications industry. The Management treats the entire Capital Group as a single operating segment and evaluates the financial results of the Group by analysing financial data derived from the consolidated financial statements.

6. Seasonality of activities

The Company's activities are not seasonal in nature. Therefore, the results presented by the Company do not show any significant fluctuations during the year.

7. Revenues and costs

7.1. Revenues from core operating activities

	3-month period ended 30 September 2014	**9-month period ended 30 September 2014**	**3-month period ended 30 September 2013** *(restated)*	**9-month period ended 30 September 2013** *(restated)*
Income from interest on loans granted to related entities	36,687	59,730	6,849	12,727
Positive exchange rate differences	-	1	(8)	10
Revaluation of embedded derivative	4,240	5,108	-	-
Interest income	3,837	3,837	-	-
Total	**44,764**	**68,676**	**6,841**	**12,737**

During the 9-month period ended 30 September 2014, revenues from core operating activities increased by PLN 55,939,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, revenues from core operating activities increased by PLN 37,923,000 in comparison to the corresponding period of the previous year. The above changes result primarily from the higher value of loans granted to subsidiaries and thus, the increased value of the interest computed on short- and long-term loans granted and from recharging the cost of the bank credit (commissions, cost of collaterals) granted by Alior Bank to the subsidiary Aero2. The increase in income also results from a change in the interest rate on long-term loans granted to subsidiaries from the proceeds from the issue of bonds, which are calculated on the basis of the debt servicing costs. After the change of security on the bonds issued, i.e. deleting the pledge on the shares of subsidiaries from the register of pledges, the interest rate on the loans increased by 1.7 percentage points. The difference in the amount of interest discounted by the effective interest rate over the outstanding repayment period increased the revenues for the period by PLN 24,280,000.

The other changes in revenues result from a revaluation of the embedded derivative (early bond redemption option).

(in PLN '000, except for items otherwise indicated)

7.2. Own costs from core operating activities

	3-month period ended 30 September 2014	**9-month period ended 30 September 2014**	**3-month period ended 30 September 2013 *(restated)***	**9-month period ended 30 September 2013 *(restated)***
Interest on bonds	37,542	51,745	7,046	12,690
Interest on commercial papers issued to related entities	-	-	-	337
Interest on bank credit received	1,174	3,591	57	57
Commission on bank credit received	115	572	13	13
Other costs	19	80	25	31
Total	**38,850**	**55,988**	**7,141**	**13,128**

During the 9-month period ended 30 September 2014, costs of core operating activities increased by PLN 42,860,000 in comparison to the corresponding period of the previous year. During the 3-month period ended 30 September 2014, costs of core operating activities increased by PLN 31,709,000 in comparison to the corresponding period of the previous year. The above changes result from an increase in costs related to issuing the bonds and servicing the debt under the investment credit obtained from Alior Bank. The increase in interest expense on the bonds results from a change of security, i.e. deletion of the pledge on the shares of the subsidiaries. Under the terms of issue of the bonds, the discount rate increased by 1.7 percentage points. The difference in the nominal value of the bonds, discounted by the effective rate of discount over the outstanding repayment period, resulted in a charge for the period in the amount of PLN 29,833,000. Note 12 provides more information related to the change of security.

7.3. Finance income

During the 9-month period ended 30 September 2014, there was a decrease in finance income of PLN 3,386,000 in comparison to the corresponding period of the previous year. During the 3-month period ended
30 September 2014, finance income decreased by PLN 1,007,000 in comparison to the corresponding period of the previous year. The above changes resulted from the lower value of funds invested and changes in bank deposit interest rates.

8. Property, plant and equipment

8.1. Purchases and disposals

During the 9-month period ended 30 September 2014, the Company made investments into property, plant and equipment of PLN 41,000 (during the 9-month period ended 30 September 2014 - PLN 140,000). During the 9-month period ended 30 September 2014, the Company sold items of property, plant and equipment with a value of PLN 54,000 (in the corresponding period of the previous year, the Company did not sell any items of property, plant and equipment).

8.2. Impairment write-downs

During the 9-month period ended 30 September 2014, the Company did not recognise any significant impairment of property, plant and equipment (as was the case in the corresponding period of the previous year).

9. Other non-current and current assets

During the 9-month period ended 30 September 2014, there was a change in the value of other (non-current) financial assets in comparison to the balance as at 31 December 2013. Other non-current financial assets comprise the following items:

(in PLN '000, except for items otherwise indicated)

	30 September 2014	31 December 2013
Shares, of which:		
CenterNet S.A.	238,989	238,989
Mobyland Sp. z o.o.	178,770	178,770
Conpidon Ltd*	-	548,444
Aero2 Sp. z o.o.	548,444	-
Long-term loans granted (including interest)**	372,876	259,546
Embedded derivatives - option of early redemption of bonds	52,339	47,232
Total	**1,391,418**	**1,272,981**

* Information on the merger between Conpidon and Midas is set forth in Note 20

**details concerning long-term loans granted in 2014 are described in Note 13.

Embedded derivative

As at 30 September 2014, the Company revalued the embedded derivative. The change in the value of the embedded derivative results from the change (increase) in the value of the discount (change of security) on the bonds and changes in market parameters, including changes in the profitability of bonds with similar maturities.

Other current assets

The item other current assets is showing a portion of the commission on the bank credit obtained that has not been allocated to the credit tranches drawn down to date.

10. Cash and cash equivalents

For the purpose of the interim condensed statement of cash flow, cash and cash equivalents comprise the following:

	30 September 2014	30 September 2013
Cash at bank and on hand	5,187	226
Short-term bank deposits	1,836	100,540
Interest accrued on bank deposits	-	327
Cash and cash equivalents	**7,023**	**101,093**

11. Provisions

During the 9-month period ended 30 September 2014, there were no movements in the level of provisions created.

12. Interest-bearing bank credit, borrowings and issued papers and bonds

During the 9-month period ended 30 September 2014, the Company drew down other tranches of the investment credit (agreement with Alior Bank on 28 February 2013) in the total amount of PLN 65 million. The funds from the credit were sent directly to the bank account of the subsidiary Aero2, in accordance with the loan agreement concluded between Midas and Aero2 on 13 September 2013. In the statement of financial position, the value shown of liabilities from the credit is based on the effective interest rate, taking account of costs incurred in connection with obtaining the financing.

Since 1 July 2014, as a result of the signing, on 12 June 2014, of Annex No. 1 to the credit agreement concerning investment credit, concluded on 28 February 2013 between Midas and Alior Bank, the bank's margin has been changed (reduced).

On 10 July 2014, Midas, together with the following of its subsidiaries: Aero2, CenterNet and Mobyland, entered with Bank Polska Kasa Opieki S.A. into an agreement concerning investment credit for up to PLN 200,000,000 for the purpose of expanding the LTE and HSPA+ telecommunications network.

Under the Agreement, the Borrowers may utilise the Credit after the Bank notifies the Borrowers, within the time frame specified in the Agreement, that all of the conditions precedent set forth in the Agreement (and described in more detail below) for the utilisation of the Credit (the "Conditions Precedent") have been satisfied, but no later than one year from the date of entering into the Agreement (the "Availability Period"). The Credit will each time be disbursed upon written instruction from a Borrower (the "Utilisation Request"), prepared in accordance with the Agreement. The credit will be repaid in 48 equal monthly principal instalments (the "Repayment Period"), starting from the month following the month of the last day of the Availability Period, but no later than on the fifth anniversary of executing the Agreement. The interest, calculated on the basis of the 1M WIBOR rate increased by the Bank's margin, will also be repaid in monthly periods. In the case set forth in the Agreement and related to the accounting revenue of Midas Group entities generated until the end of 2015, the Bank will be entitled to shorten the Repayment Period so that it ends on the third anniversary of executing the Agreement, unless the Borrowers provide a solution acceptable to the Bank, which will require the Borrowers to obtain external assistance that will ensure timely debt repayment. For granting the Credit and for its early repayment, the Bank is also entitled to commission, the amount of which has been determined at a market level. The Agreement also defines events ("Events of Default") that will cause the Bank's margin to be increased by the amount specified in the Agreement. The higher margin for the Bank will be in effect until an Event of Default has been remedied by the Borrowers. The list of Events of Default defined in the Agreement is a standard list commonly used in these types of agreements. The Borrowers are jointly and severally liable for any amounts payable to the Bank under the Agreement.

The Conditions Precedent set forth in the Agreement are: (a) providing the Bank with the documents set forth in the Agreement, including copies of the constitutional documents, current excerpts from the KRS, powers of attorney and any required corporate approvals for all of the Borrowers; (b) providing the Bank with legal opinions prepared by the Bank's legal counsel (on the validity and enforceability of the Bank's rights under the Agreement, among other things) and the Borrowers' legal counsel (on the Borrowers' ability to enter into and perform the Agreement and the documents concerning the collateral for the Credit); (c) providing the Bank with the Finance Documents as defined in the Agreement, i.e. in particular: duly executed documents on establishing a collateral for the Credit (the "Security Documents"), proof of payment and filing with competent courts of motions to register collaterals for the Credit, proof of delivery of any notices under the Security Documents, excerpts from the register of pledges and the register of fiscal pledges confirming that no registered pledges (other than as defined in the Agreement) or fiscal pledges have been established over the Company's assets or the assets and shares of the other Borrowers; (d) providing the Bank with any other documents specified in the Agreement. Until the date of publishing these statements, none of the Conditions Precedent had been fulfilled.

The Credit is secured by: (a) a registered pledge for up to PLN 300,000,000 over the shares of CenterNet, Aero2 and Mobyland; (b) a registered pledge for up to PLN 300,000,000 over a pool of assets and rights owned by the Borrowers and treated as a single economic unit; (c) assignment of rights under the insurance policies concluded by Aero2 concerning assets securing the Credit; (d) assignment of receivables under the agreements on wholesale data transfer services concluded by Mobyland with Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.; (e) subordination of the receivables of an entity outside the Borrower's group (save for Alior Bank SA, Plus Bank SA and holders of the Company's series A bonds) providing financing for the Borrowers, with respect to the Bank's receivables from the Borrowers under the Finance Documents; (f) conditional powers of attorney authorising the Bank to act on behalf of the Borrowers (save for the Company) before the Polish Office of Electronic Communications; (g) powers of attorney for the Borrowers' bank accounts; (h) a declaration of submission to enforcement for up to PLN 300,000,000 made by the Borrowers in favour of the Bank pursuant to Article 97 of the Banking Law of 29 August 1997; (i) a declaration by Mr. Zygmunt Solorz-Żak on providing, within the scope of rights vested in shareholders of public companies, assistance throughout the term of the Agreement, which, in particular, involves making efforts to ensure that the Borrowers repay any and all of their obligations towards the Bank in a timely manner, remain in sound economic and financial standing and obtain additional financing sufficient to satisfy their obligations towards the Bank in the event of a delay in their repayment. Until the date of publishing these statements, the Security Documents have not been signed, save for the above declaration by Mr. Zygmunt Solorz-Żak. On 26 August 2014, the Extraordinary General Meeting of the Company adopted a resolution in which it agreed to the establishing of a limited right in rem over the Company's assets. Approval from the General Meeting will allow the Management Board of the Company to successfully establish the registered pledge over the Company's assets referred to in pt. (b) above.

Furthermore, each potential prospective guarantor of the Credit agrees to issue a guarantee to the Bank for up to PLN 300,000,000, as well as other collaterals that may be agreed with the Bank (the obligation is in effect until

30 June 2022). In the Agreement, the Borrowers also agreed to open temporary bank accounts to which payments will be made under agreements on wholesale data transfer services and insurance policies, as well as a DSRA account, in which a balance of no less than 10 per cent of the value of the disbursed Credit will be maintained throughout the term of the Credit. Subject to the terms and in the manner set forth in the Agreement, the Bank may block certain amounts in the above accounts and apply them towards satisfying due and payable obligations of the Borrowers under the Credit. The Company also agrees that, without the Bank's written approval (which approval will not be unreasonably denied by the Bank), it will not exercise its early redemption option with respect to the Company's series A bonds.

The Company has also agreed that, until the lapse of the Repayment Period, it will not disburse dividends or refund contributions or any other compensation or payments on its share capital, except in the event of a possible consolidation of the Company's shares, and that none of the Borrowers will acquire (directly or indirectly) any entity or enterprise, except as provided in the Agreement. The Company also restricts the Borrowers' ability to dispose of their assets and to encumber and divide the Borrowers' assets, save for any exceptions stipulated in the Agreement. The Agreement also contains provisions concerning General Obligations, both by the Borrowers and by the Bank, which do not vary considerably from provisions commonly used in these types of agreements.

During the 9-month period ended 30 September 2014, there was an increase in the value of liabilities under the issue of bonds. The change results from calculating the discount on the series A bonds and an increase in the value of the discount related to a change of security for the bonds. The amount of discount was added to the existing debt under the series A bonds.

On 23 July 2014, Midas, acting on the basis of the provisions of the Bond Issue Conditions ("BIC"), announced that it was intending to make use of the right to which it was entitled to change the security ("Change of Security") for the series A bonds issued on 16 April 2013, which would involve deleting the following registered pledges from the register of pledges:

(i) a pledge on 221,000 shares of Aero2 representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;

(ii) a pledge on 4,264,860 shares of CenterNet representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;

(iii) a pledge on 204,200 shares of Mobyland representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer.

The decision concerning the intention to make use of the right to change security is the consequence of the agreement concluded by the Company on 10 July 2014 with Bank Polska Kasa Opieki S.A. concerning investment credit for up to PLN 200,000,000 (as described above). Under the provisions of the Agreement, one form of security for the Credit being granted is a registered pledge up to the amount of PLN 300,000,000 on the shares of subsidiaries of the Issuer, i.e. Aero2, CenterNet and Mobyland. On 27 August 2014, the registered pledges on the shares of Aero2, Mobyland and CenterNet were deleted.

13. Trade and other receivables

During the 9-month period ended 30 September 2014, there was an increase in the value of receivables in comparison to the balance as at 31 December 2013. The change results from charging to the subsidiary Aero2 the additional costs related to the investment credit obtained from Alior Bank (cost of collaterals and commissions).

During the 9-month period ended 30 September 2014, the Company granted loans with a total value of PLN 115,000,000, of which:

- to Aero2 Sp. z o.o., short-term loans in the amount of PLN 15,000,000 and long-term loans in the amount of PLN 65,000,000 (the amount of PLN 65,000,000 was obtained from the credit granted by Alior Bank and was transferred directly to Aero2's account),
- to Mobyland Sp. z o.o., short-term loans in the amount of PLN 35,000,000.

(in PLN '000, except for items otherwise indicated)

Details of the loans granted are presented in the table below:

Company	Amount of loan	Date loan granted	Date loan repaid	Interest rate and other conditions of the loan
Mobyland	30,000	15 January 2014	31 December 2014	WIBOR 1M plus margin, interest accrued in arrears - WIBOR 1M from the second business day preceding the beginning of the interest period assuming that one year is 365 days
Aero2	20,000	8 January 2014	30 March 2018	cost of servicing the Alior credit plus margin
Aero2	15,000	12 June 2014	30 March 2018	cost of servicing the Alior credit plus margin
Aero2	10,000	25 March 2014	31 December 2014	WIBOR 1M plus margin, interest accrued in arrears - WIBOR 1M from the second business day preceding the beginning of the interest period assuming that one year is 365 days
Aero2	10,000	4 April 2014	30 March 2018	cost of servicing the Alior credit plus margin
Aero2	10,000	20 May 2014	30 March 2018	cost of servicing the Alior credit plus margin
Aero2	10,000	11 July 2014	30 March 2018	cost of servicing the Alior credit plus margin
Aero2	5,000	12 September 2014	31 December 2014	WIBOR 1M plus margin, interest accrued in arrears - WIBOR 1M from the second business day preceding the beginning of the interest period assuming that one year is 365 days
Mobyland	5,000	25 September 2014	31 December 2014	WIBOR 1M plus margin, interest accrued in arrears - WIBOR 1M from the second business day preceding the beginning of the interest period assuming that one year is 365 days

The above loans were granted for the purpose of financing the expansion and maintenance of the telecommunications network of the Midas Group.

As at 30 September 2014, the total value of short-term loans granted is PLN 247,134,000 (PLN 186,021,000 as at 31 December 2013).

14. Goals and principles of financial risk management

During the 9-month period ended 30 September 2014, the Company did not recognise any significant changes in financial risk or in the objectives and policies of managing such risk compared with those described in the annual non-consolidated financial statements for 2013.

15. Capital management

During the 9-month period ended 30 September 2014, the Company did not change its goals, principles or procedures for capital management compared to those disclosed in the 2013 annual non-consolidated financial statements.

16. Contingent liabilities and contingent assets

In the 9-month period ended 30 September 2014, there were no changes in contingent liabilities or contingent assets compared with the data disclosed in the 2013 annual non-consolidated financial statements.

On 8 May 2014, the Supreme Administrative Court ("NSA") issued a judgement in the matter concerning the tender for frequency reservations in the 1800 MHz range, pursuant to which the NSA upheld the judgement of the Province Administrative Court in Warsaw ("WSAW") of 6 July 2012. The judgement of the NSA was issued as a result of dismissal of the cassation appeals submitted by the President of the UKE and subsidiaries of Midas: CenterNet and Mobyland.

(in PLN '000, except for items otherwise indicated)

On 29 May 2014, the NSA issued a judgement in the matter concerning frequency reservations in the 1800 MHz range, pursuant to which the NSA upheld the judgement of the WSAW of 19 November 2012. The judgement of the NSA was issued as a result of dismissal of the cassation appeal submitted by Polska Telefonia Cyfrowa Sp. z o.o. with its registered office in Warsaw (current name T-Mobile Polska S.A. with its registered office in Warsaw).

On 23 September 2014, the WSAW issued a non-binding judgement in the matter concerning the repeated tender, to the extent pertaining to the assessment of PTC's bid, in which judgement it revoked the decision of the President of the UKE of 28 November 2012 as well as the decision of the President of the UKE of 8 November 2013, on the basis of which the President of the UKE refused to invalidate the Repeated Tender. The judgement of the WSAW was issued after considering the appeals brought by T-Mobile Polska and Orange Polska S.A.

The Management Board of the Company is not able to predict the final outcome of the proceedings concerning frequency reservations pending against the subsidiaries of Midas S.A., but it is of the opinion that the issue should not have a negative impact on the recoverable value of shares in subsidiaries. The value of ownership interests in subsidiaries is presented in Note 9 to these interim non-consolidated condensed financial statements.

17. Capex liabilities

As at 30 September 2014 and as at 31 December 2013, the Company did not incur any capex liabilities that have not been disclosed in these financial statements.

18. Transactions with related parties

The table below presents the total values of transactions with related parties entered into during the 3-month and 9-month periods ended 30 September 2014 and 30 September 2013, respectively, and the balances of receivables and payables as at 30 September 2014 and 31 December 2013:

		Revenues from mutual transactions, of which:	**other operating revenues**	**interest on loans**	**other**
Subsidiaries	**3-month period ended 30 September 2014** *(unaudited)*	40,551	3,864	36,687	-
	9-month period ended 30 September 2014 *(unaudited)*	63,652	3,864	59,730	58
	3-month period ended 30 September 2013 *(unaudited, restated)*	6,842	-	6,850	(8)
	9-month period ended 30 September 2013 *(unaudited, restated)*	12,738	-	12,728	10
Entities controlled by a person (or members of their family) who controls, jointly controls or has significant influence over Midas S.A.	**3-month period ended 30 September 2014** *(unaudited)*	-	-	-	-
	9-month period ended 30 September 2014 *(unaudited)*	38	-	-	38
	3-month period ended 30 September 2013 *(unaudited,*	371	-	-	371

(in PLN '000, except for items otherwise indicated)

	restated)				
	9-month period ended 30 September 2013 *(unaudited, restated)*	1,047	-	-	1,047

		Costs of mutual transactions, of which:	interest on commercial papers	bonds discount	other
Subsidiaries	**3-month period ended 30 September 2014** *(unaudited)*	337	-	-	337
	9-month period ended 30 September 2014 *(unaudited)*	407	-	-	407
	3-month period ended 30 September 2013 *(unaudited, restated)*	36	-	-	36
	9-month period ended 30 September 2013 *(unaudited, restated)*	442	337	-	105
Entities controlled by a person (or members of their family) who controls, jointly controls or has significant influence over Midas S.A.	**3-month period ended 30 September 2014** *(unaudited)*	675	-	-	675
	9-month period ended 30 September 2014 *(unaudited)*	1,950	-	-	1,950
	3-month period ended 30 September 2013 *(unaudited, restated)*	7,127	-	7,042	85
	9-month period ended 30 September 2013 *(unaudited, restated)*	12,917	-	12,683	234

		Receivables from related parties, of which:	trade	loans
Subsidiaries	**30 September 2014** *(unaudited)*	623,881	3,870	620,011
	31 December 2013	445,567	-	445,567

		Liabilities towards related parties, of which:	trade
Subsidiaries	**30 September 2014** *(unaudited)*	308	308
	31 December 2013	7	7
Entities controlled by a person (or members of their family) who controls, jointly controls or has significant influence over Midas S.A.	**30 September 2014** *(unaudited)*	211	211
	31 December 2013	233	233

(in PLN '000, except for items otherwise indicated)

19. Remuneration of the Company's management staff

	3-month period ended 30 September 2014 *(unaudited)*	**9-month period ended 30 September 2014** *(unaudited)*	**3-month period ended 30 September 2013** *(unaudited, restated)*	**9-month period ended 30 September 2013** *(unaudited, restated)*
Management Board of the parent				
Current employee benefits or similar (wages and salaries and bonuses)	120	962	427	904
Supervisory Board of the parent				
Current employee benefits or similar (wages and salaries and bonuses)	12	76	43	57
Total	**132**	**1,038**	**470**	**961**

20. Business combinations

On 21 February 2014, the District Court for the City of Warsaw in Warsaw, Division XII Commercial of the National Court Register, registered the merger of Midas with its registered office in Warsaw (as the Acquiring Company) with the subsidiary Conpidon Limited with its registered office in Nicosia, Cyprus (as the Target Company). As a result of the merger, Midas entered into all the rights and obligations, assets and liabilities of Conpidon, which was dissolved without being liquidated. In view of the fact that all of the shares in the Target Company were held by the Acquiring Company, the Merger was effected without increasing the share capital of the Acquiring Company.

Result on the merger in the amount of PLN 298,000 is disclosed under uncovered losses.

21. Events occurring after the balance sheet date

On 6 October 2014, the Management Board of Sferia notified the Company that Sferia had obtained the decision of the President of the Office of Electronic Communications of 26 September 2014 concerning a change of radio frequency reservations in the 816-821 MHz range and the 857-862 MHz range (the "Decision"). Pursuant to the notification, the Decision was issued by a duly authorised administrative body and was in line with its powers. The decision is final and authorises Sferia to commence commercial use of the frequencies granted to it in the 816-821 MHz and 857-862 MHz ranges as of 1 January 2015. In view of the above, in the opinion of the Management Board of the Company, the Framework Agreement (described in Current Report No. 55/2012) may be performed with respect to concluding the Supply Agreement in the time frame stemming from Annex No. 2 to the Framework Agreement (described in Current Report No. 5/2014), i.e. by 31 December 2014, with effect from 1 January 2015, and with respect to concluding the Wholesale Agreement - in the time frame stemming from the Framework Agreement, i.e. 12 months from the date on which Sferia obtained the right to utilise the frequency allowing it to provide LTE services in Poland. The Management Board of the Company notes that in order for the Supply Agreement and Wholesale Agreement to be concluded, the condition precedent set forth in the Framework Agreement must be satisfied, which requires that the Supervisory Board of the Company grant its consent to the conclusion of the Supply Agreement. The Company notes that if the Supply Agreement is concluded, the Midas Group Companies will supply Sferia with a telecommunications network which Sferia will be able to use to provide telecommunications services, under conditions no lesser than the LTE technology, and using the frequencies which Sferia will have the right to utilise. However, if the Wholesale Agreement is concluded, Sferia will sell services created in the telecommunications network to the Midas Group, and the Company will have the right to further resell those services.

On 29 October 2014, a plan was agreed and signed for a merger by takeover (the "Merger") between the companies Aero2 (as the acquiring company) and CenterNet (as the target company). Detailed information about the planned merger of the above companies is set forth in pt. 2 of Other information for the quarterly report.

On 31 October 2014, the Company drew down another tranche of the investment credit (agreement with Alior Bank of 28 February 2013) in the amount of PLN 10 million. The funds from the credit were sent directly to the bank account of the Company's subsidiary, i.e. Aero2, in accordance with the loan agreement concluded between Midas and Aero2 on 13 September 2013. The loan bears variable interest, calculated on the basis of the cost of capital for Midas increased by a margin.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Krzysztof Adaszewski	Maciej Kotlicki
/President of the Management Board/	/Vice-President of the Management Board/

SIGNATURE OF THE PERSON ENTRUSTED TO MAINTAIN THE BOOKS OF ACCOUNT:

Teresa Rogala
/on behalf of SFERIA
Spółka Akcyjna/

Warsaw, 14 November 2014

OTHER INFORMATION FOR THE QUARTERLY REPORT

1. Structure of the Midas Group

Midas Spółka Akcyjna (the "Company", the "Issuer") is the parent company of the Midas Capital Group (the "Midas Group").

The Company's business activities include:
1) activities of holding companies (64.20.Z),
2) other credit granting (64.92.Z),
3) other financial service activities, except
insurance and pension funding, not elsewhere classified (64.99.Z),
4) other activities auxiliary to financial services, except insurance and
pension funding (66.19.Z),
5) buying and selling of own real estate (68.10.Z).

The Company and the entities belonging to the Midas Group are established in perpetuity.

As at 30 September 2014, and as at the date hereof, the composition of the Supervisory Board of the Company was as follows:

1) Wojciech Pytel - Chairman of the Supervisory Board
2) Zygmunt Solorz-Żak - Deputy Chairman of the Supervisory Board
3) Andrzej Abramczuk - Secretary of the Supervisory Board
4) Andrzej Chajec - Member of the Supervisory Board
5) Krzysztof Majkowski - Member of the Supervisory Board
6) Mirosław Mikołajczyk - Member of the Supervisory Board

On 16 July 2014, Mr Jerzy Żurek tendered his resignation as Member of the Supervisory Board without stating the reason (Current Report No. 17/2014).

As at 30 September 2014, and as at the date hereof, the composition of the Management Board was as follows:

1) Krzysztof Adaszewski – President of the Management Board
2) Maciej Kotlicki – Vice-President of the Management Board

In the third quarter of 2014 (and until the date hereof), there were no changes in the composition of the Management Board of the Company.

The intermediate parent of the Company is the company Litenite Limited with its registered office in Nicosia, Cyprus ("Litenite").

As at 30 September 2014, the Midas Group consisted of the Company and the following subsidiaries:

- CenterNet Spółka Akcyjna with its registered office in Warsaw ("CenterNet"),
- Mobyland Spółka z o.o. with its registered office in Warsaw ("Mobyland"),
- Aero2 Spółka z o.o. with its registered office in Warsaw ("Aero2").

All of the above subsidiaries are subject to full consolidation for the purpose of preparing the consolidated financial statements of the Midas Group for the third quarter of 2014.

As at 30 September 2014, and as at the date hereof, the Company held a 100-per cent share of equity and of the total number of votes in relation to the companies: CenterNet, Mobyland and Aero2.

The Midas Group's core business is the provision of wholesale wireless data transmission services by Aero2, CenterNet and Mobyland. Furthermore, CenterNet and Aero2 provide telecommunications services to individual customers. The wholesale wireless data transmission services are delivered on the basis of: (i) the frequency ranges reserved for Aero2, CenterNet and Mobyland, and (ii) the telecommunications infrastructure held by

Aero2. In addition, another important factor is the shared use of the telecommunications infrastructure of Polkomtel Sp. z o.o. with its registered office in Warsaw. It should also be noted that, due to the frequency reservation obtained in the 2600 MHz range, Aero2 is required to provide free internet access.

2. Changes in the structure of the Midas Group and their consequences

In the third quarter of 2014, there were no major changes in the Midas Group's structure.

The Management Board notes that on 21 February 2014, the merger of the Company and Conpidon Limited, in which the Company holds 100 per cent of the shares in the share capital, was registered. The decision to conduct the merger of the Company and Conpidon reflected the belief of the Management Board of the Company that the merger was the fastest and most effective way to streamline the structure of the Midas Group. The merger did not materially affect the financial performance or operations of the Midas Group. The long-term goal for the merger was for the Company to directly hold 100 per cent of the shares in the share capital of Aero2, which was in line with the strategy of the Midas Group. The merger of the Company with Conpidon was effected by way of: (i) transferring to the Company, as the sole shareholder of Conpidon, all of the assets of Conpidon, via universal succession, and (ii) dissolving Conpidon without liquidating it, in accordance with the provisions of the CCC, the Companies Law of Cyprus and the provisions of Directive 2005/56/EC of the European Parliament and of the Council. Following the merger, as of the date of the merger, the Company entered into any and all rights, obligations, assets and liabilities of Conpidon, thus becoming the legal successor of Conpidon. Upon completing the merger, as a result of a cross-border merger, the Company's legal form, business name and registered office remained unchanged. The Company published information on the registration in Current Report No. 3/2014.

On 29 October 2014 (after the balance sheet date), a plan was agreed and signed for a merger by takeover (the "Merger") between the companies Aero2 (as the acquiring company) and CenterNet (as the target company). The decision to merge the two companies resulted from the desire to optimise and streamline the ownership structure of the Midas Group. It was decided that the Merger would be made on the basis of the provisions of the CCC, in consequence of which: (i) CenterNet would be wound up without liquidation, and (ii) all of the assets and liabilities of CenterNet would be transferred to or taken over by Aero2 under universal succession, and (iii) Aero2 would enter into all the rights and obligations of CenterNet. As at the date of signing the merger plan and as at the date hereof, the Company was the sole shareholder of both Aero2 and CenterNet. As a result of the Merger, the share capital of Aero2 will be increased from PLN 11,050,000 to PLN 11,100,000, i.e. by PLN 50,000, by creating 1,000 new shares with a nominal value of PLN 50 each. The premium on the new shares in Aero2 in the amount of PLN 144,895,000 will be allocated to the supplementary capital of Aero2. As a result of the Merger, the Company, as the sole shareholder of CenterNet, will receive 1,000 new shares in the share capital of Aero2 in exchange for 4,264,860 existing shares in the share capital of CenterNet. In the Company's opinion, the Merger will not have a significant effect on the consolidated financial results of the Midas Group or on its operations.

3. Structure of the share capital

As at 30 September 2014 and as at the date hereof, the Company's share capital amounts to PLN 147,966,675 and is divided into 1,479,666,750 ordinary bearer shares with a nominal value of PLN 0.10 each, of which:

1) 11,837,334 are series A shares,
2) 47,349,336 are series B shares,
3) 236,746,680 are series C shares,
4) 1,183,733,400 are series D shares.

Each ordinary share carries the right to one vote at the General Meeting of Shareholders of the Company. All shares issued have been paid in full and registered with the National Court Register.

The Management Board of the Company notes the resolution of the Management Board of Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange, "GPW") adopted on 31 October 2014, amending the resolution of the Management Board of the GPW of 2 December 2013, which repealed the provisions raising the price threshold as of the fourth quarter of 2014 to PLN 1 (before the change, companies for whom the average share price in the last three months of 2014 was lower than the above threshold would be placed on the Alert List).

(in PLN '000, except for items otherwise indicated)

This means that the price threshold on the basis of which issuers will be placed on the Alert List will remain at PLN 0.50. Having monitored the prices of the Company's shares over the past few months, the Management Board of the Company sees no risk of the Company being classified as stated above, but it will continue to monitor and analyse the prices of the Company's shares and does not rule out possible future adoption of measures that could prevent the Company's shares from being classified as noted above. In the opinion of the Management Board of the Company, such measures would require obtaining relevant approvals, e.g. from the General Meeting of the Company, and the Management Board of the Company may merely initiate and, subsequently, implement such measures.

4. Shareholding structure

The table below shows the shareholders of the Company who, as at the date of this quarterly report, i.e. 14 November 2014, hold either directly or indirectly through subsidiaries at least 5 per cent of the total number of votes at the General Meeting of Shareholders of the Company. The following list has been drawn up, to the Company's best knowledge, on the basis of, inter alia, notifications received by the Company from the shareholders pursuant to Article 69 of the Act on the Public Offering and Conditions for the Introduction of Financial Instruments to Organised Trading, and Public Companies (the "Act on the Public Offering") of 29 July 2005, and pursuant to Article 160 of the Act on Trading in Financial Instruments (the "Act on Trading") of 29 July 2005.

Name of shareholder of the Company	Number of shares and votes	Percentage of share capital and of total number of votes
Zygmunt Solorz-Żak (*)	976,542,690	65.9975
ING Otwarty Fundusz Emerytalny (**)	80,000,000	5.4066
Other shareholders	423,124,060	28.5959
TOTAL	**1,479,666,750**	**100.00**

(*) Mr. Zygmunt Solorz-Żak, acting as Deputy Chairman of the Company's Supervisory Board, controls the Company through: (i) Karswell Limited, with its registered office in Nicosia, Cyprus, (ii) Ortholuck Limited, with its registered office in Nicosia, Cyprus, and (iii) Litenite Limited, with its registered office in Nicosia, Cyprus, with respect to 976,542,690 shares in the Company held by Litenite.
(**) in accordance with information provided by the Company in Current Report No. 22/2014 of 26 August 2014.

To the Company's best knowledge, from the date of the previous quarterly report of the Company, i.e. since 15 May 2014, until the date hereof, i.e. 14 November 2014, there have been no changes in the ownership structure of significant blocks of shares in the Company.

5. Direct shareholding and rights thereto held by persons managing and supervising the Company

The following table summarises the direct shareholding in the Company by managing and supervising persons as at the date of publishing this quarterly report, i.e. as at 14 November 2014. From the date of submitting the most recent quarterly report, i.e. 15 May 2014, until the date of publishing this report, i.e. 14 November 2014, the Company received no notification pursuant to Article 160 of the Act on Trading.

(in PLN '000, except for items otherwise indicated)

Name and surname	Position	Shares in the Company held as at 14 November 2014	Nominal value of shares held in the Company (PLN)
Wojciech Pytel	Chairman of the Supervisory Board	none	N/A
Zygmunt Solorz-Żak (*)	Deputy Chairman of the Supervisory Board	none	N/A
Andrzej Abramczuk	Secretary of the Supervisory Board	none	N/A
Andrzej Chajec (**)	Member of the Supervisory Board	none	N/A
Krzysztof Majkowski (***)	Member of the Supervisory Board	60,000	6,000
Mirosław Mikołajczyk	Member of the Supervisory Board	none	N/A
Krzysztof Adaszewski	President of the Management Board	none	N/A
Maciej Kotlicki	Vice-President of the Management Board	none	N/A

(*) Mr. Zygmunt Solorz-Żak holds indirectly, through entities directly or indirectly controlled, 976,542,690 shares in the Company with a nominal value of PLN 97,654,269.00. Information in this regard is set out above in pt. "4. Shareholding structure".
(**) A person closely related to Mr. Andrzej Chajec, as defined in Article 160 par. 2 point 1 of the Act on Trading, holds 250 shares in the Company (with a nominal value of PLN 25).
(***) as at the date of publication of the report for the first half-year of 2014 – also 60,000 shares (nominal value - PLN 6,000).

The Company also announces that its managing and supervising persons do not have any rights to the Company's shares.

6. Information on the Company or its subsidiary granting sureties for loans or borrowings or guarantees

In the third quarter of 2014, companies from the Midas Capital Group did not grant to any entity any sureties for loans, borrowings or guarantees whose value exceeded 10 per cent of the Company's equity.

7. Dividends

In the third quarter of 2014, entities from the Midas Group did not pay or declare any dividends.

In the investment credit agreement concluded on 10 July 2014 with Bank Polska Kasa Opieki S.A. for up to PLN 200 million (as set forth in pt. 11.1 below), the Company agreed that, until the lapse of the credit repayment period, it will not disburse dividends or refund contributions or any other compensation or payments on its share capital, except in the event of a possible consolidation of the Company's shares.

8. Statement of the Management Board of the Company as to the feasibility of any previously published forecasts

The Midas Group did not publish any forecasts of financial results for 2014.

9. Proceedings pending before a court, an authority competent to conduct arbitration proceedings or a public administration authority

In the third quarter of 2014, no proceedings were pending directly with respect to the Company or any of the subsidiaries of the Midas Group before any court, a court of arbitration or a public administration body, the value of which, whether individually or combined, would represent at least 10 per cent of the Company's equity.

Such proceedings were indirectly conducted with respect to the subsidiaries of the Midas Group and they are described in more detail below. In the proceedings below, Aero2, CenterNet and Mobyland (depending on the proceedings) act as an interested party, as these proceedings are largely directed against the administrative decisions issued by the President of the UKE. However, indirectly, handing down a binding resolution in each of these proceedings may result in the President of the UKE ruling in the future to sustain, change or repeal the previous resolutions that directly concern frequency reservations for CenterNet and Mobyland or frequency reservations granted to Aero2.

In this report, the most significant information has been included, which provides a complete picture of the current factual status of the pending proceedings, but which does not reflect the detailed chronology of events which took place during those proceedings. To become acquainted with the detailed chronology of events concerning specific proceedings, it is important to review the information contained in this report in relation to information disclosed in previous periodic reports of the Company, available on the Company's website at: http://midas-sa.pl/Relacje_inwestorskie/Raporty_gieldowe/Raporty_okresowe).

Furthermore, the Management Board of the Company notes that on 29 May 2014, the Supreme Administrative Court issued a judgement in the matter concerning frequency reservations in the 1710-1730 MHz and 1805-1825 MHz ranges for CenterNet and Mobyland. In the NSA's assessment, the frequency reservation was made correctly by the President of the UKE in 2007. The NSA also pointed out that the NSA's judgement of 8 May 2014 concerning a tender for a frequency reservation was not relevant in deciding this case (the judgement is described hereinbelow). In the opinion of the Management Board of the Issuer, the judgement in question, after almost seven years since granting frequency reservations to CenterNet and Mobyland, has finally and with legal validity ended the dispute concerning the aforementioned reservations and confirmed the correctness of the reservation proceedings conducted by the President of the UKE in 2007. Thus, the Issuer's Management Board is of the opinion that CenterNet and Mobyland can continue to make full use of the frequencies granted to them until 2022, and can therefore still carry out the objectives adopted in the operations of the Midas Capital Group.

<u>Proceedings related to the tender concerning frequencies in the 1710-1730 MHz and 1805-1825 MHz ranges, subject to reservation for CenterNet and Mobyland</u>

In the matter concerning a repeal of the decision of the President of the UKE of 13 June 2011 No. DZC-WAP-5174-9/07(321) and of 23 August 2011 No. DZC-WAP-5174-9/07(352) invalidating - in the scope concerning the evaluation of PTC's bid - the tender concerning two reservations of frequencies in the 1710-1730 MHz and 1805-1825 MHz ranges, issued in the tender concerning reservation of the frequencies granted to CenterNet and Mobyland (Current Report No. 33/2012), on 8 May 2014, the NSA issued a judgement concerning the tender for two frequency reservations, in the 1710-1730 MHz range and the 1805-1825 MHz range (the "Tender"), under which the NSA upheld the WSAW's judgement of 6 July 2012. The NSA judgement was issued following the dismissal of the cassation appeals filed by the President of the UKE and the Issuer's subsidiaries: CenterNet and Mobyland. On 14 July 2014, the Issuer's subsidiaries, CenterNet and Mobyland, received the above judgement of the NSA together with written justification in which the NSA stated that the dispute in the matter centred on assessing recommendations for further action for the President of the UKE, following from the judgement of the WSAW of 21 July 2009, repealing both decisions of the President of the UKE refusing to declare the invalidity of the tender concerning frequency reservations and from the judgement of the NSA of 3 February 2011 approving the judgement of the WSAW. The NSA found (as notified by the Company on 8 May 2014 on the basis of the oral justification given by the NSA) that the above judgements of the WSAW and NSA indicated that the President of the UKE should have invalidated the tender in its entirety. In its judgement of 21 July 2009, the WSAW found that a serious breach of the applicable laws occurred during the tender proceedings, as a result of which a party to the proceedings was deprived of the right to participate in stage two of the Tender, i.e. the criterion for gross breach of the applicable laws referred to in Article 118d of the Telecommunications Law (the "TL") was fulfilled, which would justify invalidating the tender. On the other hand, the NSA, in its judgement of 3 February 2011, found that the WSAW judgement indicated that the President of the UKE should have issued the opposite decision to the existing decision. In its judgement of 8 May 2014, the NSA found, taking into account the scope of the proceedings conducted by the President of the UKE and the motions to invalidate the Tender, that the opposite decision would be to invalidate the Tender in its entirety. The NSA also noted that the President of the UKE, having concerns regarding the recommendations contained in the above judgements of the WSAW and the NSA, could have requested an interpretation, pursuant to Article 158 of the Act on Proceedings

Before Administrative Courts, which he failed to do. Referring to Article 118d par. 1 of the TL, in the wording applicable to the matter at hand, the NSA also found that the provision was worded unambiguously and could not have led to the conclusion that the Tender could be partially invalidated. In the assessment of the NSA, this provision does not permit such a possibility. But even if it were possible, partial invalidation could not take place with reference to one of the entities taking part in the tender (as was the case in 2011). Any partial invalidation of the Tender might at best refer to the subject, not the participants. Lastly, the NSA noted that in the court and administrative proceedings, there can be no acceptance for arguments of equitability related to, among other things, the cost of conducting another tender, as the deciding factor in this respect is the wording of the applicable provision of the law, its interpretation and application.

As a result of the decisions of the President of the UKE of 13 June 2011 and 23 August 2011, the President of the UKE conducted another tender with respect to assessing the bid placed by T-Mobile Polska ("Repeated Tender") and determined the result of the Repeated Tender in the form of a new list assessing each bid, taking into account the bid placed by T-Mobile Polska. The bids placed by CenterNet were placed on the list under items 1 and 2, and the bid placed by Mobyland - under item 3. On 27 October 2011, CenterNet filed a motion to obtain frequency reservations on the basis of the bid featured as item 2 on the evaluation list, and Mobyland submitted a request on the same date to obtain a reservation on the basis of the sole bid it had placed. In connection with the above motions concerning reservations submitted by CenterNet and Mobyland, proceedings concerning the reservation motions are pending before the President of the UKE. After the President of the UKE announced the results of the Repeated Tender, Orange Polska and T-Mobile Polska submitted motions to invalidate the Repeated Tender. In its decision of 28 November 2012, the President of the UKE refused to invalidate the Repeated Tender. The above decision was upheld by the decision of the President of the UKE of 8 November 2013. Subsidiaries of the Issuer did not file complaints against the decision of the President of the UKE of 8 November 2013. Orange Polska and T-Mobile Polska filed complaints against the above decision with the WSAW.

On 23 September 2014, the WSAW issued a non-binding judgement in which it revoked the decision of the President of the Office of Electronic Communications ("President of the UKE") of 28 November 2012 as well as the decision of the President of the UKE of 8 November 2013, on the basis of which the President of the UKE refused to invalidate the Repeated Tender. In the oral justification given for that decision, the WSAW stated that in the decisions of the President of the UKE that had been appealed against, an infringement had occurred – resulting from provisions on court and administrative proceedings – of the rule that the court of administration binds an administrative authority to legal opinions expressed earlier in a given case. The WSAW held that the previously issued judgements of the SCA of 3 February 2011 (Current Report No. 6/2011) and of 8 May 2014 (Current Report No. 7/2014 and 8/2014) had decided on both the need for invalidation and the impermissibility of invalidating only in part of the same tender which was the subject of ruling in the appealed decisions of the President of the UKE. Consequently, the legal opinions expressed in the aforementioned judgements of the SCA, concerning the question of lack of grounds for partial invalidation of the Tender, were binding on the President of the UKE, including in issuing the decisions refusing to invalidate the Repeated Tender. In the opinion of the WSAW, this circumstance ruled out the possibility of the President of the UKE in 2011 partially carrying out only some actions relating to the tender, in practice covering the assessment of the bid submitted in 2007 by T-Mobile Polska.

On the basis of the information received so far, the Management Board of the Company believes that the NSA's judgement of 23 September 2014 (like the NSA's judgement of 8 May 2014) will have no influence on the Midas Group entities' (i.e. CenterNet and Mobyland's) ability to continue with their operations. This means that these companies can still make full use of the frequencies lawfully and finally reserved for them, and can therefore still carry out the objectives assumed in the operations of the Midas Capital Group. The Management Board of the Company is currently still not able to foresee the direction or scope of further actions pertaining to the Tender and the Repeated Tender that may be taken in the future by those participating in these proceedings. The Company, CenterNet and Mobyland are currently awaiting the service of the copy of the most recent WSAW judgement with its justification, and on the basis of its analysis a decision will be made regarding further steps to be taken in this case. At the same time, the Management Board of the Company wishes to note that, in the proceedings described above connected with the Tender and the Repeated Tender, the companies CenterNet and Mobyland are acting as an interested party, as these proceedings are largely directed against the administrative decisions issued by the President of the UKE.

Proceedings to invalidate the tender concerning frequency reservations for Aero2 in the 2570-2620 MHz range.

On 21 May 2009, the President of the UKE announced a tender for a frequency reservation in the 2570-2620 MHz range, for the entire area of Poland, designated for the provision of telecommunications services in broadband wireless mobile networks, until 31 December 2024 ("Tender 2.6"). In response to the tender announcement, Milmex Systemy Komputerowe sp. z o.o. ("Milmex") and Aero2 submitted their bids. Because of a number of formal deficiencies, the bid submitted by Milmex was not admitted to the substantive evaluation stage. In effect, the bid submitted by Aero2 was judged as the best.

After the results were announced, Milmex filed a motion for invalidation of Tender 2.6. In its decision of 28 December 2010, No. DZC-WAP-5176-9/09(112), the President of the UKE refused to invalidate Tender 2.6. The above decision was upheld by a decision of the President of the UKE of 20 November 2012, No. DZC-WAP-5176-9/09(237).

Milmex filed a complaint against that decision to the WSAW. In its judgement of 27 June 2013 (case file No. VI SA/Wa 464/13), the WSAW dismissed the complaint. Milmex filed a cassation appeal against that judgement with the NSA. The date for hearing the case in the Supreme Administrative Court has not yet been determined.

10. Transactions with related parties

In the third quarter of 2014, Midas Group companies did not enter into any key transactions with related parties on non-market terms.

Information on the conclusion by the Company or its subsidiary of other transactions with related parties is contained in Note 30 to the interim condensed consolidated financial statements for the 3-month and 9-month period ended 30 September 2014.

The Management Board of the Company points out the agreements described in pt. 11.2 below, which the Company concluded with CenterNet and Mobyland and which govern the terms and conditions of remuneration under the sureties granted to the Company in 2013.

11. Developments and agreements concluded by the Midas Group

11.1. Significant developments and agreements concluded by the Midas Group

On 10 July 2014, the Company, together with the following of its subsidiaries: Aero2, CenterNet and Mobyland (hereinafter referred to as the "Borrowers"), entered with Bank Polska Kasa Opieki S.A. (the "Bank") into an agreement (the "Agreement") concerning investment credit for up to PLN 200,000,000 (the "Credit") for the purpose of expanding the LTE and HSPA+ telecommunications network. The above Agreement was concluded following negotiations simultaneously conducted by the Company with the Bank and with Bank Zachodni WBK S.A. ("BZWBK") and Banco Santander S.A. ("Banco Santander").

On 21 March 2014, the Company received a proposal from BZWBK and Banco Santander that contained the term sheet of the credit, which was to be backed by export credit agencies: EKN and Finnvera. The proposal was a modification of an earlier proposal accepted by the Company on 5 November 2012, which it notified in its Current Report No. 49/2012 of 5 November 2012 (the proposal was defined therein as Term Sheet 1). The proposal of 21 March 2014 was the starting point for subsequent, more in-depth discussions aimed at negotiating, to the satisfaction of both parties, the terms and conditions on which the Company would obtain financing for the expansion of a commercial telecommunications network in Poland carried out by the Company on the basis of framework agreements for the supply, integration and maintenance of access elements of the telecommunications network concluded with Ericsson and Nokia Siemens Networks (currently: Nokia Systems & Networks). The Company entered that stage in the negotiations aimed at determining the final terms of financing to be granted by the consortium of banks arranged by BZWBK/Banco Santander.

Furthermore, on 11 April 2014, the Company received a proposal with respect to financing the expansion of the LTE and HSPA+ telecommunications network also from the Bank, and thus entered with the Bank a stage in the negotiations aimed at determining the final terms of financing to be granted by the Bank.

Acting pursuant to Article 57 of the Act on the Public Offering [...], the Management Board of the Company decided to postpone sending information about the negotiations under way and, on 21 March 2014 and 11 April 2014, respectively, sent appropriate notifications to the Polish Financial Supervision Authority. In the Management Board's view, fulfilling the obligation to publish information on commencing the above stages of negotiations with the above two banks could have affected the legitimate interest of the Company. As at the date of postponement of the information, it was impossible to anticipate the outcome of the negotiations, let alone the final wording of the terms of the financing. Thus, immediate announcement that either of the proposals has been received could have affected the course or outcome of the negotiations, significantly weakened the Company's negotiation leverage and ultimately had a negative influence on the legitimate interest of the Company and, ultimately, of its Shareholders.

Under the Agreement, the Borrowers may utilise the Credit after the Bank notifies the Borrowers, within the time frame specified in the Agreement, that all of the conditions precedent set forth in the Agreement (and described in more detail below) for the utilisation of the Credit (the "Conditions Precedent") have been satisfied, but no later than one year from the date of entering into the Agreement (the "Availability Period"). The Credit will each time be disbursed upon written instruction from a Borrower (the "Utilisation Request"), prepared in accordance with the Agreement. The credit will be repaid in 48 equal monthly principal instalments (the "Repayment Period"), starting from the month following the month of the last day of the Availability Period, but no later than on the fifth anniversary of executing the Agreement. The interest, calculated on the basis of the 1M WIBOR rate increased by the Bank's margin, will also be repaid in monthly periods. In the case set forth in the Agreement and related to the accounting revenue of Midas Group entities generated until the end of 2015, the Bank will be entitled to shorten the Repayment Period so that it ends on the third anniversary of executing the Agreement, unless the Borrowers provide a solution acceptable to the Bank, which will require the Borrowers to obtain external assistance that will ensure timely debt repayment. For granting the Credit and for its early repayment, the Bank is also entitled to commission, the amount of which has been determined at a market level. The Agreement also defines events ("Events of Default") that will cause the Bank's margin to be increased by the amount specified in the Agreement. The higher margin for the Bank will be in effect until an Event of Default has been remedied by the Borrowers. The list of Events of Default defined in the Agreement is a standard list commonly used in these types of agreements. The Borrowers are jointly and severally liable for any amounts payable to the Bank under the Agreement.

The Conditions Precedent set forth in the Agreement are: (a) providing the Bank with the documents set forth in the Agreement, including copies of the constitutional documents, current excerpts from the KRS, powers of attorney and any required corporate approvals for all of the Borrowers; (b) providing the Bank with legal opinions prepared by the Bank's legal counsel (on the validity and enforceability of the Bank's rights under the Agreement, among other things) and the Borrowers' legal counsel (on the Borrowers' ability to enter into and perform the Agreement and the documents concerning the collateral for the Credit); (c) providing the Bank with the Finance Documents as defined in the Agreement, i.e. in particular: duly executed documents on establishing a collateral for the Credit (the "Security Documents"), proof of payment and filing with competent courts of motions to register collaterals for the Credit, proof of delivery of any notices under the Security Documents, excerpts from the register of pledges and the register of fiscal pledges confirming that no registered pledges (other than as defined in the Agreement) or fiscal pledges have been established over the Company's assets or the assets and shares of the other Borrowers; (d) providing the Bank with any other documents specified in the Agreement. Until the date of publishing these statements, none of the Conditions Precedent had been fulfilled.

The Credit is secured by: (a) a registered pledge for up to PLN 300,000,000 over the shares of CenterNet, Aero2 and Mobyland; (b) a registered pledge for up to PLN 300,000,000 over a pool of assets and rights owned by the Borrowers and treated as a single economic unit; (c) assignment of rights under the insurance policies concluded by Aero2 concerning assets securing the Credit; (d) assignment of receivables under the agreements on wholesale data transfer services concluded by Mobyland with Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.; (e) subordination of the receivables of an entity outside the Borrower's group (save for Alior Bank SA, Plus Bank SA and holders of the Company's series A bonds) providing financing for the Borrowers, with respect to the Bank's receivables from the Borrowers under the Finance Documents; (f) conditional powers of attorney authorising the Bank to act on behalf of the Borrowers (save for the Company) before the Polish Office of Electronic Communications; (g) powers of attorney for the Borrowers' bank accounts; (h) a declaration of submission to enforcement for up to PLN 300,000,000 made by the Borrowers in favour of the Bank pursuant to Article 97 of the Banking Law of 29 August 1997; (i) a declaration by Mr. Zygmunt Solorz-Żak on providing, within the scope of rights vested in shareholders of public companies, assistance throughout the term of the

Agreement, which, in particular, involves making efforts to ensure that the Borrowers repay any and all of their obligations towards the Bank in a timely manner, remain in sound economic and financial standing and obtain additional financing sufficient to satisfy their obligations towards the Bank in the event of a delay in their repayment. Until the date of publishing these statements, the Security Documents have not been signed, save for the above declaration by Mr. Zygmunt Solorz-Żak. On 26 August 2014, the Extraordinary General Meeting of the Company adopted a resolution in which it agreed to the establishing of a limited right in rem over the Company’s assets. Approval from the General Meeting will allow the Management Board of the Company to successfully establish the registered pledge over the Company’s assets referred to in pt. (b) above.

Furthermore, each potential prospective guarantor of the Credit agrees to issue a guarantee to the Bank for up to PLN 300,000,000, as well as other collaterals that may be agreed with the Bank (the obligation is in effect until 30 June 2022). In the Agreement, the Borrowers also agreed to open temporary bank accounts to which payments will be made under agreements on wholesale data transfer services and insurance policies, as well as a DSRA account, in which a balance of no less than 10 per cent of the value of the disbursed Credit will be maintained throughout the term of the Credit. Subject to the terms and in the manner set forth in the Agreement, the Bank may block certain amounts in the above accounts and apply them towards satisfying due and payable obligations of the Borrowers under the Credit. The Company also agrees that, without the Bank’s written approval (which approval will not be unreasonably denied by the Bank), it will not exercise its early redemption option with respect to the Company’s series A bonds.

The Company has also agreed that, until the lapse of the Repayment Period, it will not disburse dividends or refund contributions or any other compensation or payments on its share capital, except in the event of a possible consolidation of the Company’s shares, and that none of the Borrowers will acquire (directly or indirectly) any entity or enterprise, except as provided in the Agreement. The Company also restricts the Borrowers’ ability to dispose of their assets and to encumber and divide the Borrowers’ assets, save for any exceptions stipulated in the Agreement. The Agreement also contains provisions concerning General Obligations, both by the Borrowers and by the Bank, which do not vary considerably from provisions commonly used in these types of agreements.

The Management Board of the Company also announces that, referring to previously published information on the level of financing required to implement Phase III of the expansion of the telecommunications network (up to PLN 364,000,000), the amount of PLN 200,000,000 is currently sufficient for that purpose. Such a reduction in the amount of financing stems from lower-than-estimated prices of telecommunications equipment and reallocating some expenditures from CAPEX to OPEX, with no significant change to the number of base stations commissioned as part of Phase III. The Company believes that the number of base stations may be higher than initially presented with no change to the total cost of their commissioning and operation. The financing obtained and the operating cash flows generated by the Borrowers during the term of external financing will be sufficient to cover the cost of commissioning and operating base stations.

The Agreement concluded does not provide for any contractual penalties. The Agreement is a significant agreement, as defined in the Regulation of the Minister of Finance on current and periodic information [...]. The Company assumed 10 per cent of the equity of the Company as the criterion for considering an agreement to be significant. The Company published information on the conclusion of the Agreement in Current Report No. 16/2014.

On 23 July 2014, the Company, acting on the basis of the provisions of the Bond Issue Conditions (“BIC”), announced that it was intending to make use of the right to which it was entitled to change the security (“Change of Security”) for the series A bonds issued on 16 April 2013, which would involve deleting the following registered pledges from the register of pledges:

(i) a pledge on 221,000 shares of Aero2 representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;

(ii) a pledge on 4,264,860 shares of CenterNet representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;

(iii) a pledge on 204,200 shares of Mobyland representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer.

The decision concerning the intention to make use of the right to change security is the consequence of the agreement concluded by the Company on 10 July 2014 with Bank Polska Kasa Opieki S.A. concerning investment credit for up to PLN 200,000,000 (as described above). Under the provisions of the Agreement, one form of security for the Credit being granted is a registered pledge up to the amount of PLN 300,000,000 on the shares of subsidiaries of the Issuer, i.e. Aero2, CenterNet and Mobyland. For that reason, in order to enable the aforementioned security for the Credit to be established, the Management Board of the Company decided to make use of the right to a Change of Security. The Company filed with the competent court duly paid motions to delete the above registered pledges, which motions were granted by the court on 27 August 2014 (the pledges were deleted from the register of pledges). The Management Board of the Company notes that after the effective deletion of the aforementioned registered pledges from the register of pledges (i.e. after 27 August 2014), the provisions of the BIC came into force, as described in Current Report No. 5/2013, concerning calculation of the Amount Due (defined in Current Report No. 5/2013) after the Issuer makes use of the right to a Change of Security, and also that the value of the discount rate was increased by 1.7 percentage points, on the basis of which the theoretical value of the Bonds (TVB) is calculated. Moreover, in accordance with the provisions of the BIC, the Issuer is entitled to re-secure the Bonds by establishing a New Registered Pledge, but as at the publication of this interim report the Management Board of the Company is not able to predict whether and within what period of time it will exercise that right. The Company reported on this development in Current Report No. 18/2014.

On 23 September 2014, the WSAW issued a non-binding judgement in the case concerning a repeated tender, with respect to the assessment of the bid submitted by Polska Telefonia Cyfrowa Sp. z o.o. (currently: T-Mobile Polska S.A.), for two frequency reservations in the 1710-1730 MHz and 1805-1825 MHz ranges (the "Repeated Tender"). In the judgement, the WSAW revoked the decision of the President of the UKE of 28 November 2012 and the decision of the President of the UKE of 8 November 2013, on the basis of which the President of the UKE refused to invalidate the Repeated Tender. The WSAW judgement was described in pt. 9 hereof. The Company reported on this judgement in Current Report No. 24/2014.

On 6 October 2014 (after the balance sheet date), the Management Board of Sferia S.A. ("Sferia") notified the Company that Sferia had obtained the decision of the President of the UKE of 26 September 2014 concerning a change of radio frequency reservations in the 816-821 MHz range and the 857-862 MHz range (the "Decision"). In accordance with the above notification, the Decision was issued by a duly administrative body and was in line with its powers. The Decision is final and authorises Sferia to commence commercial use of the frequencies granted to it in the 816-821 MHz and 857-862 MHz ranges as of 1 January 2015. In view of the above, in the opinion of the Management Board of the Company, the Framework Agreement may be performed with respect to concluding the Supply Agreement in the time frame stemming from Annex No. 2 to the Framework Agreement (described in Current Report No. 5/2014), i.e. by 31 December 2014, with effect from 1 January 2015, and with respect to concluding the Wholesale Agreement - in the time frame stemming from the Framework Agreement, i.e. 12 months from the date on which Sferia obtained the right to utilise the frequency allowing it to provide LTE services in Poland. The Management Board of the Company notes that in order for the Supply Agreement and Wholesale Agreement to be concluded, the second condition precedent set forth in the Framework Agreement must also be satisfied, which requires that the Supervisory Board of the Company grant its consent to the conclusion of the Supply Agreement. The Management Board of the Company will make an announcement as soon as the above second condition precedent has been satisfied. The Company notes that if the Supply Agreement is concluded, the Midas Group Companies will supply Sferia with a telecommunications network which Sferia will be able to use to provide telecommunications services, under conditions no lesser than the LTE technology, and using the frequencies which Sferia will have the right to utilise. However, if the Wholesale Agreement is concluded, Sferia will wholesale services created in the telecommunications network to the Midas Group, and the Company will have the right to further resell those services. The Company reported on this development in Current Report No. 25/2014.

11.2. Other developments and agreements concluded by the Midas Group

On 12 September 2014, the Company concluded the following agreements with the subsidiaries mentioned below ("Remuneration Agreements"):

1) Remuneration agreement for loan guarantee with CenterNet,
2) Remuneration agreement for loan guarantee with Mobyland.

The aforementioned agreements govern the terms of remuneration payable by the Company to CenterNet and Mobyland for a guarantee granted to the Company on the basis of the Guarantee Agreements (as defined in Current Report No. 31/2013), for the duration of those guarantees. Under the Remuneration Agreements, the Company will pay each Guarantor a lump sum of 0.2 per cent on the amount of the current obligation under the investment loan granted by Alior Bank S.A., from the day of releasing the first tranche, i.e. from 19 September 2013, for the entire duration of the security under the Guarantee Agreements. Payments with respect to the aforementioned lump sum will be made in monthly cycles, and the first payment, for the period from 19 September 2013 to 31 August 2014, will be made as a single payment by 15 September 2014. Because of the fact that the Remuneration Agreements were concluded with entities wholly owned by the Company, they will not have any significant influence on the financial results of the Midas Capital Group. The guarantee described in Current Report No. 31/2013, granted to the Company by Aero 2 Sp. z o.o., continues to be gratuitous. The Company reported on the Remuneration Agreements in Current Report No. 23/2014.

On 26 August 2014, the Extraordinary General Meeting of the Company adopted a resolution in which it agreed to the establishing of a limited right in rem over the Company's assets (described in pt. 12 below).

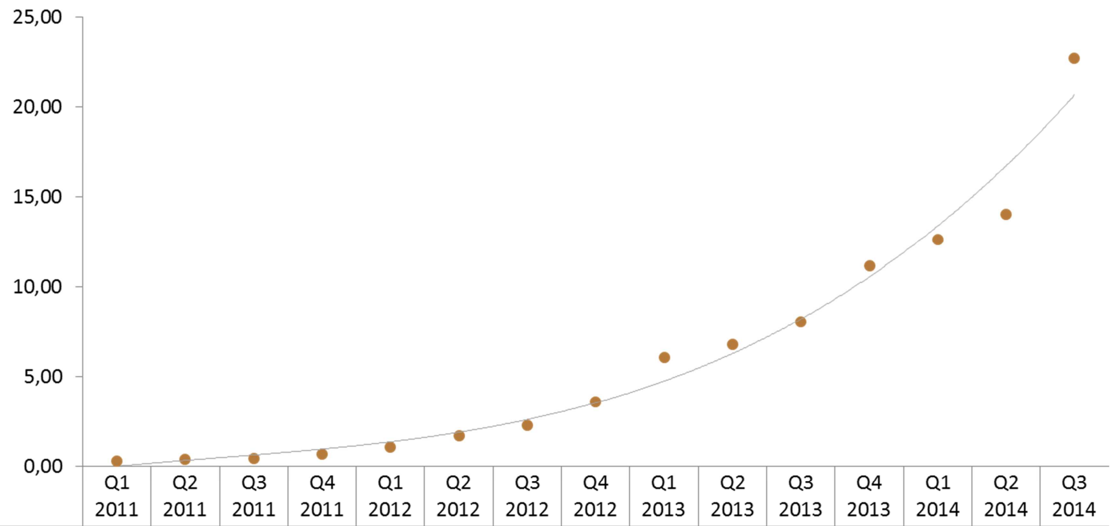
12. Other information which, in the opinion of the Company, is significant to an evaluation of its staffing, asset and financial position, its financial result and changes thereto, as well as information relevant for the assessment of the Company's ability to fulfil its obligations

The Midas Group has a modern telecommunications network including, among other things (as at the end of June 2014): (i) approximately 710 "proprietary" base stations used by the Midas Group and operating in the HSPA+ technology (in the frequency band owned by Aero2) and approximately 710 base stations operating in the LTE technology (in the frequency band owned by CenterNet and Mobyland), as well as (ii) approximately 4,060 base stations operating in the HSPA+ technology (in the frequency band owned by Aero2) and approximately 3,280 base stations operating in the LTE technology (in the frequency band owned by CenterNet and Mobyland) incorporated into the telecommunications network used by the Midas Group in cooperation with Polkomtel.

Due to the expansion of the telecommunications network being under way, the Management Board of the Company assessed the status of Phase II of the expansion of the telecommunication network, which is one of the stages of Project 4100, described in the Prospectus approved by the Polish Financial Supervision Authority on 8 February 2012 (available on the Company's website at http://www.midas-sa.pl/Relacje_inwestorskie/Gielda/Prospekt_emisyjny). Project 4100 envisions adding approximately 4,100 LTE base stations to the telecommunications network of the Midas Group (also approximately 3,900 HSPA+ base stations), of which approximately 3,400 LTE base stations would be added as part of Phase II of the network expansion (approximately 3,200 HSPA+ base stations). As at 30 June 2014, Phase II of the network expansion was completed with respect to approximately 3,200 LTE base stations, and approximately 3,220 HSPA+ base stations, which ensured achieving the following target population coverages for the entire Midas Group: 66 per cent for LTE and 99 per cent of Poland's population for HSPA+, and allowed for optimal fulfilment of the assumptions for Phase II of the network expansion. For these reasons, the Management Board of the Company decided to conclude Phase II of the network expansion and to move over the base stations not completed during that phase (i.e. approximately 200 LTE base stations) for completion in Phase III of the network expansion, provided that their implementation in that phase is commercially justified. As at the date of publishing these statements, Phase III of the network expansion is currently under way. It is expected to be completed in mid-2016. The Management Board of the Company points out the description of the credit agreement for up to PLN 200 million concluded with Bank Polska Kasa Opieki S.A. (set forth in pt. 11.1 above), which contains information about a possible future increase of the number of base stations (compared to earlier assumptions concerning network expansion), with the total cost of their commissioning and operation remaining unchanged.

The Management Board of the Company would also like to note the quarterly usage (in million GB) of the data transfer packets ordered by Polkomtel and Cyfrowy Polsat, as carried out in the Group's network, juxtaposed against the trend line. The Management Board of the Company has a favourable opinion of the rate of growth in the area of data transfer usage. In September alone, usage exceeded 8 million GB.

(in PLN '000, except for items otherwise indicated)



	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
usage (GB million)	0,3	0,4	0,4	0,7	1,1	1,7	2,3	3,6	6,1	6,8	8,1	11,2	12,6	14,0	22,7

The Extraordinary General Meeting of Shareholders of the Company (the "EGM") held on 26 August 2014 adopted a resolution on granting consent to the establishment of a limited right in rem over the Company's assets. The consent will allow the Management Board of the Company to effectively establish a registered pledge over the Company's assets, which is essential in order to disburse the credit from Bank Polska Kasa Opieki S.A. (referred to in pt. 11.1 above). The resolutions adopted by the EGM of the Company were presented in Current Report No. 21/2014.

In the opinion of the Management Board of the Company, referring to the first quarter of 2014, there is no other information besides that disclosed in this interim report which is essential for the staffing, assets, financial position, financial result and changes thereto, nor is there any information which is relevant for the assessment of the Company's ability to fulfil its obligations.

13. Factors that in the Company's opinion may influence the results it achieves within at least the next quarter

According to the Management Board of the Company, the following factors could affect the results of the Midas Group over the course of at least the next quarter:

1. The Midas Group obtaining financing to implement the strategy of the Midas Group, which includes financing the remaining portion of phase two of the telecommunications network expansion, and phase three, which will involve, in particular: utilising debt financing under the credit agreement concluded on 10 July 2014 with Bank Polska Kasa Opieki S.A. (as set forth in pt. 11.1 above), which requires fulfilment of the conditions precedent set out in pt. 11.1 above.

   After disbursing the above financing, the Company anticipates growth in the value of financial costs.

2. Possible participation in the auction for frequency reservations in the 800 MHz range (digital dividend) and the 2600 MHz range. The Management Board of the Company states that until the date hereof, it has not decided whether or not the Company would participate in such auction.

   The Midas Group has been monitoring and analysing the rapid changes on the market for telecommunications services, in particular, the significant growth in popularity of broadband mobile data transmission. The Management Board of the Company found that in order to build long-term goodwill of the Company and remain competitive on the market for wholesale access to broadband telecommunications services, mainly by providing the Midas Group's customers with complementary coverage in Poland with broadband internet access services, the Midas Group's strategy needs to be updated to include the need for the Midas Group to become involved in Project 800 (understood as an investment in infrastructure used in providing broadband mobile internet access using frequencies in the

800 MHz range and obtaining the right to use frequencies in the 800 MHz range). Therefore, the Management Board has resolved to undertake specific efforts to prepare an update to the Midas Group's strategy, in particular with respect to the model for implementing the strategy and the sources and forms of financing it. In the opinion of Midas, accounting for the performance of Project 800 in the update of the Midas Group's strategy may affect the number and location of base stations comprising the telecommunications network currently being utilised by the Midas Group (the current number and location of base stations is likely to increase). The decision may have a significant effect on the Company's performance and cash flow level, particularly over the medium term, through increasing the Company's operating expenses and capital expenditures in connection with developing the LTE 800 network and obtaining the right to the 800 MHz frequency.

3. The rate of growth of LTE data transfer services provided by entities competing against the Midas Group, on the basis of frequency reservations in the 1800 MHz range granted in the first half of 2013.

   The Company estimates that this factor may have a detrimental effect on the rate of growth of revenue from sales.

4. Decisions of the President of the UKE in the matter concerning the tender for two frequency reservations in the 1710-1730 MHz range and the 1805-1825 MHz range, following from the judgement of the NSA of 8 May 2014 (described in detail in pt. 9 above). The Company notes that in line with the description of these proceedings set forth in pt. 9 hereof, it is currently unable to predict the direction or scope of further actions in this case that may be undertaken in the future by the President of the UKE. The Management Board of the Company also wishes to note the resolutions, which are final and favourable for the Midas Group, in the matter concerning frequency reservations in the 1710-1730 MHz and 1805-1825 MHz ranges for CenterNet and Mobyland (also set forth in pt. 9 hereof).

   The Company expects that, in the event that rulings unfavourable for the Group are included in any future decisions issued by the President of the UKE, this will indirectly have an adverse effect on the financial results and operations of the Group.

5. Increasing popularity of LTE technology and the corresponding increased usage of data transfer services ordered by wholesale customers of the Group and possible subsequent orders for such services.

   The Company estimates that such growth will have a positive effect on the value of revenue from sales. However, at the time the next order or orders are being placed, if there is pressure from the Midas Group's customers for the reference rate for 1 MB of data to be reduced, the growth of revenue from sales will not be proportional to the increase in data usage for wholesale customers of the Midas Group. The Midas Group cannot rule out a scenario where the Midas Group's customers, in placing their next order(s), may make their decisions conditional upon whether or not the reference rate for 1 MB of data has been reduced. The Management Board of the Company also notes that the Midas Group's customers, under the agreements currently in effect, have been granted discounts depending on the volume of their orders. Therefore, the reference rate for 1 MB of data may be reduced irrespective of whether, as noted above, the placement of a subsequent order is made conditional upon such a response from the Group. This is due to the fact that it is sufficient for the Group's customers to place a large enough order to satisfy the requirement for applying a discount corresponding to the order volume, and thus for the reference rate for 1 MB of data to be reduced. This was the case in the past and it cannot be ruled out in the future, especially if data usage continues to increase at a rapid rate.

6. Promoting unlimited LTE internet access services on the Polish market, made available to individual and business customers by Polkomtel and Cyfrowy Polsat.

The Company estimates that this factor may also have a positive effect on the value of revenue from sales.

The Company wishes here to emphasise that the occurrence of the factors described in points 3) to 6) above is largely not dependent on the Company, and therefore the Company has no certainty as to whether they will occur in the next quarter.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Krzysztof Adaszewski	Maciej Kotlicki
/President of the Management Board/	/Vice-President of the Management Board/

Warsaw, 14 November 2014