



**MANAGEMENT REPORT
ON THE OPERATIONS OF
THE MIDAS CAPITAL GROUP
IN 2012**

Warsaw, 21 March 2013

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1 Organisation of the Midas Capital Group

1.1 Structure of the Midas Capital Group

The parent company in the Midas Capital Group (hereinafter, the “Group” or the “Midas Group”) is Midas Spółka Akcyjna (formerly known as Narodowy Fundusz Inwestycyjny Midas Spółka Akcyjna, hereinafter, the “Company” or the “Issuer”), established on 15 December 1994 pursuant to the Act on National Investment Funds and Their Privatisation of 30 April 1993 (the “NIF Act”), which, until 1 January 2013, operated under the provisions of that act and the Commercial Companies Code (the “CCC”). As of 1 January 2013, in connection with the entry into force of the Act of 30 March 2012 Repealing the Act on National Investment Funds and their Privatisation and Amending Certain Acts, the Company operated pursuant to the CCC and other legislation. The Company is registered in the District Court in Warsaw, Division XII Commercial of the National Court Register, under KRS 000002570. The registered office of the Company is in Warsaw.

On 31 October 2012, the Ordinary General Meeting of Shareholders of the Company adopted a resolution amending the Statute of the Company, under which the business name of the Company was changed to Midas Spółka Akcyjna, and the abbreviated name - to Midas S.A. The amendment of the Statute entered into force as of 12 February 2012, on which date it was registered in the Commercial Register of the National Court Register.

As at 31 December 2012, 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”),
- Conpidon Limited with its registered office in Nicosia, Cyprus (in liquidation, “Conpidon”),
- Aero2 Spółka z o.o. with its registered office in Warsaw (“Aero2”),
- Nova Capital Spółka z o.o. with its registered office in Warsaw (“Nova”).

1.1.1 Changes in the structure of the Midas Group

In 2012, there were no major changes in the Midas Group’s structure. Described below are changes to the structure of the Midas Group made in 2012, which were of a formal nature and stemmed from the Management Board’s efforts to simplify the structure of the Midas Group.

Marios Lazarou was appointed as liquidator of this company on the basis of a resolution of the General Meeting of Shareholders of Conpidon dated 13 July 2012 (Current Report No. 34/2012). The decision to commence the liquidation of Conpidon was made in connection with the intention to simplify the structure of the Midas Group. As a result of the liquidation of Conpidon, the Company will become the direct shareholder of Aero2. In November 2012, in response to the Company’s motion, the court in Nicosia, Cyprus, stayed the liquidation proceedings concerning Conpidon. The liquidation proceedings were stayed for a period of time required for the Management Board of the Company to consider different ways (other than liquidation) of simplifying the structure of the Midas Group, which would result in, among other things, the Company directly holding 100 per cent of the shares in Aero2/having full control of Aero2.

On 27 November 2012, the District Court for the City of Warsaw, Division XII Commercial of the National Court Register, handed down a decision to register the merger of Aero2 as the acquiring company with Daycon - the target company, by way of transferring all of the assets of the target to the

acquiring company. The Daycon and Aero2 combination was effected in order to simplify the structure of the Midas Group.

On 27 December 2012, Aero2 acquired 8,529 shares in Nova from Sensor Overseas Ltd, which represented 5.84 per cent of the shares in Nova. Furthermore, on 28 December 2012, Aero2 acquired 53,614 shares in Nova from MAT Fundusz Inwestycyjny Zamknięty, which represented 36.73 per cent of the shares in Nova. Thus, as at 31 December 2012, Aero2 held 85.2 per cent of the shares in Nova. The acquisition of shares in Nova by Aero2 was effected in order to simplify the structure of the Midas Group.

1.1.2 Entities subject to consolidation

The entities of the Midas Group subject to full consolidation for the purpose of preparing the consolidated financial statements of the Midas Group are: the Company, CenterNet, Mobyland, Conpidon (in liquidation), Aero2 and Nova.

1.2 Branches of the Company

The Company has no branches or establishments.

1.3 Changes in the principles of managing the Midas Group

In 2012, there were no major changes in the Midas Group's management principles.

1.4 Organisational or capital relations

The Midas Group is a capital group as defined in IAS 27 "Consolidated and Separate Financial Statements" in which the Company is the parent and its subsidiaries (as defined in IAS 27) include CenterNet, Mobyland, Conpidon, Aero2 and Nova.

Midas Group companies are also a part of a capital group (the "ZSZ Group"), as defined in the Act on the Public Offering and the Conditions for Admitting Financial Instruments to Organised Trading and on Public Companies of 29 July 2005 (hereinafter, the "Act on the Public Offering"), in which the parent (person controlling the Midas Group) is the Deputy Chairman of the Supervisory Board, Mr. Zygmunt Solorz-Żak. Mr. Zygmunt Solorz-Żak controls the Midas Group indirectly through the following entities: Karswell Limited with its registered office in Nicosia, Cyprus ("Karswell"), Ortholuck Limited with its registered office in Nicosia, Cyprus (a subsidiary of Karswell, "Ortholuck"), Litenite Limited with its registered office in Nicosia, Cyprus (a subsidiary of Ortholuck, "Litenite"). To the best knowledge of the Company, as at the date hereof:

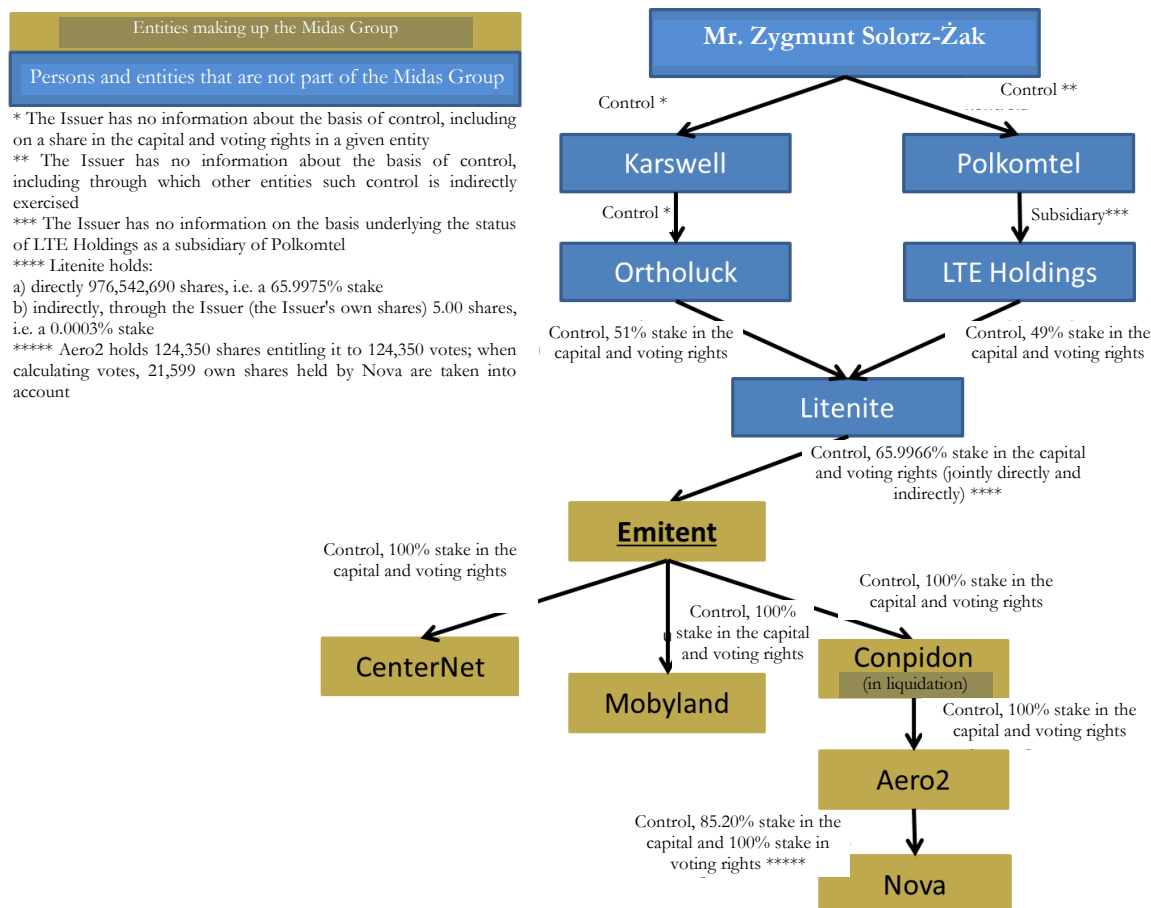
- 1) Mr. Zygmunt Solorz-Żak holds shares in Karswell but the Company is not aware of what stake Mr. Zygmunt Solorz-Żak holds in the capital of Karswell,
- 2) Ortholuck holds a 51 per cent stake in Litenite,
- 3) Mr. Zygmunt Solorz-Żak, Karswell and Ortholuck do not directly hold any shares of the Company (information based on the notification made pursuant to Article 69 of the Act on the Public Offering received by the Company from Mr. Zygmunt Solorz-Żak).

The Company does not have any other information on how Mr. Zygmunt Solorz-Żak exercises control over Karswell, Ortholuck and Litenite.

In addition, 49 per cent of Litenite's shares are held by LTE Holdings Limited with its registered office in Nicosia, Cyprus ("LTE Holdings"), a subsidiary of Polkomtel Sp. z o.o. with its registered office in Warsaw ("Polkomtel"), but the Company is not aware of the basis underlying the status of LTE Holdings as a subsidiary of Polkomtel.

Polkomtel is an entity controlled by Mr. Zygmunt Solorz-Żak.

The diagram below shows information available to the Company on entities which are parents to the Midas Group, other entities through which Mr. Zygmunt Solorz-Żak holds shares in the parents of the Midas Group, as well as information about the Midas Group.



1.5 Deposits and capital investments made within the Midas Group

The investments carried out in 2012 were a key element of the Midas Group's business development in the telecommunications sector. The Midas Group did not make any capital expenditures in 2012. The Midas Group's 2012 capital expenditures primarily included investing into further expansion of the telecommunications infrastructure, carried out by Aero2. The primary component of these expenditures were investments in base stations and transmission centres. The above investments of Aero2 were largely carried out under Project 700, the completion of which was notified by the Company in Current Report No. 51/2012 of 9 November 2012. In total, the expenses for Project 700 came to PLN 191.9 million net, with part of this stemming from the funds of the series D share issue, which is in line with the series D issue objectives presented in the Prospectus approved by the Polish Financial Supervision Authority on 8 February 2012 (available on the Company's website at http://www.midasnfi.pl/Relacje_inwestorskie/Gielda/Prospekt_emisyjny, hereinafter, the "Prospectus").

2 Operations of the Midas Group

2.1 Principal products, goods and services

The business activities carried out by the Midas Group are treated by the Management Board of the Company as one consistent operating segment including telecommunications activities set out below in more detail - providing telecommunications services, mainly by using the wholesale model. In 2012, much as in 2011, revenue from telecommunications services provided by the Group accounted for 95 per cent of the overall sales revenue. The remaining 5 per cent was the sale of telephone handsets. Information about the Group's sales revenue was published in Note 13.1 to the Consolidated financial statements for the year ended 31 December 2012.

Telecommunications activity

The Group's core business is the provision of wholesale wireless data transmission services by Aero2, CenterNet and Mobyland and voice services for individual customers provided by CenterNet. The wholesale wireless data transmission services are delivered on the basis of: (i) the frequency bands reserved for Aero2, CenterNet and Mobyland, and (ii) the telecommunications infrastructure held by Aero2. Another important factor is the shared use of Polkomtel's telecommunications infrastructure. It should also be noted that, due to the frequency reservation obtained in the 2600 MHz band, Aero2 is required to provide free internet access.

Wholesale wireless data transmission

In September 2010, CenterNet, in cooperation with Mobyland, launched the first commercial LTE 1800 network in Poland on a 1800 MHz band with a channel width of 19.8 MHz. CenterNet and Mobyland, each individually, hold a reservation for 9.8 MHz. Between their reserved bands there is a 0.2 MHz wide interval. Together, this gives a continuous duplex bandwidth of 19.8 MHz which consists of two reservation bands and an "interval" band the use of which is authorised by the President of the Office of Electronic Communications (the "President of the UKE") under individual radio licences. The LTE 1800 technology is significantly faster than other data transmission technologies currently available in Poland (such as UMTS, HSPA and HSPA+), enabling high-speed transfer of large portions of data to be made in an efficient and economically effective way with the best possible use of the frequency.

The telecommunications infrastructure for the LTE 1800 network is supplied by Aero2 and was launched at all locations that previously supported the CenterNet GSM 1800 and Mobyland GSM 1800 networks. As anticipated, as at the end of 2012, the number of base stations owned by the Group ensured LTE coverage for approximately 48 per cent of the population. As regards the above base stations of the Group, for some of them, components of the telecommunications infrastructure are recognised under non-current assets of the Group (as its own tangible assets or leasehold improvements), while the other stations operate on the basis of a model in which the Group uses them (not being their owner) under agreements authorising such use, in particular, the agreements set forth in section 2.4.1 hereof. As regards the location of the base stations, the standard solution is to use them on the basis of rental or lease agreements, including as a sub-tenant or sub-lessee.

In December 2008, Aero2 won a tender organised by the President of the UKE, obtaining reservation of a frequency in the 900 MHz range. Based on its own frequency in the 900 MHz band and its own infrastructure, Aero2 generates an Evolved HSPA (HSPA+) technology capacity for this band. Some of the network capacity is used for providing free internet access, in accordance with the obligations arising from the decision on reservation of the frequency in the 2600 MHz band for Aero2, and information concerning this undertaking is presented in the section below. As anticipated, as at the end of 2012, the number of base stations owned by the Group ensured HSPA+ coverage for approximately 90 per cent of

the population, including some stations incorporated in the Group's telecommunications network in association with Polkomtel, pursuant to the agreement set forth in section 2.4.1 hereof.

Under the agreement concluded in December 2010, Mobyland buys from Aero2 capacities generated within the HSPA+ 900 network. The solution applied (HSPA+) provides mobile high-speed internet access allowing data download at speeds of up to 21 Mbps and data upload at speeds of up to 5.7 Mbps. Currently, in certain locations, data transfer speed is at 28.8 Mbps, with other locations at 21 Mbps. In locations where data transmission occurs at the speed of 28.8 Mbps, a state-of-the-art MIMO (Multiple Input, Multiple Output) technology is used to provide users with a higher level of services and a better transfer quality. The MIMO technology, based on the application of multiple transmission and reception antennas in the base station and the terminal, permits simultaneous transmission of several different streams ensuring a higher throughput of up to 28.8 Mbps, better transmission quality and an optimised use of the frequencies.

Aero2 is currently also developing a TD-LTE 2600 network based on: the frequency reservation held by Aero2 of November 2009 (taking into account the change of September 2012) in the 2600 MHz band, 2570-2620 MHz range, intended for the delivery of telecommunications services in wireless broadband networks as well as the infrastructure owned by Aero2. From May 2011, the network has been running in 5 locations. A part of the capacity of the network is used to provide free internet access, in accordance with the obligations arising from the decision on the reservation of the frequency for Aero2. The TD-LTE 2600 network is implemented within the channel with a maximum 3GPP standard width of 20 MHz using the entire reserved 50 MHz bandwidth. The latest TD-LTE 2600 technology applied by Aero2 allows for a flexible allocation of radio resources between the link to and from the subscriber (so-called frame allocation). This means that transmission and reception are carried out on the same radio channel, and in only one direction at a time. Such transmission with a duplex time division guarantees the lack of interference between reception and transmission signals and significant power savings. TD-LTE 2600, with the proper base station set-up, can ensure high-speed mobile internet access, with a throughput of up to 134 Mbps, and with download rates of up to 124.8 Mbps and upload rates of up to 5.5 Mbps. There are plans to expand the TD-LTE 2600 network in accordance with the requirements of the amended reservation decision in order to reach, by the end of 2014, the coverage of 25% of the Polish population (50 per cent by the end of 2016), while at the same time setting up at least one base station in each of at least 200 rural or urban-rural districts (400 districts by the end of 2016).

The risk regarding significant suppliers should be noted with respect to all of the above networks, as set forth in section 2.8.1 hereof.

The offering of the Midas Group for wholesale data transmission using the LTE 1800, HSPA+ 900 and TD-LTE 2600 networks is addressed to retail operators, i.e. entities with large subscribers' bases expressing an interest in providing the subscribers with mobile broadband internet access services. The Group, based on its frequencies, intends to generate capacity and sell it to the above retail operators. From the perspective of the Group, such a model seems to be very attractive because the Group thus avoids costly expenses associated with finding retail customers (advertising, subsidising receivers, etc.). In addition, a well defined portfolio of customers in the segment of large and stable retail operators permits the application of wholesale terms and conditions of sales, i.e. long-term orders for large data transfer volumes. As at the date of publication hereof, the Group's key customers for wholesale wireless data transfer are: Cyfrowy Polsat S.A. ("Cyfrowy Polsat") and Polkomtel.

Free internet access

Due to the obligation imposed by the decision of the President of the UKE on reservation of the frequency in the 2600 MHz band for Aero2, Aero2 provides free internet access ("FEI") on the terms and conditions specified in the above decision and in its operating rules, as authorised by the President of the UKE. Basically, the obligation of Aero2 is to dedicate for the purposes of FIE up to 20 per cent of the capacity of the networks operating on the reserved 900 MHz and 2570-2620 MHz range frequencies provided that a single session under such free access should not be longer than 60 minutes, and the free internet downlink speed per user should be no more than 512 kbps. The group of people able to take advantage of FIE is not limited; it is necessary to apply for and obtain a SIM card from Aero2 and the deposit for the SIM card amounts to PLN 20.

Offering for individual customers

As a mobile operator, CenterNet offers individual customers a wide range of telecommunications services such as domestic voice traffic, international roaming and SMS messaging. As at the end of December 2012, CenterNet was serving a total of more than 189,000 pre-paid users. In providing services, CenterNet uses, through Aero2, domestic roaming provided by Polkomtel, and (directly) international roaming provided by iBasis Global. Information about the above roaming agreements are set forth in sections 22.2.2.2 and 22.10.15 of Part III of the Prospectus.

The wRodzinie (in the family) Project

The offering based on the wRodzinie brand is targeted towards groups of older people and people with close relatives with whom they communicate on a day-to-day basis. As a part of its offering, the Group provides prepaid mobile telephone services including voice service, SMS messaging and international calls. The range of services also includes distribution of mobile phones, including ergonomic models with large buttons, simple and legible displays, intended for elderly users. Sales of phones, starter kits and top-ups are carried out through the call centre, online store, Polish Post Office locations, and through the retail chains of Żabka, BluePay and the LEW Group with shops located throughout the country.

The Group's radio network

According to the data of the UKE as at 10 January 2013:

- a) Mobyland and CenterNet held 5,141 radio licences issued by the President of the UKE for 1800 MHz LTE,
- b) Mobyland held 355 radio licences issued by the President of the UKE for 1800 MHz GSM,
- c) CenterNet held 125 radio licences issued by the President of the UKE for 1800 MHz GSM,
- d) Aero2 held 2,872 radio licences issued by the President of the UKE for 900 MHz UMTS,
- e) Aero2 held 5 radio licences issued by the President of the UKE in the 2600 MHz LTE range.

Not all of the above radio licences are being used. The most important for the Group are the radio licences issued to Aero2 for 1800 MHz LTE. The above data do not account for additional test licences. Aero2 also holds radio band licences.

CenterNet, Aero2 and Mobyland work together with respect to shared use of frequencies and the use of telecommunications infrastructure. CenterNet and Mobyland finished migrating the 1800 MHz GSM technology over to the 1800 MHz LTE technology in the 19.8 MHz band reserved for those companies. This was possible thanks to Poland's first-ever agreement on shared use of a frequency in the 1800 MHz band between CenterNet and Mobyland (information about that agreement is set forth in section 22.2.10

of Part III of the Prospectus) and thanks to the cooperation with Aero2 with respect to using Aero's technical (telecommunications) infrastructure. Furthermore, Mobyland purchases from Aero2 wireless data transfer services in the Aero2 network, carried out in the 900 MHz band using the HSPA+ technology. The above cooperation between Aero2 and Mobyland relies on the agreements concluded in 2010, referred to in section 22.8.3 and 22.8.8 of the Prospectus. Aero2 also cooperates with Polkomtel with respect to broadcasting Aero2's radio signal and the associated transmission using Polkomtel's equipment, pursuant to the agreement set forth in section 2.4.1 hereof.

2.2 Key sales and supply markets

The Midas Group operates on the market of telecommunications services in Poland. Thanks to the frequency reservations held, the Midas Group is able to provide nationwide mobile telecommunications services, and in particular, wholesale model-based wireless data transmission services.

In 2012, the Midas Group's main customers for wholesale wireless data transmission services were Cyfrowy Polsat and Polkomtel. The share of Cyfrowy Polsat in the overall sales revenue was 41.36 per cent, while the share of Polkomtel amounted to 35.0 per cent. Furthermore, in 2012, 14.93 per cent of total sales revenue was revenue from the shared use of the telecommunications network under the agreement concluded in this regard by Aero2 and Sferia S.A. Polkomtel, according to the information set forth in section 1.4 above, is controlled by Zygmunt Solorz-Żak. Cyfrowy Polsat is controlled by the family foundation TiVi Foundation with its registered office in Vaduz, Liechtenstein, founded by Zygmunt Solorz-Żak. The minority shareholders of Sferia S.A. are entities controlled by Zygmunt Solorz-Żak.

In 2012, as a result of joint negotiation and conclusion by Aero2 and Polkomtel Sp. z o.o. of the terms of the agreements with Nokia Siemens Networks Sp. z o.o. and the agreements with Ericsson Sp. z o.o. (as set forth in section 2.4.1 hereof), the primary source of supplies of LTE-enabled telecommunications equipment for Aero2, and consequently, for the Group, was established. The stake of each of the above key suppliers (calculated on the basis of the value of orders placed) in 2012 represented approximately 50 per cent of the total value of orders placed. The Management Board of the Company notes the risk of significant suppliers, described in section 2.8.1 hereof.

2.3 Important events, achievements and failures of the Midas Group affecting its business operations

In January 2012, Mobyland received from Cyfrowy Polsat Order 2 to the agreement of 15 December 2010. Under the above order, Cyfrowy Polsat ordered a data package in the wireless data transmission service in the Mobyland network, of 13 million gigabytes with a total value of PLN 103,034,880. The Company published information on receiving the order in Current Report No. 4/2012.

In March 2012, the Midas Group and Polkomtel concluded two agreements important for the Group's operations. First was the agreement for the provision of wholesale telecommunications services concluded on 9 March 2012. Under that Agreement, on 9 March 2012, Mobyland received the first order for data transmission services from Polkomtel, in the amount of 11 million gigabytes, for a total net amount of PLN 101.7 million. The second agreement is a cooperation agreement concerning mutual services using the telecommunications infrastructure, concluded by Aero2 on 30 March 2012. Detailed provisions of both agreements with Polkomtel are set forth in section 2.4.1 hereof.

In March 2012, the Company completed the issue of series D shares. The funds obtained as a result allowed it to accomplish the issuance goals set forth in the Prospectus, i.e. to finance the acquisition of Aero2 (by buying 100 per cent of the shares in Conpidon Limited), repay debt under the debt papers

issued, and expand the telecommunications network under Project 700 and Project 4100. The use of proceeds from the issue is set out in section 3.6 hereof.

In July 2012, the Province Administrative Court in Warsaw (the “WSAW”) passed a judgement in case No. VI SA/Wa 2257/11, in which it reversed the decision of the President of the UKE of 23 September 2011 concerning cancellation of the tender in the part relating to the assessment of PTC’s bid as well as the previous decision of the President of the UKE dated 13 June 2011. A detailed description of the proceedings regarding the tender for frequency reservations in the 1800 MHz range is set forth in section 5.1 hereof.

In July and September 2012, as a result of joint negotiation and conclusion by Aero2 and Polkomtel Sp. z o.o. of the terms of the agreements with Nokia Siemens Networks Sp. z o.o. (July) and the agreements with Ericsson Sp. z o.o. (September), the primary source of supplies of LTE-enabled telecommunications equipment for Aero2, and consequently, for the Midas Group, was established. In view of the foregoing, the Management Board of the Company decided in September 2012 not to continue the negotiations with Huawei Polska Sp. z o.o. (Current Report No. 40/2012). Detailed provisions of the above agreements with Nokia Siemens Networks and Ericsson are set forth in section 2.4.1 hereof.

Also in July 2012, the Supreme Administrative Court (Naczelny Sąd Administracyjny - the “NSA”) issued a judgement in which it overruled in its entirety the judgement of the WSAW dated 11 February 2011 and referred the case for reconsideration by the WSAW. The NSA judgement was issued as a result of reviewing the cassation appeals filed by the President of the UKE, the Polish Economic Chamber for Electronics and Telecommunications, CenterNet and Mobyland. As a result of the judgement, in November 2012, the WSAW issued a judgement under which it dismissed for substantive reasons the complaint filed by Polska Telefonia Cyfrowa Sp. z o.o. (“PTC”) and discontinued the proceedings instituted on the basis of Polkomtel’s complaint (due to this complaint being withdrawn under a pleading filed before the hearing). A detailed description of the proceedings regarding frequency reservations in the 1800 MHz range is set forth in section 5.1 hereof.

In August 2012, the President of the UKE announced that, among other things, the UKE’s 2013 plans include awarding frequencies in the 800 MHz and 2600 MHz bands by way of auction. It is related to the plans to discontinue in 2013 the analogous TV signal in Poland which will release frequencies currently used for that purpose and suitable for carrying out telecommunications activities (the so-called digital dividend). Also in August 2012, the President of the UKE announced the commencement of the tender procedure for five frequency reservations in the 1729.9-1754.9 MHz range and the 1824.9-1849.9 MHz range, designated for providing nationwide mobile telecommunications services. Each of the five available reservations will be awarded to the winners of the tender procedure for a term ending on 31 December 2027. Frequencies covered by the tender are intended for providing mobile and fixed-line telecommunications services and may be used, among other things, for providing mobile data transmission and high-speed internet service. In February 2013 (after the balance sheet date), the President of the UKE announced that he had settled the tender for frequency reservations in the 1800 MHz range, where the highest rated were three bids from P4 Sp. z o.o. (“P4”) and two bids from PTC. Detailed information regarding the conclusion of the above tender is contained in section 5.2 hereof.

In September 2012, Mobyland and Cyfrowy Polsat signed an understanding amending the terms on which Mobyland provides data transmission services to Cyfrowy Polsat. Moreover, the parties agreed that Cyfrowy Polsat would increase the volume of data transmission services placed thus far by submitting Order 3 for 31 million GB and a total net value of PLN 204,748,800. Detailed provisions of the above understanding are set forth in section 2.4.1 hereof.

In November 2012, the Company accepted the Preliminary Offer of the basic terms and conditions of credit offered to the Company by Bank Zachodni WBK S.A. and Banco Santander S.A. ("Term Sheet 1"), and signed the Conditions of Financing for the Investment Credit with Alior Bank S.A. ("Term Sheet 2"). The above documents (Term Sheets) in no way constituted a binding agreement, but set out the basic conditions on which the above banks have agreed to make financing available to the Company for the expansion of the telecommunications network. Under Term Sheet 2, on 28 February 2013 (after the balance sheet date), the Company signed an investment credit agreement. This event was described in section 5.2 hereof. Detailed information regarding Term Sheet 1 is contained in section 2.4.1 hereof.

Also in November 2012, the Management Board of the Company adopted a qualified resolution on commencing the procedure for the issuance of ordinary zero-coupon bonds with a maximum eight-year maturity period (the "Bonds") as part of obtaining financing for the expansion of the Midas Group's network (Current Report No. 50/2012). The value of the Bonds issued was to be a maximum of PLN 250 million. The result of the Management Board of the Company implementing the procedure for the issue of the Bonds, and of Sferia S.A. ("Sferia") expressing initial interest, in December 2012, in acquiring the Bonds, is the framework agreement concluded with Sferia, the detailed provisions of which are set forth in section 2.4.1 hereof. At the same time, the Company obtained from Mr. Zygmunt Solorz-Żak a declaration in which he expressed his readiness to purchase the Bonds in the amount of approximately PLN 200 million, or appoint an entity which will purchase those Bonds in his stead, with the proviso that Sferia is not the entity appointed by Mr. Zygmunt Solorz-Żak. In that declaration, Mr. Zygmunt Solorz-Żak also stated that, if it turns out that the Bonds are acquired even in part by other investors ("Investors"), this will not rule out the possibility that he or the entity appointed by him (the "Main Purchaser") will acquire the Bonds in the amount which is the difference between PLN 200 million and the amount taken up by such Investors. Mr. Zygmunt Solorz-Żak declared at the same time that if, in the Bond issuance conditions, there is a clause granting bondholders the right to demand early redemption of the Bonds they acquired (the "Put Option"), the Main Purchaser will not exercise that right, and, where the Investors exercise that right and, as a result, the total value of the Bonds becomes less than PLN 200 million, the Main Purchaser will acquire an additional bond issue in the amount which is the difference between PLN 200 million and the amount remaining after the repurchase of the Bonds as a result of the Put Option. Furthermore, on 6 March 2013 (after the balance sheet date), the Management Board of the Company adopted a resolution on the issuance of series A bonds. In accordance with the content of the Resolution, the Management Board decided that the Company should issue no more than 600,000 zero-coupon secured series A bearer bonds with a nominal value of PLN 1,000 per bond (the "Bonds"). The issue price of one Bond has been specified on the basis of the nominal value of one Bond reduced by the unit discount value (set in accordance with the provisions of the BIT) and amounts to PLN 342.77 per Bond. This means that the value of the Bonds issued will be approximately PLN 200 million. Additional information in this regard is contained in section 5.2 hereof.

2.4 Information on agreements entered into by Midas Group companies

This section lists agreements entered into in the normal course of business of the Company and other Midas Group companies.

For agreements which are significant for the operations of the Midas Group companies entered into with third parties, a full description of their respective terms and conditions or references to current reports dedicated thereto are provided.

Moreover, the Company makes it known that other agreements, including the ones signed in 2010 and 2011 by Companies currently belonging to the Midas Group, and between entities from that Group, which, from the perspective of the consolidated financial statements, are subject to consolidation exclusions, were described in the Prospectus.

2.4.1 Agreements which are significant for the operations of the Midas Group

Agreements entered into by the Company

Issue of series MID0612.3 debt papers

After Alior Bank S.A. with its registered office in Warsaw ("Alior Bank") subscribed on 17 February 2012 for 20,000 series MID0612.3 debt papers with a nominal value of PLN 1,000 each (the "Papers"), with a total nominal value of PLN 20,000,000 for the issue price equal to their nominal value (the "Issue Price") as a result of acceptance by Alior Bank on 16 February 2012 of the proposal to subscribe for the Papers (the "Proposal") and as a result of payment of the Issue Price by Alior Bank, the issue of the Papers was successful. In accordance with the terms and conditions of the issue of the Papers, contained in the Proposal, the Papers matured on 30 June 2012 but the Company had the right to make an unconditional early redemption of the Papers. In addition, the Papers carried an entitlement to interest, accrued and paid on a monthly basis, except for the first interest period which lasted from 17 February 2012 to 1 March 2012. The Papers bore interest at 1M WIBOR from the second working day preceding the beginning of the interest period, increased by 2.5 percentage points, per annum.

The proceeds from the issue of the Papers were designated for bridge financing of investments being implemented by the Midas Group. The Company's use of such bridge financing was expected until the end of the public offering for series D shares of the Company. As a part of such financing, proceeds from the issue of the Papers were used for a loan in the amount of PLN 20,000,000 to Aero2. The loan was included in the description of the loans granted to Aero2, as set forth below.

On 26 April 2012, the Company exercised its right to early redemption of the Papers. The early redemption of the Papers was performed as part of implementing the second goal of the D series share issuance, i.e. repayment of debts arising from the debt papers issued by the Company, held by Alior Bank.

The Company published information on the issuance of the debt papers and their subsequent redemption in Current Reports No. 12/2012 of 17 February 2012 and No. 27/2012 of 26 April 2012. The use of the proceeds from the series D share issue was described in section 3.8 hereof.

Agreement on the mutual set-off of receivables with Litenite Limited

On 28 February 2012, the Company concluded an agreement with Litenite Limited on the mutual set-off of receivables (the "Agreement").

In accordance with the Agreement, on 28 February 2012, the Company and Litenite made a contractual set-off of a receivable of PLN 546,863,906.40 that was due to the Company from Litenite under its obligation to pay for 781,234,152 series D shares of the Company, covered by the basic subscription submitted by Litenite on 28 February 2012 at an issue price of PLN 0.70 per share under the public offering for series D shares (closed subscription), against a receivable of PLN 548,000,000 due from the Company to Litenite in respect of payment to the Company of the price

for 100 per cent of the shares in Conpidon Limited under the agreement for the sale of shares in Conpidon Limited. As a result of the contractual set-off, the above receivable due to the Company was written off in full, i.e. in the amount of PLN 546,863,906.40, and the above receivable due to Litenite was partially written off, i.e. to the amount of PLN 1,136,093.60.

The Agreement was signed in order to pursue the first objective of the issue of series D shares, i.e. payment of the price for the acquisition of Aero2 Sp. z o.o. with its registered office in Warsaw.

Considering the above set-off, the amount of PLN 1,136,093.60 constituted the receivable of Litenite remaining to be paid by the Company as part of performing this objective of the issue. On 26 April 2012, the Company paid the above amount. Payment of the above amount represented the final settlement of the above agreement for the sale of shares in Conpidon Limited of 9 December 2011.

The Company published information on the conclusion and then settlement of the agreement in Current Reports No. 14/2012 of 28 February 2012 and No. 26/2012 of 26 April 2012.

Basic credit conditions for obtaining financing for the expansion of the telecommunications network

On 5 November 2012, the Company signed the Preliminary Offer of the basic terms and conditions of credit offered to the Company by Bank Zachodni WBK S.A. and Banco Santander S.A. ("Term Sheet 1"), and also signed the Conditions of Financing for the Investment Credit with Alior Bank S.A. ("Term Sheet 2"). The above documents (the "Term Sheets") constitute the basis for further negotiations and for drawing up credit agreements and other agreements on the terms set out below. Under Term Sheet 2, on 28 February 2013 (after the balance sheet date), the Company signed an investment credit agreement. This event was described in section 5.2 hereof.

The subject of Term Sheet 1 signed with Banco Santander S.A. and Bank Zachodni WBK S.A. (jointly "Bank 1") is secured trade credit ("Credit 1") in the amount of up to PLN 364 million. The purpose of Credit 1 is to finance the development of a commercial telecommunications network in Poland (the Project) carried out by the Company on the basis of framework agreements for the supply, integration and maintenance of elements of the telecommunications access network concluded with Ericsson and Nokia Siemens Networks (the Company reported on the conclusion of those agreements in Current Reports No. 35/2012 of 23 July 2012 and No. 39/2012 of 3 September 2012, respectively). Credit 1 is to be granted for a 7-year term, where the maximum period during which the Company will be able to utilise the allotted amount of Credit 1 is 3 years (the "Availability Period"). In the Availability Period, the interest on Credit 1 will be variable, calculated on the basis of the 6M WIBOR rate increased by the margin of Bank 1. In the remaining period, the interest on Credit 1 will be fixed, and determined at market level. Repayment of the principal of Credit 1 is to take place in 8 equal semi-annual instalments, where the first instalment is due 6 months after the completion of the Credit 1 Availability Period. Interest will be calculated on the basis of the principal amount of Credit 1 used and remaining to be repaid, in reference to the above rules of interest for Credit 1, and will be payable in quarterly instalments. The above-described conditions of granting and charging interest on Credit 1 are subject to the approval of the Swedish and Finnish export agencies, and may therefore be changed. The Management Board of the Company plans to allocate funds from Credit 1 for financing Phase III of the expansion of the telecommunications network, comprising, inter alia, the construction of 700 base stations and the optimisation of the telecommunications network.

Security for Credit 1 will consist of: an insurance policy issued by the Swedish and Finnish export agencies, assignment of wholesale agreements signed or to be signed in the future with Polkomtel, a pledge on assets of the Project (telecommunications network elements), a pledge on shares and ownership interests in subsidiaries of the Company, a pledge on frequencies held by subsidiaries of the Company, a letter of support from the main shareholder of the Company, a cash deposit in a minimum amount of 10 per cent of the value of Credit 1, and an interest rate swap (IRS).

Term Sheet 1 is governed by British law. The above-described Term Sheet 1 will become binding provided that: (a) there are no disadvantageous changes in the political and economic situation in Sweden, Finland or Poland, or in the business or financial condition of the Company, (b) there are no

disadvantageous changes in the business, operational, financial condition of the Company or of its prospects or of its subsidiaries, understood as the capital group, which could affect its ability to punctually discharge its liabilities resulting from Term Sheet 1, (c) the conditions are given final approval by Bank 1 and the Swedish and Finnish export agencies.

Term Sheet 1 in no way constitutes a binding agreement, but sets out the basic conditions on which Bank 1 has agreed to make financing available to the Company for the expansion of the telecommunications network. On the basis of those conditions, the Company and Bank 1 will negotiate the detailed provisions of the credit agreement and other legal documents, including agreements concerning security for the repayment of Credit 1.

The Company published information on the signing of the above documents in Current Report No. 49/2012 of 5 November 2012.

Framework agreement with Sferia S.A.

On 21 December 2012, the Company concluded a framework agreement with Sferia S.A. with its registered office in Warsaw (“Sferia” or, jointly with the Company, the “Parties”) (the “Framework Agreement”). The Framework Agreement is the result of the Management Board of the Company implementing a procedure for the issue of zero-coupon bonds having a maximum eight-year maturity period (the “Bonds”) and of Sferia expressing initial interest in acquiring the Bonds. The subject of the Framework Agreement is to establish the rules under which:

- a) the Company will issue and Sferia will take up one or more series of Bonds for a total issue price not exceeding PLN 200,000,000;
- b) the Parties will conclude a separate agreement on the Company supplying Sferia with a telecommunications network through which Sferia will be able to provide telecommunications services (the “Supply Agreement”);
- c) the Parties will conclude a wholesale agreement on the basis of which 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 “Wholesale Agreement”);
- d) the Parties will make settlements for the Bonds issued by the Company and taken up by Sferia.

On the basis of the Framework Agreement, the Company will be authorised to submit to Sferia, in the period from the signing of the Framework Agreement to 31 December 2013, one or more proposals for purchasing the Bonds for a total issue price of no more than PLN 200,000,000, and Sferia will be obliged to accept each such purchase proposal which is in accordance with the provisions of the Framework Agreement. The Bonds will be issued promptly after the Company receives a declaration on accepting a purchase proposal, where the Bonds will be issued to Sferia promptly after the Company receives confirmation of payment of the issue price, determined each time in the purchase proposal on the basis of a discount rate which will not differ significantly from the market conditions applicable to this type of financial instrument. In accordance with the provisions of the Framework Agreement, the Company may issue, rather than a single series, several series of the Bonds, and the Bonds may be held in material or dematerialised form, as registered or bearer bonds. The Bonds will not have to be listed on the ASO Catalyst or any other organised trading platform.

Moreover, the Parties undertook to conclude, within 6 months from signing the Framework Agreement, a Supply Agreement pursuant to which the Company or a subsidiary of the Company (the “Midas Group”) will supply Sferia with a telecommunications network (the “Telecommunications Network”) which Sferia

will be able to use to provide telecommunications services utilising the latest available technologies, under conditions no lesser than the LTE technology, and using the frequencies which Sferia will have the right to utilise. On the basis of the Supply Agreement, the Midas Group will be entitled to receive remuneration from Sferia, on market terms, in exchange for supplying the Telecommunications Network during the period set out in the Supply Agreement, where the Midas Group's performance as specified in the Supply Agreement will be fully discharged within 8 years following the date of concluding the Supply Agreement.

In addition, in the Framework Agreement, the Parties undertook to conclude a Wholesale Agreement within 12 months following the date on which Sferia acquires the right to utilise a frequency allowing it to provide LTE services in Poland.

The conclusion of the Supply Agreement and the Wholesale Agreement is dependent on the fulfilment of the following conditions precedent:

- a) the Supervisory Board of the Company consents to the conclusion of the Supply Agreement,
- b) Sferia obtains the right to utilise a frequency allowing it to provide LTE services in Poland.

In the Framework Agreement, the Parties expressed their consent to a contractual set-off of the liabilities of the Company resulting from the Bonds issued on the repurchase date, from early repurchase or immediate repurchase, against the liabilities of Sferia to that date and resulting in particular from the Supply Agreement.

In the opinion of the Company, the estimated total value of the contracts and settlements covered by the Framework Agreement may exceed 10 per cent of the value of the Company's equity. At present, however, the Company is not able to state what the value of each of the agreements or orders or their total value will be.

The Company published information on the conclusion of the agreement in Current Report No. 55/2012 of 21 December 2012.

Agreements entered into by Aero2 with entities from outside the Midas Group

Cooperation agreement within the scope of mutual services using the telecommunications infrastructure

On 30 March 2012, Aero2 (also, a "Party") concluded a cooperation agreement with Polkomtel (also, a "Party", and together with Aero2 - the "Parties") for the mutual provision of services using the telecommunications infrastructure (the "Agreement").

The subject of the Agreement is to set forth the rules of cooperation between Aero2 and Polkomtel involving receipt of access by each of the Parties - within the scope specified in the Agreement - to the telecommunications infrastructure of the other Party, and mutual rendering by the Parties - based on their telecommunications infrastructure - of services for the purpose of their conducting telecommunications activities (providing wholesale and retail telecommunication services) using frequencies held by the Parties and for the purpose of Aero2 rendering services to Mobyland and CenterNet under separate agreement(s)

within the scope of developing and granting access to telecommunications networks in order to use radio frequencies at the disposal of Mobyland and CenterNet under a decision of the President of the UKE on frequency reservations.

Under the Agreement, each of the Parties is required to provide the following services to the other Party (the "Services"):

- 1) the SITE service,
- 2) RAN services,
- 3) the optional SITE Transmission Service.

Cooperation under the Agreement shall enable each of the Parties to significantly decrease the costs of maintaining its telecommunications infrastructure, to optimise that infrastructure technically, and to ensure better quality of the telecommunications services provided using that infrastructure to end users of each of the Parties. Specific Services will be provided on the basis of written orders submitted each time by a given Party (an "Order") and accepted by the other Party within 30 days from the date of submission. The Order should specify the type of Services ordered, remuneration due for rendering the Services ordered and the period for which the Services will be provided.

In the case of SITE Services, each of the Parties (the "Lessor") shall lease the area in Base Stations, specified each time in the Order, to the other Party (the "Lessee") and pay the Lessor a Remuneration in the amount specified in the Agreement. The Lessee shall obtain the right to install in this area, at its own expense, telecommunication equipment specified in the Order.

The RAN services comprise establishment and maintenance of technical conditions for broadcasting a radio signal at Base Stations, providing the Party using that Service with voice transmission services, data transmission services in its network and SMS services rendered for the customers of that Party, as well as establishment and maintenance of technical conditions for managing the operation of the Base Stations. Rendering RAN Services is conditional upon the Parties' obtaining appropriate consents and permits.

The total remuneration due for rendering each of the Services (the "Remuneration") is determined on the basis of the unit price for a given Service rendered within the framework of one Base Station (the "Unit Price") multiplied by the number of locations of Base Stations (the "Location") where the Services are rendered. The Unit Price shall depend on the type of services, including the type and number of systems (technologies) used by the Party receiving the Service, as well as possible investments of the Party rendering the Service in a given Location. The Remuneration is also due to the Parties for maintaining readiness to render the ordered Services. At least once a year, the Parties shall review the remuneration due for the SITE Services specified in the Agreement and in the Orders for these Services submitted under the Agreement and agree whether the prices shall remain unchanged for the next period. The Remuneration shall be charged monthly. Moreover, within seven days from the date of concluding the Agreement, Aero2 has paid Polkomtel the net amount of PLN 500,000 as remuneration for the test use period of Polkomtel's infrastructure by Aero2, pursuant to the letter of intent dated 29 November 2011.

The Agreement states that in every case of infringement of the confidentiality obligation specified in the Agreement, the infringing Party shall be bound to pay to the other Party, on its request, a contractual penalty of PLN 100,000.

The Agreement was entered into for a five-year term. If none of the Parties serves a notice on termination of the cooperation at least a year before the expiration of its term, the Agreement is renewed for a subsequent term of 5 years. If at least a year before the expiration of a subsequent period of 5 years none

of the parties serves a notice on termination of the cooperation, the Agreement automatically transforms into an agreement concluded for an indefinite term, and after such transformation it may be terminated by either Party with twelve months' notice.

If either Party serves a notice of termination of the cooperation or termination of the Agreement, as stipulated above, the Parties, despite such expiration or termination of the Agreement, are committed to provide services and use the same until the expiration of the final deadlines specified in the Orders placed and accepted by the Parties.

If, as a result of a final administrative decision or a binding court judgement, a Party loses a frequency reservation in a manner that prevents cooperation between the parties with respect to a RAN Service, the Agreement may be terminated with immediate effect by any of the Parties. In such case, the Party losing the reservation will repair the damage incurred by the other Party, resulting from its failure to meet the obligation to ensure continuity of using the Services, by means of paying the other Party, at its request, the amount constituting the total value of all Remunerations that would be due to the Party rendering the Services under the Agreement and all Orders accepted by that Party, if the Agreement was binding until the end of the period agreed by the Parties for rendering the Services under all Orders submitted by this Party, unless the obliged Party proved that the above circumstances causing termination of the entire Agreement were not caused by the Party's wilful action or negligence. In the last case, the Party shall be bound to pay the Party ready to render the Services the amount constituting the difference between the amount of expenses and costs incurred by this Party for the purpose of preparing and performing the Agreement with respect to all Orders remaining in force on the date of terminating the Agreement and the sum of all expenses and costs covered by the Party obliged to repair the damage in Remunerations paid by it until this date for the Services provided under these Orders.

If, as a result of a final administrative decision or a binding court judgement, a Party loses a radio permit or permits necessary for using the RAN Service in specific Locations, the Agreement may be terminated in the part concerning those Locations that require such a radio permit or permits, with immediate effect by any of the Parties. In such a case, the Party losing the radio permit or permits will be bound to repair the damage incurred by the other Party as a result of its failure to meet the obligation to ensure continuity of using Polkomtel's services, as specified above, with respect to the Orders that were subject to partial termination of the Agreement.

If, as a result of a final administrative decision or valid court judgement, a Party or CenterNet or Mobyland loses a radio permit or permits necessary for using the SITE Service in specific Locations, the Agreement may be terminated in the part concerning those Locations that require such radio permit or permits, with immediate effect by each of the Parties.

Each of the Parties may partially terminate the Agreement with immediate effect, within the scope of rendering all SITE Services and RAN Services by this Party to the other Party, if the other Party remains in delay with payment of the amounts specified in the Agreement for more than three months, if the amount of due liabilities is equal to or exceeds the net amount of PLN 2.5 million and the obliged Party failed to pay this amount regardless of an explicit request for payment, within seven days from the date of delivering such request.

The Party rendering services to the other Party shall be authorised to terminate the Agreement with two months' notice in the part concerning one or some Locations if, for reasons beyond the control of that Party, conducting the present operation using a given Location is not possible or involves obstacles that are difficult to overcome or becomes obviously unprofitable (for example, a significant increase of rent for lease or tenancy of a real property or facility in a given Location, change of the law, termination of lease or tenancy agreement for a real property or facility in a given Location by their disposer or termination with

no option to extend on the same conditions, withdrawal of consent of an authorised person for sublease of a real property or facility in a given Location).

Before partial termination of the Agreement pursuant to the preceding sentence, the Party rendering Services, if possible, should offer the other Party continuation of providing the Services to that Party in a new, comparable Location, where it can continue its operations using its frequencies. In such a case, the Parties should agree whether these Services would be continued under the same or different conditions agreed by the Parties. Similarly, the same rights accrue to the Party using the Services. Exercise of the above right by the Party using the Services rendered by the other Party cannot lead to partial termination of the Agreement with respect to more than two per cent of Locations included in a given Order. In the event of termination of the Agreement under the conditions specified in this paragraph, the Party using the Services should return to the other Party the amount corresponding to the above instances of partial termination of the Agreement.

In the event of acquisition of the Party using the Services rendered by the other Party by an external entity, not belonging to the capital group of the acquired Party before acquisition, the Party rendering the Services may terminate the Agreement - at its own discretion - as a whole or in the part concerning the Services rendered by it to the acquired Party, with two months' notice.

As part of performing the Agreement, during the term from its conclusion until the end of 2012, Aero2 submitted orders for a total of PLN 809.3 million, with the highest-value order being that of 8 November 2012 with a value of PLN 511.4 million (the "Order"). The Order concerns Polkomtel's provision of "RAN" services in the places and on the terms described in the Agreement. "RAN" services covered by the Order will be provided in each place for a period of five years counting from the date on which Polkomtel announces its readiness to provide the services in a given place, in accordance with the provisions of the Agreement.

The Company published information on the conclusion of the Agreement and the Orders to the Agreement in Current Reports No. 22/2012 and No. 52/2012.

Agreement for the delivery, integration and maintenance of elements of the mobile access telecommunication network and a maintenance agreement with Ericsson Sp. z o.o.

On 23 July 2012, Aero2 (also a "Party") acting together with Polkomtel Sp. z o.o. (also a "Party", and, together with Aero2, also the "Buyer") concluded with Ericsson Sp. z o.o. ("Ericsson", a "Party" or the "Supplier", and, together with Aero2 and Polkomtel, also the "Parties") an agreement for the delivery, integration and maintenance of elements of the mobile access telecommunication network (the "Framework Agreement") and a maintenance agreement (the "Maintenance Agreement").

The subject of the Framework Agreement is to set out the rules to be followed by Ericsson in performing the following services for the Buyer:

- 1) delivery, installation (together with possible disassembly of the presently operated elements of the Buyer's telecommunications network) and launching of Products and Software, as well as their further integration with the telecommunications network of the Buyer, disassembly and relocation of replaced products, including in particular replacement of the core network - on the basis of subsequent Delivery Orders,
- 2) granting rights to use the Software,
- 3) training;

- 4) development of the Buyer's telecommunications network,
- 5) other additional services (including delivery, implementation and integration of the Products) ordered by the Buyer.

In turn, the subject of the Maintenance Agreement is the provision of the following services by Ericsson:

- 1) Base Services for the equipment in the Guarantee Period, and
- 2) all Services additionally ordered by the Buyer in the Guarantee Period and thereafter.

Pursuant to the Framework Agreement, the services rendered by Ericsson involving delivery, installation (together with possible disassembly of the presently operated elements of the Buyer's telecommunications network) and launching of Products, as well as their further integration with the Buyer's network will be performed on the basis of Delivery Orders. Pursuant to the Framework Agreement, the Buyer may, at its own discretion, at any time, order Ericsson to deliver Services and Products, on the basis of one or more Delivery Orders periodically issued by the Buyer, pursuant to the Agreement. Ericsson cannot refuse acceptance of the Delivery Order, unless it was not submitted in accordance with the Agreement.

The Framework Agreement requires Ericsson, among others, to ensure optimum solutions, in particular in relation to reliability, effectiveness and ergonomics, as well as to ensure full compatibility of the Devices and the Software, under the applicable standards, with elements of the Buyer's telecommunications network, including software installed in the elements of the Buyer's telecommunications network, in particular between: (a) the Devices and Software delivered by Ericsson and (b) the devices and software delivered to the Buyer by third parties or whose purchase from third parties is being considered by the Buyer. Besides, Ericsson shall fully cooperate with other suppliers delivering equipment or software to the Buyer to ensure interoperability of the Products from the Supplier and from other suppliers. As part of cooperating with Ericsson, the Buyer will deliver information concerning the Buyer's telecommunications network as necessary for the performance of Ericsson's obligations under the Framework Agreement. The Buyer shall also perform the obligations specified in the Framework Agreement in a timely manner. The Parties agreed in the Framework Agreement that the guarantee period for Products and Services shall last at least 36 months and the guarantee period for the Products replaced or repaired within the framework of the guarantee shall be 6 months from the date such element was delivered to the Buyer, but at least until the end of the initial guarantee period. If Ericsson infringes the guarantee conditions specified in the agreement, the Buyer may: decrease Ericsson's remuneration for a Delivery Order containing defects, in accordance with a decrease in the usefulness of the subject of such Delivery Order; order the removal of defects at the expense and risk of Ericsson; withdraw from the Delivery Order if the defect significantly hinders or prevents use of the subject of such Order. In the event of withdrawal from the Delivery Order by the Buyer, mutual benefits included in such Delivery Order shall be returned.

Each of the Parties shall be liable to the other Party for its failure to perform or for improper performance of the Framework Agreement only up to the amount constituting 100 per cent of the total net price for all Delivery Orders submitted by the Buyer under the Agreement in the year when such a failure to perform or improper performance occurred, but no lower than EUR 5 million. In addition, the Framework Agreement contains contractual penalties that may be received by the Buyer.

The Maintenance Agreement will be binding on Polkomtel on the Buyer's side from the date of its conclusion, and will be binding on Aero2 from the date of completion of the first order by the Supplier for Aero2.

The total liability of the Parties for failure to perform or improper performance of their obligations under the Maintenance Agreement or Delivery Order (except for cases of infringement of the provisions

concerning confidentiality and intellectual property) shall be limited to 100 per cent in the twelve-month term of the Maintenance Agreement in which the failure to perform or improper performance occurred (counted from the date of conclusion of the Maintenance Agreement or from the date of subsequent anniversaries of conclusion of the Maintenance Agreement). Liability of the Parties for failure to perform or improper performance of any of their obligations under the Maintenance Agreement shall be limited to covering direct damage of the other Party, without including lost profits (lucrum cessans).

The Framework Agreement was concluded for a three-year term. After the end of that period, the Framework Agreement will become an agreement concluded for an indefinite term and may be terminated by any of the Parties upon a 90-day notice period, which must be done in writing and will otherwise be invalid. The Maintenance Agreement was concluded for a term of 120 months. If the Parties intend to extend the Maintenance Agreement, the Parties shall begin negotiations concerning the conditions of rendering the Services three months before the end of the term of the Maintenance Agreement.

As at the end of 2012, the estimated value of orders placed by Aero2 with Ericsson was approximately EUR 4.4 million.

The Company published information on the conclusion of the agreement in Current Report No. 35/2012.

Agreement for the delivery, integration and maintenance of elements of the mobile access telecommunications network and a maintenance agreement with Nokia Siemens Networks Sp. z o.o.

On 3 September 2012, Aero 2 (hereinafter also a “Party”), acting together with Polkomtel (hereinafter also a “Party”, and together with Aero2 also the “Buyers”), concluded with Nokia Siemens Networks Sp. z o.o. with its registered office in Warsaw (“NSN”, “Party” or the “Supplier”, and together with Aero2 and Polkomtel also the “Parties”) an agreement for the delivery, integration and maintenance of elements of the mobile access telecommunication network (the “Framework Agreement”) and a maintenance agreement (the “Maintenance Agreement”).

The purpose of the Framework Agreement is to set forth the rules of NSN’s provision of the following services for the Buyer:

- 1) delivery, installation (together with possible disassembly of existing elements of the Buyer's telecommunications network) and launch of the Products and Software, as well as their further integration with the Buyer’s telecommunications network, disassembly and relocation of the products being replaced - on the basis of subsequent Delivery Orders,
- 2) granting rights to use the Software,
- 3) training;
- 4) development of the Buyer's telecommunications network,
- 5) other additional services (including delivery, implementation and integration of the Products) ordered by the Buyer.

The subject of the Maintenance Agreement is the provision of the following services by NSN:

- 1) Base Services for the equipment in the Guarantee Period, and
- 2) all Services additionally ordered by the Buyer in the Guarantee Period and thereafter.

Pursuant to the Framework Agreement, the services rendered by NSN involving delivery, installation (together with possible disassembly of existing elements of the Buyer's network) and launch of the Products, as well as their further integration with Buyer's network, will be performed on the basis of Delivery Orders. Pursuant to the Framework Agreement, the Buyer may, at its own discretion, at any time, order NSN to deliver the Services and Products, on the basis of one or more Delivery Orders issued from time to time by the Buyer, pursuant to the Agreement. NSN cannot reject a Delivery Order, unless it was not submitted in accordance with the Agreement.

The Framework Agreement obliges NSN, among other things, to ensure optimum solutions, in particular in relation to reliability, effectiveness and ergonomics, as well as to ensure full cooperation of the Devices and the Software, under the applicable standards, with elements of the Buyer's telecommunication network, including the software installed in the elements of the Buyer's telecommunications network, in particular between: (a) the Devices and Software delivered by NSN and (b) the devices and software delivered to the Buyer by third parties or whose purchase from third parties is being considered by the Buyer. Furthermore, NSN will fully cooperate with other suppliers delivering equipment or software to the Buyer to ensure interoperability of the Products from the Supplier and from such other suppliers. As part of its cooperation with NSN, the Buyer will deliver information concerning the Buyer's telecommunications network to the extent necessary to fulfil NSN's obligations under the Framework Agreement. The Buyer will also perform the obligations specified in the Framework Agreement in a timely manner. The Parties agreed in the Framework Agreement that the guarantee period for Products and Services shall last at least 36 months and the guarantee period for the Products replaced or repaired within the framework of the guarantee shall be 6 months from the date such element was delivered to the Buyer, but at least until the end of the initial guarantee period. If NSN infringes the guarantee conditions specified in the agreement, the Buyer may: decrease NSN's remuneration for the Delivery Order containing defects, in proportion to the decrease in the usefulness of the subject of such a Delivery Order; order a removal of defects at the expense and risk of NSN; withdraw from the Delivery Order if the defect significantly hinders or prevents use of the subject of such an Order. If the Buyer withdraws from the Delivery Order, the mutual payments covered by this Delivery Order will be reimbursed.

Each of the Parties will be liable towards the other Party for any failure to perform or improper performance of the Framework Agreement solely up to the total value of the Delivery Orders invoiced by the Supplier and paid by the Buyer, decreased by the value of the equipment repurchased by the Supplier from the Buyer and decreased by other payments made by the Supplier to the Buyer in the previous full calendar year (Net Transaction Value), but no less than EUR 5 million. In addition, the Framework Agreement contains contractual penalties that may be received by the Buyer. The Maintenance Agreement will be binding on Polkomtel on the Buyer's side from the date of its conclusion, and will be binding on Aero2 from the date of completion of the first order by the Supplier for Aero2.

The Purchaser may withdraw from all or some of the Services with respect to a given Hardware Platform upon six (6) months' notice.

The combined liability of the Parties for any failure to perform or improper performance of their obligations under the Maintenance Agreement or a Delivery Order (except for cases of infringement of the provisions concerning confidentiality and intellectual property) will be limited to 100 per cent (100%) of the value of the Maintenance Agreement in the twelve-month term of the Maintenance Agreement ending on the date on which the failure to perform or improper performance of such obligations occurred. The Parties note that in the first year of the term of the Maintenance Agreement, the liability of the Supplier, as referred to in the preceding sentence, is limited to EUR 3,000,000 (three million euros). The Parties' liability for failing to perform or improperly performing any of their obligations under the

Maintenance Agreement is limited to the coverage of any direct damage of the other Party, and does not include any loss of expected benefits (*lucrum cessans*) or indirect liability.

The Framework Agreement was concluded for a three-year term. After the end of that period, the Framework Agreement will become an agreement concluded for an indefinite term and may be terminated by any of the Parties upon 90 (ninety) days' notice, which must be done in writing and will otherwise be invalid. On the other hand, the Maintenance Agreement was concluded for an initial seven-year term. After the end of that period, the Maintenance Agreement will each year be automatically renewed for an additional one-year term, during which any of the Parties will be entitled to terminate it (which must be done in writing and will otherwise be invalid) upon six months' notice.

As at the end of 2012, the estimated value of orders placed by Aero2 with NSN was approximately EUR 4.8 million.

The Company published information on the conclusion of the agreement in Current Report No. 39/2012.

Agreements entered into by Mobyland with entities from outside the Midas Group

Agreement for the provision of wholesale telecommunications services with Polkomtel and orders placed thereunder

On 9 March 2012, Mobyland (hereinafter also a "Party") and Polkomtel (hereinafter also a "Party" and collectively with Mobyland also the "Parties") entered into an agreement for the provision of wholesale telecommunications services (the "Agreement"). In the Agreement, Mobyland and Polkomtel agreed the following: (i) conditions of cooperation with respect to providing Polkomtel with access to the mobile public telecommunications network operated by Mobyland in Poland, covering all base stations used or ready to be used by Mobyland in a given period for rendering telecommunication services (the "Mobyland Network") and (ii) conditions of rendering data transmission services in the LTE and WCDMA technology by Mobyland to Polkomtel, defined in detail in the Agreement, for the purpose of Polkomtel providing telecommunications services to: (i) entities using a publicly available telecommunications service rendered by Polkomtel or requiring provision of such service, logged in the Mobyland Network and using mobile telecommunications services rendered by Polkomtel through the Mobyland Network on the basis of data transmission service, and (ii) entities using a publicly available telecommunications service rendered by a different telecommunications enterprise than Polkomtel or requiring the provision of such service, logged in the Mobyland Network and using mobile telecommunications services rendered by such enterprise based on wholesale services purchased from Polkomtel or purchased as wholesale from a given enterprise based on the resale of Polkomtel's wholesale services, which are rendered using the services purchased by Polkomtel from Mobyland under the Agreement (together: the "Polkomtel Subscribers").

Pursuant to the Agreement, Polkomtel may submit an order for data transmission services to Mobyland at any time (the "Order"). The minimum size of each Order is 1 million gigabytes. Each Order should be submitted in the minimum size (1 million GB) or a multiple thereof. The period of use of every Order is 36 calendar months from the date of its entering into force (the "Validity Period"). If Polkomtel is entitled to utilise the data transmission services under several Orders, the services rendered by Mobyland should be treated first as services under the Order whose Validity Period ends first. The Parties may always agree to extend the period for using a given Order.

The Order is binding for Mobyland from the time of its acceptance. Mobyland cannot refuse acceptance of the Order, unless the Order was submitted for more than 51 million GB in a given annual period (understood as the period from 9 March 2012 to 31 March 2013 or each subsequent 12 months (together, the "Annual Period")) and, at the same time, Mobyland does not have the technical capacity to perform

the Order. Mobyland should accept the Order or, in the case mentioned in the preceding sentence, inform Polkomtel about its lack of technical capacity to complete the Order, within 5 working days from the date of its submission. In the event of no refusal to accept the Order in the above period, the Order will be considered accepted after the last day of the period for its acceptance lapsed.

If, as part of the data transmission service provided by Polkomtel in the Mobyland Network, there is a voice traffic fraction originated by Polkomtel Subscribers in the Mobyland Network in the WCDMA technology, the Parties will apply the appropriate conversion rate expressed in minutes in proportion to the relevant number of MBs.

Remuneration due to Mobyland for data transmission services included in a given Order shall be determined on the basis of the settlement rates stipulated in the Agreement. The basic amount of these rates depends on the size of a given Order, cannot exceed the net amount of PLN 0.036 for 1 MB or be lower than the net amount of PLN 0.00477 for 1 MB. However, the Parties agreed that, depending on the size of the Orders placed in an Annual Period, Mobyland will provide Polkomtel with additional discounts on those rates. Payments for every Order should be made by Polkomtel monthly, in at least 12 equal instalments. If, in a given settlement period, there is no Order applicable for all or some data transmission services, Polkomtel shall, not later than within 30 days after the request is sent by Mobyland, submit an appropriate Order including such services in a given period and Mobyland shall not reject such Order.

Mobyland shall use reasonable efforts in order to ensure quality and availability of the data transmission services specified in the Agreement in the scope arising from Polkomtel's actual demand for these services, but no lower than arising from Polkomtel's forecasts and no lower than arising from the Orders submitted by Polkomtel and accepted by Mobyland for a specified volume of data transmission services (in the event of submitting such Orders). Mobyland should allow Polkomtel to use data transmission services in the LTE and WCDMA technology at any time, and in both cases the service will be performed based on Mobyland's radio access network (with its geographical range applicable in a given period). Granting access to the Mobyland Network with respect to subsequent base stations will take place, according to the Agreement, immediately after their launching, on the same terms as granting access to base stations launched as on the date of conclusion of the Agreement. Besides, Mobyland should make every effort in order to:

- a) take into account the needs, submitted by Polkomtel, concerning geographic coverage of new Areas or their parts with the Mobyland Network and planning the capacity of the Mobyland Network, provided that in 2012 only if Polkomtel's needs do not collide with the Mobyland Network construction plan for this year so that they prevent its realisation,
- b) accept Polkomtel's forecasts in the process of development planning for the Mobyland Network,
- c) ensure regular development of the Mobyland Network necessary for rendering services to Polkomtel, considering the requirements arising from increased demand for telecommunications services rendered by Polkomtel,
- d) ensure that the use of the Mobyland Network capacity by other entities does not affect the quality of the data transmission services rendered to Polkomtel under the Agreement.

Polkomtel may resell data transmission services purchased from Mobyland under the Agreement, provided that Mobyland granted its consent for such resale to a specific, individually defined entity. The requirement to obtain Mobyland's consent expires on 30 June 2014 and does not refer to specific cases defined in the Agreement.

The Agreement was concluded for 5 years. If none of the Parties notified the intention to terminate the cooperation after the lapse of that period, at least 2 years in advance, the Agreement shall be automatically prolonged for a subsequent period of 5 years.

If none of the Parties notified the intention to terminate the cooperation after the end of the next 5-year period, at least 2 years in advance, after the end of the next 5-year period, the Agreement shall be automatically transformed into an agreement concluded for an indefinite term. After the Agreement is transformed into an agreement concluded for an indefinite term, it may be terminated by any of the Parties with a 24 months' notice period.

The Agreement may be terminated as follows:

- 1) upon agreement of the Parties,
- 2) without a notice period by Polkomtel, if the President of the UKE issued a binding decision revoking the decision on the reservation of frequencies in the 1720.1-1729.9 MHz range and the 1815.1-1824.9 MHz range, as well as the 1710.1-1719.9 MHz range and the 1805.1-1814.9 MHz range (the "1800 Band") or a decision on the reservation of frequencies in the 885.1-890.1 MHz range and the 930.1-935.1 MHz range (the "900 Band") or changing each frequency reservation separately or both so that Mobyland cannot perform the Agreement,
- 3) without a notice period by Polkomtel, in the case of limitation or loss of the right of Mobyland, specified in the Agreement, to use the 1800 Band or the 900 Band, based on the agreements concluded with Aero2 and CenterNet, or to use the network infrastructure based on the agreement concluded with Aero2,
- 4) without a notice period by Polkomtel, in the event of using any data concerning the Polkomtel Subscribers, obtained by Mobyland in relation to performing the Agreement, for any purposes other than performance of the Agreement or disclosing such data in a manner other than pursuant to the appropriate legal regulations,
- 5) by any of the Parties if the other Party infringed significant conditions of the Agreement, by means of submitting a written termination notice by registered mail or by courier, with at least a six months' notice period, if the other Party failed to remedy such infringement within 30 working days from the date it was summoned to remedy it,
- 6) without a notice period by Polkomtel, if Mobyland, acting in contravention of the Agreement, for reasons affecting the Polkomtel Subscribers or the traffic from/to the Polkomtel Subscribers, fails to render data transmission services in the LTE technology for at least 72 subsequent hours or in the WCDMA technology for at least 120 subsequent hours, preventing Polkomtel from rendering services in the Mobyland Network in this technology for at least 20 per cent of the Polkomtel Subscribers using or wishing to use such services in this technology,
- 7) with at least a six months' notice period by Mobyland, if a competitive telecommunications operator assumes control over Polkomtel (the terms "assuming control" and "competitive operator" are defined in the Agreement), provided that the termination is notified in writing within three months after such assumption of control.

If the Agreement expires (as a result of the lapse of its term, if it was not extended for another term) or is terminated by any of the Parties by means of a termination notice submitted by the Party in accordance with the standard procedure, in both cases, or is terminated as a result of a termination notice submitted as a result of changes beyond the control of Polkomtel, before the lapse of the term for which a given

Order was placed, Mobyland should render the services within the framework of all accepted and not completed Orders (to the extent that such Orders were paid for) in the period of their validity, pursuant to the Agreement, until the time Polkomtel entirely utilises the full capacity of the data transmission services specified in the Orders or their terms of use lapse pursuant to the Agreement (whichever occurs first).

If the Agreement is terminated by Polkomtel before the end of the term covered by a given Order, for reasons not attributable to Polkomtel:

- 1) Mobyland shall not be entitled to issue another invoice for services rendered on the basis of the Agreement after Polkomtel submitted its notice of termination of the Agreement,
- 2) Mobyland shall not be obliged to reimburse Polkomtel for the amounts of the Orders paid pursuant to the Agreement or to further render the services after the date of termination of the Agreement (including as a result of the lapse of the Agreement notice period) as a result of Polkomtel submitting its notice of termination of the Agreement, and
- 3) Polkomtel shall not be obliged to make any payments on Orders submitted and not fully paid after Polkomtel submitted its notice of termination of the Agreement.

If the Agreement is terminated by Mobyland before the end of the period covered by a given Order, for reasons attributable to Polkomtel, all Orders that are not fully performed shall expire on the date of termination of the Agreement, and:

- 1) Polkomtel shall be bound to make all payments due to submitted and not fully paid Orders;

and

- 2) Mobyland shall not be obliged to reimburse any amounts of Orders paid pursuant to the Agreement or to further render the services after the date of the lapse of the notice period for the Agreement resulting from Mobyland submitting its notice of termination of the Agreement.

The Agreement contains provisions concerning contractual penalties. Should Mobyland use any data on the Polkomtel Subscribers, obtained in connection with performing the Agreement, for any purpose other than performance of its obligations under the Agreement, or disclose them to any third party in a manner other than in accordance with the appropriate provisions of law, Mobyland should be bound to pay Polkomtel, at its request, a contractual penalty of PLN 4,000 for each such event. If the total period of the Data Transmission Service being unavailable at base stations for both technologies at the same time, in a calendar month, specified in hours as the sum of periods when the Data Transmission Service was unavailable at each base station where the Data Transmission Service was unavailable continuously for at least 60 minutes in a calendar month, exceeds 3 per cent of the product of 16 times the monthly average number of base stations for the LTE and WCDMA technologies that constitute the basis for performing the Agreement in a given calendar month and the number of days in that calendar month, Mobyland shall pay Polkomtel, at its request, a contractual penalty in the amount calculated according to the formula specified in the Agreement, with the restriction that the maximum amount of the contractual penalty due to Polkomtel for a given calendar month cannot exceed 25 per cent of the average monthly value of VAT invoices for the settlement periods for which VAT invoices were issued pursuant to the Agreement as on the date of charging the contractual penalty. After six months from the date of concluding the Agreement, the Parties shall review the above principles of calculating contractual penalties together with reviewing the adopted parameters of failure removal quality levels and ensuring quality of data transmission services. The Parties shall not be liable for its failure to perform or improper performance of obligations under the Agreement, if it was caused by a force majeure event, within such scope and for such period as the event prevented performance of the Agreement.

Besides, the Parties agreed in the Agreement that Polkomtel shall pay Mobyland a lump remuneration for traffic carried out in the Mobyland Network for the purpose of commercial testing of data transmission services, under the Letter of Intent, in the amount of PLN 500,000.

Under the Agreement, on 9 March 2012, Polkomtel placed the first order ("Order 1") in the amount of 11 million gigabytes, for a total net amount of PLN 101,713,920.

On 27 December 2012, Mobyland accepted the second order placed by Polkomtel on that date with respect to data transmission services ("Order 2" and, together with Order 1, hereinafter as the "Orders"). In accordance with Order 2, Polkomtel ordered data transmission services in the amount of 22 million GB for a total net price of PLN 145,305,600. As a result of Order 2 being placed, the total volume of data transmission services covered by the Orders is 33 million GB as at the date of publishing this current report. The Parties further agreed that the price for each MB covered by Order 2 and Order 1 to the extent not utilised by Polkomtel up until 31 August 2012 will be PLN 0.00645 net for 1 MB. Order 2 and the as-yet unpaid part of Order 1 will be paid in instalments, on the basis of invoices issued in accordance with the Agreement, according to the following schedule in accordance with the conditions of Order 2:

- the net amount of PLN 16,952,320 will be paid in two equal instalments for November and December 2012,
- the net amount of PLN 113,590,245.59 will be paid in 23 equal monthly instalments due from January 2013 to November 2014,
- the net amount of PLN 23,693,742.12 constituting a final lump sum payment for the Orders will be paid for December 2014.

Order 2 will be valid under the above conditions until 30 November 2015.

The Company published information on the conclusion of the Agreement and on Polkomtel placing the first Order in Current Report No. 15/2012. The Company published information on placing the second Order in Current Report No. 56/2012.

Agreement with Cyfrowy Polsat

On 23 January 2012, Cyfrowy Polsat submitted order No. 2 ("Order 2") to the agreement of 15 December 2010 (the "Agreement") concerning the principles of cooperation between the parties in relation to Mobyland providing data transmission services to Cyfrowy Polsat. Under Order 2, Cyfrowy Polsat ordered a data package in the wireless data transmission service in the Mobyland network, in the size of 13 million gigabytes and a total value of PLN 103,034,880 increased by VAT in the amount compliant with the applicable laws. The above value of Order 2 will be settled in twelve equal monthly payments on the basis of invoices issued by Mobyland. The data package ordered by Cyfrowy Polsat shall have a guaranteed validity period of 36 months from the date of submitting Order 2. In the Agreement, the parties allow for extending this period. The Company published information on placing Order 2 in Current Report No. 4/2012.

On 28 September 2012, Mobyland signed an understanding to the Agreement with Cyfrowy Polsat (the "Understanding") and Cyfrowy Polsat, as a result of the Understanding, placed order number 3 ("Order 3") to the Agreement, which was accepted by Mobyland. As part of the Understanding renegotiating the terms on which Mobyland, as of 1 September 2012, has been providing data transmission services to Cyfrowy Polsat, the parties agreed that Cyfrowy Polsat would increase the volume of Data Transmission Services placed thus far by placing Order 3 for 31 million GB and a total net value of PLN 204,748,800.

The total value of Order 3, which amounts to 31 million GB, comprises:

- 7.6 million GB unused by Cyfrowy Polsat by 31 August 2012 under Order 1 to the Agreement ("Order 1"),
- 13 million GB unused by Cyfrowy Polsat by 31 August 2012 under Order 2,
- an additional 10.4 million GB.

The price for the Data Transmission Services ordered under Order 3 will amount to PLN 0.00645 net for 1MB.

In view of the fact that (a) payments under Order 1 were made in full and (b) payments under Order 2 are being made under the Agreement, Order 3 should be settled as follows:

- the amount of PLN 139,098,816 net stemming from the payments made by Cyfrowy Polsat by 31 August 2012 on the unused portion of Order 1 and Order 2 will be applied towards payments on Order 3,
- the amount of PLN 34,344,960 net, which represents the portion of Order 2 that was not settled by 31 August, should be paid in four equal payments due in the period from September to December 2012, in accordance with the terms of Order 2,
- the amount of PLN 11,490,624 net will be paid in twelve equal monthly payments due in the period from January to December 2013,
- the amount of PLN 19,814,400 net, which represents the final lump sum payment for Order 3, will be paid in the month following the month in which Cyfrowy Polsat uses the entire Order 3.

Order 3 is effective for 36 full months, starting from the beginning of October 2012, subject to any provisions of the Agreement that allow for an extension of this period.

Furthermore, under the terms of the Understanding, the Parties agreed to conclude, by 30 November 2012, an annex to the Agreement containing new terms of their cooperation, in the event that an agreement is concluded between Polkomtel and Mobyland concerning access to data transfer services carried out in the Polkomtel network.

Subsequent orders may be placed at a later time, and their value or deadlines have not been agreed.

The Company published information on signing the Understanding and placing Order 3 thereunder in Current Report No. 41/2012.

On 31 January 2013 (after the balance sheet date), Mobyland and Cyfrowy Polsat signed Annex 2 to the Agreement, which expanded the range of the Data Transmission Services in the Mobyland network to include the range of the Polkomtel network.

2.4.2 Key transactions with related parties not concluded on an arm's length basis

The Midas Group did not enter into any key transactions with related parties not concluded on an arm's length basis.

2.4.3 Credit and loan agreements concluded and terminated

Repayment by the Company of loans to Nova

In April 2012, the Company repaid a total of four loans granted to the Company by Nova at a time during which Nova was not yet part of the Midas Group. The total nominal value of loans granted was PLN 7,420,000. The interest rate on three of the above loans was 5 per cent per annum, and the fourth bore interest on the basis of the 1M WIBOR rate increased by 2 percentage points. The maturity date of the above loans was 31 December 2012. The total amount repaid in 2012 was PLN 7,533,000, of which PLN 523,000 was interest accrued from the date of granting each loan until the date of repayment. The loans were repaid in full.

Repayment by CenterNet of the loans to Aero2

In 2012, CenterNet repaid a total of seven loans incurred from Aero2. The total nominal value of the loans granted was PLN 17,685,000. The interest rate on six of the above loans was 5 per cent per annum, and the seventh bore interest on the basis of the 1M WIBOR rate increased by 2 percentage points. The maturity date of the above loans was 31 December 2012. The total amount repaid was PLN 19,267,000, of which PLN 1,582,000 was interest computed from the date of granting each loan until the date of repayment. The loans were repaid in full.

Repayment by Mobyland of the loans to Aero2

In 2012, Mobyland repaid a total of fourteen loans incurred from Aero2. The total nominal value of the loans granted was PLN 22,776,000. The interest rate on two of the above loans was 5 per cent per annum, for the next two it was calculated on the basis of the 1M WIBOR rate increased by 2 percentage points, for the next four it was calculated on the basis of the 1Y WIBOR rate increased by 1 percentage point, for the next five it was calculated on the basis of the 3M EURIBOR rate increased by 1 percentage point, and the interest rate on the fourteenth loan was calculated on the basis of the 1Y EURIBOR rate increased by 2 percentage points. The maturity date of the above loans was 31 December 2012. The total amount repaid in 2012 was PLN 20,783,000, of which PLN 1,507,000 was interest accrued from the date of granting each loan until the date of repayment. The balance due as at 31 December 2012 was PLN 3,961,000 (including PLN 461,000 in interest).

Repayment by Nova of the loans to Aero2

In 2012, Nova repaid a total of four loans incurred with Aero2. The total nominal value of loans granted was PLN 7,470,000. The interest rate on three of the above loans was 5 per cent per annum, and the fourth bore interest on the basis of the 1M WIBOR rate increased by 2 percentage points. The maturity date of the above loans was 31 December 2012. The total amount repaid in 2012 was PLN 6,705,000, of which PLN 485,000 was interest computed from the date of granting each loan until the date of repayment. The loan was repaid in full.

Repayment by Sferia of the loans to Aero2

In 2012, Sferia partially repaid the loan incurred from Aero2. The total nominal value of the loan granted was PLN 9,330,000. Interest on the above loan is calculated on the basis of the 1Y WIBOR rate increased by 1 percentage point, and is capitalised at the end of each quarter (thus increasing the amount of the loan incurred). The above loan matures on 31 January 2015. The partial payment made in 2012 amounted to PLN 6,916,000. The balance due as at 31 December 2012 was PLN 4,105,000, together with capitalised interest.

Repayment by Sferia of the loans to Mobyland

In 2012, Sferia partially repaid the loan incurred from Mobyland. The total nominal value of the loan granted was PLN 23,000,000. Interest on the above loan is calculated on the basis of the 1Y WIBOR rate

increased by 1 percentage point, and is capitalised at the end of each quarter (thus increasing the amount of the loan incurred). The above loan matures on 31 January 2015. The partial payment made in 2012 amounted to PLN 16,703,000. The balance due as at 31 December 2012 was PLN 9,915,000, together with capitalised interest.

Repayment by Aero2 of the loan incurred from Invest Bank S.A.

In 2012, Aero2 partially repaid both loans incurred from Invest Bank. The nominal value of the loans received was PLN 64,496,000. The partial payment made in 2012 amounted to PLN 14,899,000, including PLN 4,067,000 in interest. The principal due as at 31 December 2012 under both loans was PLN 49,601,000. On 31 January 2013 (after the balance sheet date), annexes to the loan agreements were signed, which modified the principal repayment schedule in that the lump sum payment of the balance on the first loan (PLN 29,431,000) would occur by 26 September 2015, and the balance of the second loan (PLN 20,170,000) would be repaid by 30 September 2015.

2.4.4 Loans and sureties granted and sureties and guarantees received

Loans granted by the Company to Aero2

In 2012, as a result of three loan agreements (the "Agreements") concluded with Aero 2 Sp. z o.o. ("Aero 2"), the Company granted Aero2 a loan for a total of PLN 90,000,000. Pursuant to the Agreements, the interest rate of the loans is equal to 1M WIBOR + 3 percentage points per year and the maturity dates are 31 December 2013 (the maturity dates for two of the above three loans, initially falling on 29 June 2012, were postponed under appropriate annexes signed in the course of 2012, until 31 December 2013). The loans were granted for the purpose of financing the investments carried out by the Midas Group (Current Report No. 13/2012 and Current Report No. 28/2012).

Loan granted by the Company to Conpidon

In April 2012, the Company granted Conpidon a loan in the amount of EUR 75,000. The loan bears interest at 3.5 per cent per annum. The loan matures on 31 December 2013. The loan was granted for the purpose of financing the ongoing operations of Conpidon.

2.5 Employment information

The following table shows the number of employees (FTE) employed in the Midas Group under employment contracts and those cooperating with the Midas Group based on civil law contracts by employees of each Midas Group company as at 31 December 2012 and 31 December 2011.

Employing Midas Group company	31 December 2011	31 December 2012
NFI Midas	3.58	3.92
CenterNet	17.7	10.2
Mobyland	1.4	1.4
Aero2	23.2	29.68
Nova	0.25	0.25
Daycon	0	0
Total	46.13	45.45

2.6 Development of the Midas Group

2.6.1 Description of the Midas Group's development direction policy

The main business purpose of the Company, as stated in its strategy updated in 2011, is to be the most modern broadband internet access operator in Poland based on the LTE/HSPA+ technologies, with its own technical telecommunications infrastructure, which, in combination with a unique market position held by the Midas Group, among others thanks to an effective combination of 1800 MHz frequencies, will contribute to real opportunities in terms of further development and strengthening of the Midas Group's market position, and will thus create value for the shareholders of the Company.

The Midas Group has unique frequency resources including 900 MHz, 1800 MHz and 2600 MHz frequencies together with a telecommunications infrastructure allowing it to provide services based on the HSPA+ and LTE technologies. In the Company's opinion, within the next 1-2 years, Midas Group will have a significant competitive advantage over other operators active on the Polish market of broadband internet based on the LTE/HSPA+ technologies. Individual competing operators, according to the Company, do not currently have sufficient resources and adequate technical infrastructure to provide broadband internet services based on the LTE technology with quality comparable to that offered by the Midas Group.

The Issuer expects that within 1-2 years, at the earliest, operators on the Polish market may be able to build the necessary infrastructure and to acquire or arrange the necessary frequency resources allowing for the provision of services based on the LTE technology. Based on press releases, the Issuer estimates that competing market operators, PTC and "Polska Telefonía Komórkowa-Centertel" Sp. z o.o. ("PTK Centertel"), which began sharing the telecommunications network, expect that a common network will be fully operational in 2014. In the opinion of the Company's Management Board, commencement by the competing providers to offer LTE-based services is an important external factor for the growth of the business of the Midas Group.

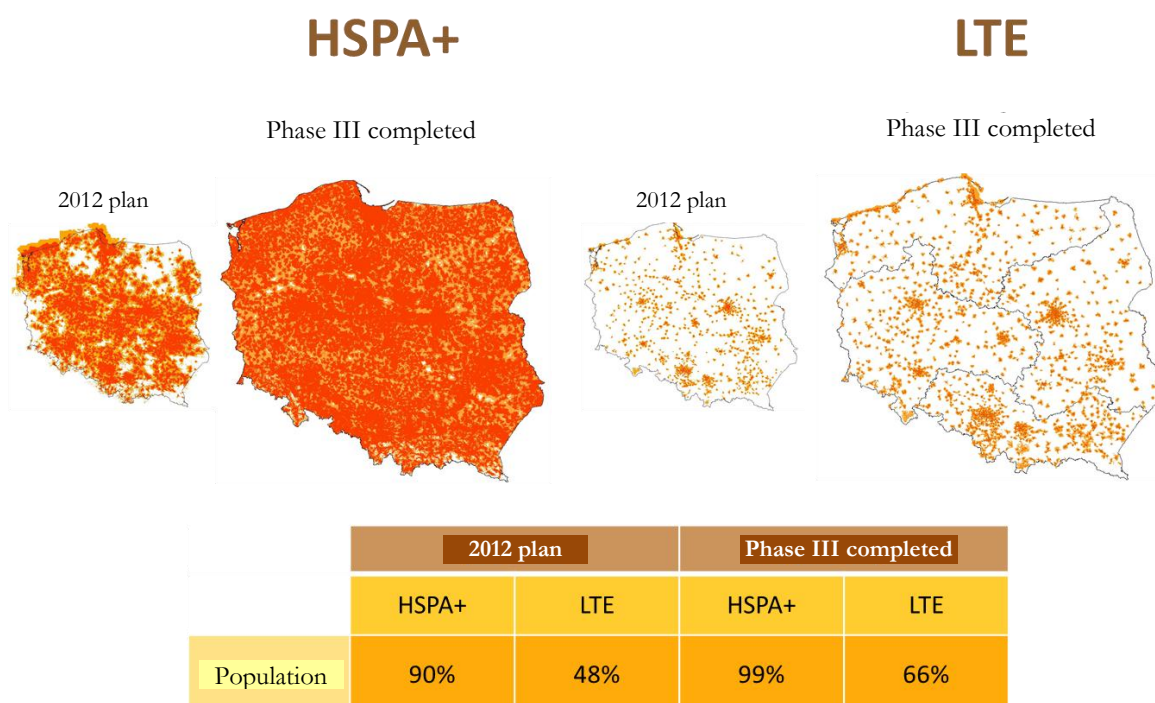
Following the implementation of the strategy, the Midas Group as the first operator in Poland provides telecommunications services based on the LTE/HSPA+ technologies, which today (due to restrictions associated with subscriber terminals currently available) allows for radio data transmission at maximum download speeds of up to 150 Mb/s and maximum upload speeds of up to 50 Mb/s. Trends in the area of further development of internet services, perceivable on other markets, justify investments in the development of advanced technologies.

The strategy adopted by the Company, presented, among other things, in Current Report No. 60/2011, is being implemented through:

- 1) Acquisitions of telecommunications assets holding frequencies or new concessions for frequencies necessary to pursue the strategy.
- 2) Construction of a nationwide telecommunications network based on the HSPA+ and LTE technologies. Ultimately, the Midas Group plans to use approximately 4,800 LTE-technology base stations, of which approximately 4,600 will support the HSPA+ technology as well.
- 3) Wholesale sale of high quality telecommunications services, in particular internet access, to retail operators with their own large customer bases.
- 4) Implementation of a cost-effective business model through:

- a. outsourcing services to the best providers of services in terms of the price-to-quality ratio,
- b. maintenance agreements with infrastructure suppliers generating the lowest costs,
- c. use of synergies within the Midas Group and the ZSZ Group,
- d. building a flat and flexible goal-oriented organisational structure.

In addition, the Midas Group has a modern telecommunications network including, among others (as at the end of 2012): (i) approximately 690 base stations used by the Midas Group and operating on the basis of the HSPA+ technology, of which approximately 680 also support LTE, and (ii) approximately 1,560 base stations operating in the HSPA+ technology in the frequency band owned by Aero2, incorporated into the telecommunications network used by the Midas Group in cooperation with Polkomtel, of which approximately 685 also support LTE. Thanks to such cooperation with Polkomtel regarding shared use of the telecommunications infrastructure, there is a possibility for further expansion of the telecommunications network carried out at a lower cost of such expansion compared to independent expansion of this network, and it is also relatively faster. As at the end of 2012, the telecommunications network of the Midas Group provided HSPA+ coverage for approximately 90 per cent of the population and LTE coverage for approximately 48 per cent of the population. Ultimately, within 3 years, the Midas Group intends to reach the number of base stations providing a coverage for approximately 99 per cent of the Polish population based on the HSPA+ technology, and about 66 per cent of the population based on the LTE technology. The diagram below illustrates HSPA+ and LTE coverage as at the end of 2012 and proposed coverage of these technologies upon completion of phase III of the telecommunications network expansion:



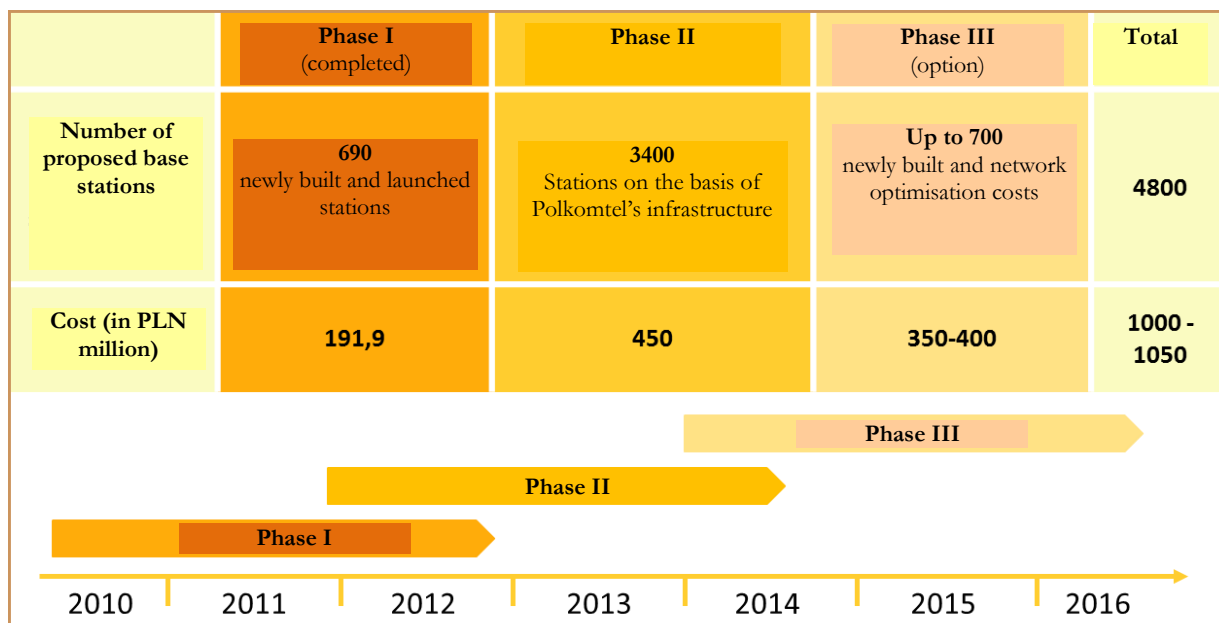
In November 2012, the Midas Group completed Project 700, which represents the first stage in the expansion of the telecommunications network of the Midas Group. As part of that project, Aero2 acquired or built a network of base stations together with transmission infrastructure making it possible to jointly use, under the Aero2 telecommunications network, 690 base stations operating in the HSPA+ and

LTE technologies. In total, the expenses for Project 700 came to PLN 191.9 million net. The Group is currently implementing Project 4100, which represents phase two in the expansion of the telecommunications network of the Midas Group. As part of this phase, approximately 3,400 base stations will be incorporated in the telecommunications network used by the Midas Group. In the third phase of the Group's network expansion, which is treated as an option by the Management Board of the Company (there is no certainty as to its implementation), the Group intends to incorporate in the telecommunications network of the Midas Group up to approximately 700 newly-built base stations and complete network optimisation. This phase is currently expected to be implemented in the years 2014-2016. Furthermore, the Management Board of the Company expects that as part of each phase of expansion of the telecommunications network, existing base stations may be purchased from other infrastructural telecommunications providers as long as such stations are offered for sale and there is economic justification for such purchases. In the opinion of the Company's Management Board, expansion of the telecommunications network is an important internal factor for the growth of the business of the Midas Group.

The cost of implementing the above phase two of the expansion of the telecommunications network of the Midas Group (estimated at approximately PLN 450 million) is and will be financed using: (i) funds obtained from the issue of series D shares (approximately PLN 100 million), (ii) funds obtained following the issue of Bonds (approximately PLN 200 million), as well as (iii) the investment credit obtained under the credit agreement concluded on 28 February 2012 (approximately PLN 150 million). The funding of the third phase of network expansion is estimated to amount to approximately PLN 350-400 million and, according to the Issuer's plans, will rely partly on debt financing - proposed credit obtained on the terms set forth in Term Sheet 1 (approximately PLN 360 million), and partly on its own operating cash flows. The final amount and structure of the capital to be procured with respect to phase three of network expansion will depend on the final number of base stations to be developed in that phase and network optimisation needs.

The Issuer estimates that the total level of debt financing required to implement the Group's development strategy, i.e. to cover the cost of implementing phase II and phase III of the network expansion, may amount to approximately PLN 710 million net. The overall cost of the network expansion, covering the above phase I, II and III of the expansion, will amount to approximately PLN 1-1.05 billion net. In the opinion of the Company's Management Board, procuring funding is an important internal factor for the growth of the business of the Company.

The diagram below illustrates the implementation schedule and the anticipated costs of the expansion of the Midas Group's telecommunications network:



Besides the reasons enumerated above, the Company seeks the following further benefits for the Midas Group brought by the implementation of its updated strategy:

- 1) the above-mentioned time and technology advantage over other LTE operators,
- 2) cost synergies,
- 3) no need to invest in additional frequencies,
- 4) economies of scale in business negotiations,
- 5) acquiring its own telecommunications network,
- 6) creating a comprehensive offer for wholesale data transmission sales.

The Management Board of the Company also notes, as set forth in section 2.8.1 - Risk associated with the shareholding structure, the plans of Mr. Zygmunt Solorz-Żak to consider combining the operations of the Midas Group and Polkomtel.

2.6.2 Midas Group's development prospects

According to the Management Board of the Company, at least by the end of 2013, the following events may have a significant impact on the development prospects of the Midas Group:

- 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:
 - a. a proposed bond issue (described in section 2.3 hereof)
 - b. obtaining debt financing under the credit agreement concluded with Alior Bank on 28 February 2013 (as set forth in section 5.2 hereof) and Term Sheet 1 (as set forth in section 2.4.1 hereof)
- 2) competitors of the Midas Group being awarded frequency reservations in the 1800 MHz range,

- 3) conclusion of the tender for frequency reservations in the 800 MHz and 2600 MHz range (digital dividend),
- 4) final and binding resolution of court proceedings regarding frequencies in the 1800 MHz and 900 MHz range (as set forth in section 5.1 hereof),
- 5) increasing popularity of LTE and the corresponding increased usage of data transmission services ordered by wholesale customers of the Group and possible subsequent orders for such services.

2.7 Evaluation of feasibility of investment plans

According to its strategy, the Midas Group intends to invest in telecommunications and IT projects, therefore significant negative cash flows may be expected in the years 2013–2016 in relation to the cost of the projects being implemented by the Midas Group. Detailed information in this respect is presented in section 2.6.1 hereof. As at the date of this report, the Management Board does not see any threats to the feasibility of its investment plans. However, the Management Board draws attention to the risk factors described in section 2.8 of this report.

2.8 Risks and threats

2.8.1 Risks related to the Midas Group's activities

Risk associated with the Midas Group's strategy

The Group pursues its operating strategy in the telecommunications industry. Given the high level of competition in that industry and the high degree of innovation among technologies offered, there is a risk that this strategy may need to be modified. For this reason, the Group cannot guarantee that its strategic initiatives, and in particular the one concerning further expansion of the telecommunications infrastructure by Aero2, will bring positive results in the time frame anticipated, or that, if they do not, that there will be no negative impact on the operations of the Group or its financial position or results achieved.

Financing risk

Due to its strategy being tightly connected to the telecommunications industry, the Group already incurs and will continue to incur significant investment expenditures relating to the continuation of its operations in that industry, in particular, for further expansion of the telecommunications infrastructure by Aero2. Therefore, the Group must obtain additional financing, e.g. from financial institutions, bondholders, arranged by business partners or from other entities. The Group intends to obtain funding in the form of a bank loan and Bond issuance. Consequently, in 2012, the Management Board of the Company signed Term Sheets (described in section 2.4.1 above) and under Term Sheet 2, in 2013, it concluded an investment credit agreement with Alior Bank (after the balance sheet date, as set forth in section 5.2 hereof). Furthermore, the Company's Management Board adopted a resolution on taking steps aimed at issuing Bonds and obtained from Mr. Zygmunt Solorz-Żak a declaration in which he expressed his readiness to purchase the Company's Bonds in the amount of approximately PLN 200 million, or to appoint an entity which will purchase those Bonds in his stead.

The Company cannot guarantee that despite their advanced status, as described above, the above efforts aimed at obtaining funding will be successful. The Company also cannot guarantee that, should it be necessary to obtain financing from sources other than listed above, such financing will be available under acceptable market conditions, or that it will be made available at all. If it is not possible to find such financing, the Midas Group would have to significantly modify its plans for financing its strategy, and already started projects in particular. But even when such financing is actually obtained, there is a risk of

failure of the strategy and projects in progress (as described above). In the event that obtaining financing in the amounts required is not possible, it will not be practicable to pursue the Midas Group's investment model for the purposes of further expansion of its telecommunications network, as described in section 2.6.1 hereof.

Competition risk

In the telecommunications services segment, the Midas Capital Group's main competitors are operators of mobile and landline telephone networks. Those operators may compete against the services currently offered by the Group or planned for the future, by means of pricing, scope and quality of services, as well as additional services. Nor can it be ruled out that new operators of mobile and landline telephony networks may appear and also compete against the Group.

The competitors of the Group, i.e. PTC and PTK Centertel, might work together to optimise and upgrade the telecommunications infrastructure, which could result in the allocation of some frequencies for mobile broadband internet services and commencement of the construction of an adequate network. The Issuer believes that these entities need sufficient time to produce results of such cooperation. There is the risk that reaching the assumed effects of cooperation by such entities will allow them to compete with the Group or customers of the Group also in terms of providing telecommunications services using the LTE and HSPA+ technologies, which will adversely affect the competitive position of the Group customers.

Furthermore, it should be noted that entities other than Group companies (most likely, P4 Sp. z o.o. ("P4") and PTC - information about the tender for frequencies in the 1800 MHz band are set forth in sections 2.3 and 5.2 hereof) may soon, most likely even in the first half of 2013, obtain new frequency reservations in the 1800 MHz band, which may allow them to compete with the Group. Entities other than Group companies may also, most likely in the latter half of 2013 or in the first half of 2014, obtain new frequency reservations in the 800 MHz band and in the 2600 MHz band, for which, in particular, frequency reservations in the 1800 MHz band will create new opportunities to compete against the Group. There is also the risk that the frequency reservations obtained by these entities will have a positive influence on their ability to compete with Cyfrowy Polsat and Polkomtel, which will affect the competitive standing of the Group's customers.

Such circumstances may have a significant negative impact on the operations and financial results of the Group.

Technological risk

The telecommunications sector is an area of rapid technological changes. In designing and building its networks and IT systems, the Group employs the latest technological solutions, including the HSPA+ and LTE technologies. However, it cannot be predicted what effect technological changes in the field of mobile telephony, wireless transmission, internet voice communication protocol or telephony using cable television may have on the operations of the Group. Even if the Group manages to adapt its operations to such technological changes, there is no guarantee that new market players will not appear which, using such technological changes, may be more competitive than the Group, or that current market players will not make better use of the opportunities new technologies bring.

It is also not possible to foresee the risks connected with the LTE technology itself or possible delays in its standardisation and implementation, or the development of end devices in that technology.

In addition, the following also exist: the risk of delays in constructing the radio (transmission-reception) network, and the risk of a lack of continuity of service in the networks Aero2, CenterNet and Mobyland

use in providing services (disruptions in network operation caused, for example, by equipment malfunctions or human error).

One should also note the risk of poorer performance of the telecommunications network in the border zone along the eastern border of Poland, which is set forth below.

Such circumstances may have a significant negative impact on the operations and financial results of the Group.

Risk of departure of key management personnel and difficulty in recruiting new well-qualified management personnel

The operations of the Group are dependent on the quality of the work of its employees and management. The Management Board of the Issuer cannot guarantee that the possible departure of some managers or the possible inability to find personnel having appropriate knowledge and experience in managing and operations will not have a negative impact on the operations, financial position and results of the Group. Such circumstances may arise, in particular, as a result of a departure caused by a conflict of interests.

Changes in the composition of managerial staff may disrupt the operations of the Group or have a significant negative impact on the operations and financial results of the Group.

Risk of large suppliers

The Group's operations are based on cooperation with suppliers of infrastructure and goods, including for the further development and maintenance of the telecommunications networks: the LTE network in the 1800 MHz band, the HSPA+ network in the 900 MHz band and the TD-LTE network in the 2600 MHz band. A termination of the cooperation with significant suppliers, non-performance or improper performance of the suppliers' obligations to the Group, including a resulting lack of adequate infrastructure and, ultimately, the lack of network capacity (including adequate network capacity in a given location), might result in inability or limited ability of Aero2, CenterNet or Mobyland to provide telecommunications operator's services and non-compliance with the requirements associated with the frequency reservations, and therefore might have a significant adverse effect on the Group's operations and financial results.

The above risk applies in particular to Aero2's cooperation with Polkomtel (the risk is set forth below), and (to a lesser extent) with other entities providing Aero2 with a significant number of locations required for base stations of the Group's telecommunications network and other important elements of the telecommunications infrastructure pursuant to the agreements referred to in section 2.4.1 hereof, as well as sections 22.10.1, 22.10.3-4 and 22.10.6.2-3 of Part III of the Prospectus.

Customer risk

The Group provides wholesale services of selling broadband mobile internet access. There is a risk that the customers of these services provided by the Group (currently, these are Polkomtel and Cyfrowy Polsat) will not place any further orders or that the orders will be lower than required to carry out the Group's business plans. This is significant since the Group continues to incur fixed costs in connection with maintaining the capacity to provide such services, the cost of which represents a considerable portion

of the Group's total expenses. The foregoing could have a material adverse effect on the operations and financial results of the Group, particularly if the Group fails to secure other key customers.

There is also the risk that key customers will aim at leveraging their position (of key customers) in relation to the Group and will negotiate a future reduction in prices for purchased capacities or amendments to the terms and conditions of settlements against the expectations of the Group. This situation may also be related to the possible securing by Polkomtel of new frequency reservations. If the Group is not able to sell capacities on the market to other customers, the outcome of such negotiations could adversely affect the operations and financial performance of the Group.

Risk of loss of frequency reservations

CenterNet and Mobyland, each individually, holds frequency reservations in the 1800 MHz band, whereas Aero2 holds frequency reservations in the 2600 MHz band and the 900 MHz band. Loss by Aero2, CenterNet or Mobyland of their frequency reservations will result in the inability of Aero2, CenterNet or Mobyland to provide the telecommunications operator's services, including in particular inability to deliver LTE technology-based services requiring the use of both frequencies owned by CenterNet and Mobyland or the inability to deliver TD-LTE or HSPA+ technology-based services requiring the use of frequencies owned by Aero2, and ultimately will adversely affect the operations and financial performance of the Group.

The loss of frequency reservations by CenterNet or Mobyland may be caused in particular by: (i) a repeal by the Supreme Administrative Court of the judgement of the Province Administrative Court in Warsaw of 19 November 2012 dismissing PTC's complaint against the decision of the President of the UKE on frequency reservation for CenterNet and Mobyland, followed by a judgement of the Province Administrative Court in Warsaw, repealing in its entirety the decision of the President of the UKE on frequency reservation for CenterNet and Mobyland, being handed down and becoming final, or (ii) repealing or modification of the above decision following a reopening of the administrative proceedings for granting frequency reservations concluded by the issuance of the decision of the President of the UKE of 30 November 2007 reserving frequencies for CenterNet and Mobyland due to the invalidation of the tender for frequencies reserved for CenterNet and Mobyland. Information on pending court and administrative proceedings related to the decisions on frequency reservations for CenterNet and Mobyland (by way of the Reservation Decision 1 and Reservation Decision 2) is included in section 5.1 hereof.

The loss of frequency reservations by Aero2 may result in particular from: (i) court and administrative proceedings related to the decision under which the frequencies were reserved for Aero2 or tenders for a given frequency, or (ii) Aero2's default under the obligations specified in such decisions and committed by Aero2 as a part of the tenders for such frequencies.

If, following the loss by CenterNet and Mobyland or by Aero2 of the frequency reservations, a new decision is issued in relation to such frequency reservations, there is the risk that one or both such frequencies are reserved for an entity or entities other than the Group companies that previously held that frequency reservation.

In the event of the loss of frequency reservations, there is also the risk that Group companies will not obtain compensation (reimbursement of expenses incurred and lost profits) from the State Treasury. Moreover, any compensation that may be obtained from the State Treasury may not fully cover the expenses incurred or benefits lost. A possible action against the State Treasury may be a long-term and complex one.

Risk of maintaining the changes in rates for terminating connections in mobile networks (MTR) and introducing other changes to the rules of cooperation with other mobile telephony network operators (MNO)

On 31 December 2012, Aero2, CenterNet and Mobyland filed an appeal with the Regional Court in Warsaw (Division XVII Competition and Consumer Protection) against the decision of the SMP issued by the President of the UKE on 14 December 2012, requesting that their enforcement be suspended (a description of these proceedings is set forth in section 5.1 hereof). Until the date of submission of this report, no hearings have been scheduled in these matters. There is a risk that the change in the existing rates for terminating connections in mobile networks (MTRs) may be upheld for Aero2, CenterNet and Mobyland if the above appeals are not admitted and the above decisions are upheld. There is also the risk that the implementation of the above SMP decision would not be suspended at the time anticipated or at all, which would make it necessary to apply the MTRs in the MTRs agreed in the above SMP decisions until the performance of the above SMP decisions is suspended or until there is a resolution to appeal these rates. There is no guarantee that any decisions made in the above matters will be uniform for Aero2, Mobyland and CenterNet.

There is also the risk of changes to other rules of cooperation between Aero2, CenterNet and Mobyland with other mobile telephony network operators (MNO) established by an administrative decision, in particular, further reductions of MTR rates and changes of the rates for terminating text messaging services. The above changes may be due to changes in the positions of the competent bodies on a national level (President of the UKE - in the form of issuing a position or a new SMP decision) or a European level. The changes may also be caused by an amendment, dismissal or invalidation of such rules as a result of a court or court and administrative or administrative proceedings, or by an administrative decision or renewal of a proceeding previously concluded with the issuance of such a decision.

The above changes may occur as a result of changes in setting the criteria for calculating market standing on the domestic telecommunications services market of Aero2, CenterNet and Mobyland belonging to the Midas Group due to the fact that both the Midas Group and Polkomtel are controlled by Mr. Zygmunt Solorz-Żak, and they will require separate proceedings with respect to each company and with respect to each network combination agreement concluded by each of the companies with other telecommunications operators, including incumbent operators. Such proceedings will be concluded with decisions of the President of the UKE subject to review in appropriate court proceedings or court administrative proceedings. The above circumstances may also concern Aero2, CenterNet and Mobyland, as well as their suppliers which are mobile telephony network operators (MNO).

Such circumstances may have a negative impact on the operations and financial results of the Group.

Risk associated with the shareholding structure

The Company is controlled by the Deputy Chairman of the Issuer's Supervisory Board, Mr. Zygmunt Solorz-Żak. A change in the shareholding structure may occur, for example, as a result of a disposal of the Company's shares or ownership interests in an entity indirectly holding the Company's shares through, as the case may be, a company controlled by Mr. Zygmunt Solorz-Żak or by Mr. Zygmunt Solorz-Żak or as a result of the Company's shares not being subscribed in the event of possible future issues of the Company's shares or as a result of a distribution of property between Mr. Zygmunt Solorz-Żak and Ms. Malgorzata Żak following the divorce proceedings between them. In the future, the following scenarios are possible with respect to the shareholding structure:

- 1) the Issuer continues to be controlled by the Deputy Chairman of the Supervisory Board, Mr. Zygmunt Solorz-Żak, in which case his current controlling influence on the Issuer's business is maintained, including key decisions adopted by the General Meeting (the "GM") of the Issuer,
- 2) the majority block of shares in the Company is held by an entity other than an entity controlled by Mr. Zygmunt Solorz-Żak,
- 3) no entity is controlling the Issuer.

The above situations will affect the decisions made by the Issuer's GM, including decisions on: appointing and recalling Supervisory Board members, amending the Statute and increasing the Issuer's share capital, and other important matters that fall in the scope of the Issuer's GM's powers.

There is also no guarantee that the above-described potential change in the shareholding structure would not affect the business relationship between the Midas Group and the important business partners of the Midas Group, i.e. Cyfrowy Polsat S.A. and Polkomtel, controlled by Mr. Zygmunt Solorz-Żak. Any changes in these relationships that are unfavourable for the Midas Group may have a significant negative impact on the operations and financial results of the Midas Group.

The Management Board of the Company notes, as set forth in the Annual Report of the Capital Group of Cyfrowy Polsat S.A. (published on 12 March 2013), the transfer of ownership of the shares in Pola Investments Ltd (the majority shareholder of Cyfrowy Polsat) to the family foundation TiVi Foundation with its registered office in Vaduz, Liechtenstein, founded by Mr. Zygmunt Solorz-Żak. In theory, it cannot be ruled out that a similar situation may occur with respect to shares in companies through which Mr. Zygmunt Solorz-Żak controls the Company.

Furthermore, the Issuer points out that Mr. Zygmunt Solorz-Żak exercising control over the Issuer notified the latter that he intended to consider in the future a combination of the Midas Group's and Polkomtel's operating activities if it is consistent with the obligations of Polkomtel or the Midas Group under loans, debt instruments or other agreements that Polkomtel or the Midas Group may at the time be a party to, as well as taking into account the then-prevailing internal or external economic, business and commercial conditions. The Issuer cannot give an assurance of whether, when, on what terms and conditions and in what form such a business combination will actually take place.

Risk involved in Mr. Zygmunt Solorz-Żak simultaneously controlling the Group, Polkomtel and Cyfrowy Polsat S.A.

Mr. Zygmunt Solorz-Żak simultaneously controls the Company, Polkomtel and Cyfrowy Polsat S.A. Polkomtel and Cyfrowy Polsat S.A. are important business partners of the Midas Group. There is a risk that the influence of Mr. Zygmunt Solorz-Żak on the Midas Group will lead to determining terms of cooperation between the Group and Polkomtel or Cyfrowy Polsat S.A. that are less favourable for the Midas Group than arm's length terms. Moreover, one cannot rule out a scenario in which the distribution of marital property between Mr. Zygmunt Solorz-Żak and Ms. Małgorzata Żak resulting from their divorce proceedings will include Polkomtel or Cyfrowy Polsat S.A., in which case the terms of cooperation of the Midas Group with these entities will also be affected.

Risk in connection with a failure to implement the business model

The Group intends to implement a business model based on the cooperation with two groups of entities:

- 1) The Group, under which the infrastructural operator (Aero2) develops the telecommunications infrastructure and generates the HSPA+ capacity (900 MHz) and the TD-LTE capacity (2600

MHz), and CenterNet and Mobyland, on the basis of Aero2's infrastructure, generate the LTE capacity (1800 MHz) and sell the HSPA+/LTE capacity wholesale to entities having large customer bases,

- 2) entities having large customer bases engaged in retail selling.

This model entails two risks:

- a) the risk that Aero2 will not complete the construction of its infrastructure on time;
- b) the risk that sales to end customers by the entities referred to in pt. 2) above will not reach an appropriate level, resulting in few wholesale orders.

The fulfilment of either of the above risks could have a significant negative impact on the operations and financial results of the Group.

Risk of no subsidy from the PARP (Polish Agency for Enterprise Development)

Under the agreement set forth in section 22.10.11 of Part III of the Prospectus, Aero2 became eligible for PARP funding for up to PLN 39,998,000 to develop a telecommunications network in Podkarpackie Province. To obtain such subsidy, Aero2 must satisfy a number of conditions specified in the above agreement, including in particular the eligibility of Aero2's expenses for which subsidies might be granted as well as Aero2's obligations related to applying for such subsidies. A failure to comply with one or more such conditions may lead to being subsidised up to an amount lower than the above maximum limit or to losing the right thereto and the need to reimburse a part of or the whole subsidy received. Such circumstances will have a material adverse effect on the financial results of the Group.

Risk of poor performance of the telecommunications network in the border zone along the eastern border of Poland

The Group's telecommunications network is built nationwide based on Aero2's infrastructure. It is the result of the demand for optimal coverage by the Group's services for the highest possible number of end users for services of entities using wholesale telecommunications services delivered by the Group as well as of the obligation to provide territorial or population coverage for the 900 MHz and 2600 MHz frequencies held by Aero2 and for the 1800 MHz frequency held by CenterNet and Mobyland.

In continuing the development of the telecommunications infrastructure along Poland's eastern border, Aero2 discovered that for about 25 base stations of the Group for 900 MHz frequencies used by Aero2, there is an interference of the radio signal transmitted by devices in Aero2 base stations with radio signals of foreign operators from Ukraine. Such a phenomenon leads to a substantive deterioration in those Aero2 base stations of the performance parameters of the services delivered in each sector of those base stations.

The UKE was notified about the situation because the issue of cross-border interferences requires arrangements and decisions from regulatory authorities of the countries involved. Currently under way are intergovernmental negotiations between Poland and Ukraine's regulators, including both affected Polish operators, i.e. Aero2 and P4, but the above issue has not yet been resolved by these bodies.

According to the Issuer, the lack of steps aimed at resolving the above issues results in the Group's exposure to the risk for the 900 MHz frequency range that as at the date of publication of this statement about 44 base stations, and in the future an unknown number, dependent on the scale of further development of the telecommunications infrastructure of the Group in this region of Poland, of base stations in the above border zone, will be subject to problems with effective delivery of the

telecommunications services for the population physically located within the coverage of those base stations.

It will have an adverse impact on the quality of services provided by the Group to its customers in the area, and may thus have a negative effect on the financial results of the Group as well.

Risk concerning technical issues related to building the Group's network based on a unified structure with Polkomtel's network

In the Issuer's opinion, as a result of the target model of operating cooperation under the agreement with Polkomtel of 30 March 2012, as set forth in section 2.4.1 hereof, concerning shared use of the telecommunications infrastructure of Polkomtel and Aero2, as well as the current expansion of the Group's telecommunications infrastructure, it will be necessary to undertake efforts to ensure that the telecommunications networks used and built by both operators are optimised in terms of their location throughout Poland.

In view of the above, the Issuer believes that there may be a situation in which part of the infrastructure belonging to the Group will be replaced by Polkomtel's infrastructure because of its better technical parameters and better territorial and population coverage which can be achieved with single base stations of Polkomtel operating in the 900 MHz, 1800 MHz and 2600 MHz frequencies being at the disposal of the Group, compared to the individual base stations of the Group.

In view of the current expansion of the telecommunications infrastructure, the Issuer is not aware of exactly how many base stations of the Group may be affected. This would require the Group and Polkomtel to conduct analyses of the telecommunications infrastructure grids and prepare estimates of the cost of optimising the network following such analyses. According to the Issuer, the analysis will take the Group and Polkomtel at least a few months from the date of publishing these statements, and final conclusions as to optimisation of the grids of both the telecommunications networks are likely to begin to be implemented in the second half of 2013 at the earliest.

The aforementioned circumstances may have an adverse effect on the operations and financial performance of the Group.

Risks associated with the cooperation with Polkomtel for the further development of the Group's telecommunications network

The Group's intention is to use, when further developing its telecommunications network, the cooperation with Polkomtel in order to reduce the cost of such development works and shorten the time required for their completion. Information concerning current and proposed cooperation between Aero2 and Polkomtel in this respect is presented in section 2.6.1 hereof. As on the date hereof, the cooperation between Aero2 and Polkomtel in this respect is based on the agreement of 30 March 2012, set forth in section 2.4.1 above. Under the circumstances specified in the agreement, Polkomtel may terminate the agreement, in whole or in part. Under the circumstances described above, the existing cooperation between the Group and Polkomtel for the development of the telecommunications network will be terminated.

In the event of termination of such cooperation, expansion of the Group's telecommunications network, if it is carried out at all to the extent currently planned, may experience significant delays and involve much higher costs incurred by the Group. In addition, in such a case, the telecommunications network of the Group will be deprived of the Group's base stations commissioned in cooperation with Polkomtel. This will have an adverse impact on the operations and financial results of the Group.

Even if the cooperation between Polkomtel and Aero2 concerning expansion of the network is not terminated, there is no guarantee that the extent of such cooperation will be sufficient to achieve the objectives of the Group in this regard. Also in such a case, the expansion of the Group's telecommunications network, if it is carried out at all to the extent currently planned, may experience significant delays and involve much higher costs incurred by the Group. This may have a significant adverse impact on the operations and financial results of the Group.

Risk related to high debt

The Issuer notes that in the event of a Bond issuance and obtaining financing through a loan, as set forth in sections 2.4.1 and 2.6.1 hereof, the level of interest debt will increase significantly. Therefore, there will be a marked growth in the risk of insolvency of the Company towards its creditors, particularly banks or bondholders. There is, after all, a possibility that Midas Group companies may be unable to service such a high debt or fulfil certain other covenants. As a result, there is a risk that the debt may be declared immediately due and payable, which may prevent its repayment, including redemption of the Bonds on their maturity date. Therefore, creditors, including bondholders, may not recover, either in whole or in part, the funds invested, even upon instituting the procedure of satisfying claims from the Issuer's assets, in particular, the collaterals established (if any) or may not obtain the expected rate of return on the investment.

2.8.2 Risks related to the Midas Group's environment

Risks associated with the macroeconomic situation

The Group's financial position is dependent on the economic situation in Poland and worldwide. Financial results generated by the Group are influenced by the GDP growth rate, inflation, interest rates, unemployment, fiscal and monetary policies and capital expenditures of companies. Those factors significantly affect the output of companies and demand for services. There is a risk that an economic slowdown in Poland or worldwide or the introduction of state economic policy instruments might have a negative impact on the market position of the Group and its financial results.

Risks associated with a changing legal environment (including tax)

Some risk to the Company's operations may come from changes in laws or different interpretations of the law. Possible changes, in particular, in provisions relating, among others, to business activities, telecommunications, environmental protection, intellectual property, labour law, social security law and commercial law, may lead to negative consequences for the Midas Group's operations. New regulations may entail interpretation issues, inconsistent court rulings, adverse interpretations adopted by the public authorities, the lack of cohesion between judicial decisions of the Polish courts and EU laws, etc. In particular, there is a risk in the area of tax laws, due to the large impact of regulations and their interpretations on the Midas Group's financial position.

A similarly important source of risk are possible changes to telecommunications laws due to the activities of Aero2, CenterNet and Mobyland in this industry. For example, changes may occur making wireless data transmission based on technologies used by the Midas Group less attractive in relation to other data transmission technologies or resulting in limitations in terms of availability of multimedia contents (including such contents shared in violation of intellectual property rights) on the internet, which may bring a decrease in demand for data transmission and a drop in sales of the Midas Group's services. It

should also be noted that the Midas Group's position may be indirectly affected by such changes to telecommunications laws that directly impact the position of other entities operating on the telecommunications market, primarily those which for the Midas Group's entities are suppliers or recipients of their services, in particular, in the area of wholesale wireless data transmission.

Such circumstances may have a significant negative impact on the operations and financial results of the Midas Group.

Risk associated with changes in foreign exchange rates

The Group also incurs expenses in foreign currencies, but their share in the Group's overall expenses for the period from 1 January to 31 December 2012 was not significant. However, a rising share of expenses denominated in foreign currencies in the overall expenses incurred by the Group could be expected in subsequent periods because expenses associated with expansion of the Group's telecommunications infrastructure may be denominated in EUR or in any other foreign currency. In the case of supplies and services provided by Ericsson and Nokia Siemens Networks under applicable contracts as set forth in section 2.4.1 hereof, their prices are denominated in euros (EUR) or US dollars (USD) and will be converted to zlotys (PLN) at the exchange rate effective on the date or for the period set forth in those agreements. The estimated cost of expanding the telecommunications network is set forth in section 2.6.1 hereof.

Therefore, the Midas Group is exposed to an exchange rate risk which may generate increases in expenses for purchases of external services and goods, caused by adverse changes in foreign currency exchange rates. Such circumstances may have a significant negative impact on the operations and financial results of the Group.

Risk of adverse findings as to the impact of the wireless communication technology on human health

There are studies indicating the alleged adverse impact on human health of electromagnetic waves emitted by devices used in the wireless communication technology that is applied among others by the Group. The Issuer is unable to predict what determinations as to such alleged relationship will be made in the future. Nonetheless, there is the risk that findings acknowledging such risk may cause at least a reduction in the degree of usage of the services of the Group or of the Group's customers, difficulties in business activities carried out by the Group or increased expenses of such activities. The above-mentioned circumstances may have a significant negative impact on the operations and financial results of the Group.

Risk associated with frequency resources used in wireless communication

Frequency resources used in wireless communication under the technologies applied by Group companies and their current or future competitors are scarce. Therefore, obtaining reservations of such frequencies by competitors of the Group may cause the competitive position of the Group to weaken and catching up can be at least difficult, which may eventually have an adverse impact on the operations and financial results of the Group. In that respect, it will be important to focus on the time frames for obtaining reservations, the scope of frequencies involved and on whether the frequencies are concentrated in the hands of one entity or whether they are jointly used by cooperating entities.

On 20 August 2012, the President of the UKE announced the commencement of the tender procedure for five frequency reservations in the 1729.9-1754.9 MHz range and the 1824.9-1849.9 MHz range (each with a width of twice 5 MHz), designated for providing nationwide mobile telecommunications services, and on 13 February 2013, the results of that tender were announced. As a result of the assessment carried out by the Tender Committee of the UKE, the highest number of points was awarded to three bids submitted by P4 and two bids submitted by PC. Additional information in this respect is set forth in

section 5.1 hereof. Moreover, as announced by the President of the UKE, an auction concerning frequency reservations in the 800 MHz and 2600 MHz bands should be expected to occur in 2013.

Information about the risk involved in making the above frequency reservations is also set out in section 2.8.1 above.

3 Financial position and assets of the Midas Group

3.1 Principles for the preparation of annual consolidated financial statements

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (the "IFRS") and IFRS as adopted by the EU. 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 Group, in the context of the accounting principles applied by the Group, there are no differences between the enacted IFRS and the IFRS approved by the EU.

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

Some of the Group's entities keep their books of account in line with the accounting policies (principles) stated in the Accounting Act of 29 September 1994 (the "Act") as amended and secondary regulations issued on its basis (the "Polish accounting standards"). The consolidated financial statements include adjustments not included in books of account of the Group's entities introduced in order to reconcile financial statements of such entities with the IFRS.

These consolidated financial statements were prepared in accordance with the historical cost principle.

3.2 Description of key economic and financial figures

Statement of financial position

In 2012, there were no major changes in the value of the investment portfolio.

The balance of receivables at the end of 2012 was PLN 64,493,000 as compared to PLN 29,716,000 at the end of the previous year. The change is mainly due to an increase in trade receivables from providing data transmission services and an increase in receivables from the agreement for the shared use of the telecommunications network.

Cash amounted to PLN 165,889,000 at the end of 2012 as against PLN 37,623,000 at the end of 2011. This increase is primarily related to the series D share issue.

The equity on the balance sheet date was PLN 969,672,000 and, compared to the end of 2011, it rose by PLN 628,131,000, of which PLN 823,725,000 constituted an increase resulting from the issue of series D shares, and PLN 175,620,000 was a decrease due to the net loss for 2012 (key factors affecting the net profit are described below).

The liabilities amounted to PLN 450,637,000 as at 31 December 2012 and decreased by PLN 581,737,000 compared to the end of 2011. The decrease is mainly due to repayment (setting off) of a liability to Litenite Limited from the acquisition of the subsidiary, Conpidon Limited, repayment of lease liabilities and repayment of bank loans incurred in previous years. The deferred income item reported an increase in 2012 due to performing data transmission services agreements and the agreement on the shared use of the telecommunications network.

Statement of comprehensive income

In 2012, the Midas Group recognised sales revenue in the amount of PLN 89,810,000 as compared to PLN 30,806,000 for the previous year, which represented an increase of PLN 59,004,000.

The Management Board also notes that despite the unit price reduction, due to the understandings concluded and orders placed for the data transmission service with Cyfrowy Polsat and Polkomtel (as set forth in section 2.4.1 of the Report of the Management Board on the operations of the Midas Capital Group in 2012), the Q4 2012 revenue increased by 27 per cent compared to the revenue reported for Q3 2012.

In 2012, financial income totalled PLN 10,976,000 compared with PLN 1,974,000 in 2011. This change results from an increase in the amount of interest on cash (mainly from series D share issuance) invested in interest-bearing bank deposits and interest on loans granted to Sferia S.A.

Operating expenses in 2012 amounted to PLN 279,666,000 compared to PLN 89,186,000 in the previous year. This increase in expenses results from acquiring or assuming control of the companies: Mobyland in June 2011 and Aero2 in December 2011. 2012 is the first financial year in which the results of both of the above companies were subject to consolidation. Aero2 has been consistently expanding the number of base stations, and as this number grows, the cost of maintenance and operation of the Group's telecommunications network continues to increase. Furthermore, compared to the corresponding period of the previous year, there has been a significant increase in depreciation and amortisation by PLN 78,972,000, which comprises depreciation of fixed assets held by Mobyland and Aero2 and calculation of the depreciation on the fair value valuation of concessions in Aero2 and in Mobyland. The most significant items under operating expenses in 2012 were: PLN 104,474,000 in amortisation and depreciation, PLN 115,164,000 in external services, PLN 37,906,000 in taxes and fees, and PLN 6,510,000 in wages and salaries.

The total loss for 2012 equalled PLN 175,629,000 as compared with the profit of PLN 87,436,000 generated in the previous year. The main factor shaping the difference in the performance in the current and previous year was a higher level of operating expenses (as described above) and the fact of recognising revenue on the bargain acquisition of Aero2 under the 2011 revenues.

Statement of cash flow

In 2012, net cash flows from operating activities amounted to PLN 32,449,000 as against PLN - 23,643,000 in the previous year.

In 2012, net cash flows from investing activities amounted to PLN -11,175,000, compared to PLN - 177,173,000 in the previous year. The main factor affecting cash flows in 2012 was the acquisition of property, plant and equipment, repayment of the loans granted by the group and the purchase of non-controlling interests of the subsidiary - Nova.

In 2012, net cash flows from financing activities amounted to PLN 106,992,000, compared to PLN 233,261,000 in the previous year. The main factor affecting the amount of cash flows from financing activities in 2012 was the series D share issue and repayment of the debt from the issue of debt securities, repayment of leasing liabilities and repayment of loans incurred.

3.3 Financial and non-financial indicators

	2012	2011	2010
liquidity - liquidity ratio I			
total current assets	0.82	0.1	0.1

<hr/> current liabilities			
liquidity - liquidity ratio III			
<hr/> cash			
current liabilities	0.59	0.04	0.03

liabilities turnover

trade liabilities x 365 days			
<hr/>			
value of goods and materials sold + cost of products sold	54 days	170 days	418 days

debt to assets ratio (%)

(total equity and liabilities - equity) x 100			
<hr/>			
total assets	31.7%	75.1%	141.2%

3.4 Description of the structure of assets and liabilities in the consolidated balance sheet

Compared to 2011, the balance sheet total increased by PLN 46,394,000 (increase of 3.37 per cent) in 2012. The assets consist of: property, plant and equipment with a value of PLN 309,518,000 (which represent 21.79 per cent of assets), intangible assets with a value of PLN 856,334,000 (which represent 60.29 per cent of assets). The growth in the value of the property, plant and equipment was 3.72 per cent compared to the previous year, and the decrease in intangible assets compared to the previous year was 8.22 per cent.

The Midas Group's current assets increased by PLN 161,777,000 (a 231 per cent increase) compared to 2011. Current assets constitute 16.3 per cent of total assets. Other assets of the Midas Group represent 1.62 per cent of total assets.

The balance of receivables at the end of 2012 was PLN 64,493,000 compared with PLN 29,716,000 (117 per cent increase) in the previous year. The change is mainly due to the increase in trade receivables. Receivables represent 4.54 per cent of the total assets.

At the end of 2012, cash amounted to PLN 165,889,000 compared to PLN 37,623,000 (increase by 349 per cent) in 2011 mainly due to the series D share issue. Cash represents 11.68 per cent of total assets.

The equity on the balance sheet date was PLN 969,672,000 and, compared to the end of 2011, it rose by PLN 628,131,000, of which PLN 823,725,000 constituted an increase resulting from the issue of own

shares, and PLN 175,620,000 was a decrease due to the net loss for 2012. The equity equalled 68.27 per cent of total equity and liabilities.

The liabilities amounted to PLN 450,637,000 as at 31 December 2012 and decreased by PLN 581,737,000 compared to the end of 2011 (56.3 per cent decrease). The decrease is mainly due to repayment (setting off) of liabilities to Litenite from the acquisition of the subsidiary, Conpidon, repayment of debt under debt securities and repayment of all loans obtained. The deferred income item reported an increase in 2012 due to performing data transmission services agreements and the agreement on the shared use of the telecommunications network. The liabilities represented 31.73 per cent of the total equity and liabilities.

3.5 Significant off-balance sheet items

As at 31 December 2012, the only significant off-balance sheet item was contingent debts of the Midas Group in the aggregate amount of PLN 512,000. A detailed description of the contingent debts of the Midas Group was included in Note 32 and Note 26 to the consolidated financial statements of the Midas S.A. Capital Group.

3.6 Changes in the Issuer's investment portfolio

In 2012, there were no major changes in the Company's investment portfolio.

On 27 November 2012, the District Court for the City of Warsaw, Division XII Commercial of the National Court Register, handed down a decision to register the merger of Aero2 as the acquiring company with Daycon Trading Ltd as the target company, by way of transferring all of the assets of the target to the acquiring company.

On 27 December 2012, Aero2 acquired 8,529 shares in Nova from Sensor Overseas Ltd, which represented 5.84 per cent of the shares in Nova Capital. On 28 December 2012, AERO2 acquired 53,614 shares in Nova from MAT Fundusz Inwestycyjny Zamknięty, which represented 36.73 per cent of the shares in Nova Capital. Thus, as at 31 December 2012, Aero2 held 85.2 per cent of the shares in Nova.

The above changes in the Company's investment portfolio were made in an attempt to simplify the Company's group structure and have no material effect on the financial performance of the Company and of the Midas Group.

3.7 Differences between actual financial results and any previously published forecasts

The Management Board of the Company did not publish any forecasts for 2012.

3.8 Use of proceeds from the issue of series D shares and debt papers

Following the issue of series D shares in 2012, the Issuer raised PLN 828,613,380. Until the date of this report, the Issuer used the proceeds from the issue of series D shares as follows:

- 1) PLN 548,000,000 was allocated towards payment of the price for 100 per cent of the shares in Conpidon Limited,
- 2) PLN 71,500,000 was used to repay the Company's nominal indebtedness through early redemption of commercial papers series MID0612.1, MID0612.2 and MID0612.3 issued by the Company. The above papers were redeemed for a total amount of PLN 71,854,000, which included PLN 71,500,000 of the nominal value of the papers, and PLN 354,000 of interest due for the period from 1 April 2012 to 26 April 2012.

- 3) PLN 103,298,000 was allocated by the Issuer towards expanding the telecommunications network, carried out as part of the completed Project 700 and the pending Project 4100.

In 2012, the Company issued series MID0612.3 debt papers with a nominal value of PLN 1,000 each (the "Papers"), with a total nominal value of PLN 20,000,000, with the issue price equal to their nominal value. The proceeds from the issue of the Papers were designated for bridge financing of investments being implemented by the Midas Group. Additional information in this regard is contained in section 2.4.1 hereof.

3.9 Financial instruments

3.9.1 Employed financial instruments

Key financial instruments used by the Group include loans, papers, cash and short-term deposits. Such financial instruments are aimed at sourcing funding for the Midas Group's operations. Furthermore (as stated in section 2.6.1 hereof, among others), the Company intends to utilise bank loans and bonds as another form of financing the operations of the Midas Group.

In its business activities, the Midas Group does not use financial derivatives.

3.9.2 Financial risk management objectives and methods

Financial risk is associated with unexpected changes in cash flows arising, among others, from operating activities of the Midas Group. Key risks of the Company's financial instruments include interest rate risk, price risk, liquidity risk, currency risk and credit risk. Policies for managing each of the above risks are presented in Note 35 to the 2012 consolidated financial statements of the Midas Capital Group.

3.10 Current and forecast financial position

The Management Board of the Company considers the Midas Group's financial position to be good. In addition, following the successful completion in March 2012 of the issue of series D and signing Term Sheets (as set forth in detail in section 2.4.1 hereof) and signing on 28 February 2013, as part of Term Sheet 2, an investment credit agreement (as set forth in detail in section 5.2 hereof), the Management Board of the Company believes that its financial position will not significantly deteriorate in the future. Regardless of the foregoing, the Management Board of the Company emphasises the financing risk and risk related to high debt, as set forth in section 2.8.1 hereof, and the currency risk as set forth in section 2.8.2 hereof.

3.11 Events and factors largely affecting operating and financial results

3.11.1 Important events during the financial year

In 2012, events with a significant impact on the the Midas Group's performance were:

- issue of series D shares of the Company (a description of the use of proceeds from the issue of series D shares is included in section 3.6 hereof),
- settlement of the agreement on a mutual set-off of receivables with Litenite Limited (as set forth in section 2.4.1 hereof),
- conclusion of a cooperation agreement by Aero2 concerning mutual provision of services using telecommunications infrastructure and submission by Aero2 of orders under that agreement (as set forth in section 2.4.1 hereof),
- conclusion by Mobyland of an agreement for the provision of telecommunications services under wholesale conditions and orders accepted thereunder (as set forth in section 2.4.1 hereof),
- acceptance of subsequent data transmission service orders submitted by Cyfrowy Polsat (as set forth in section 2.4.1 hereof),

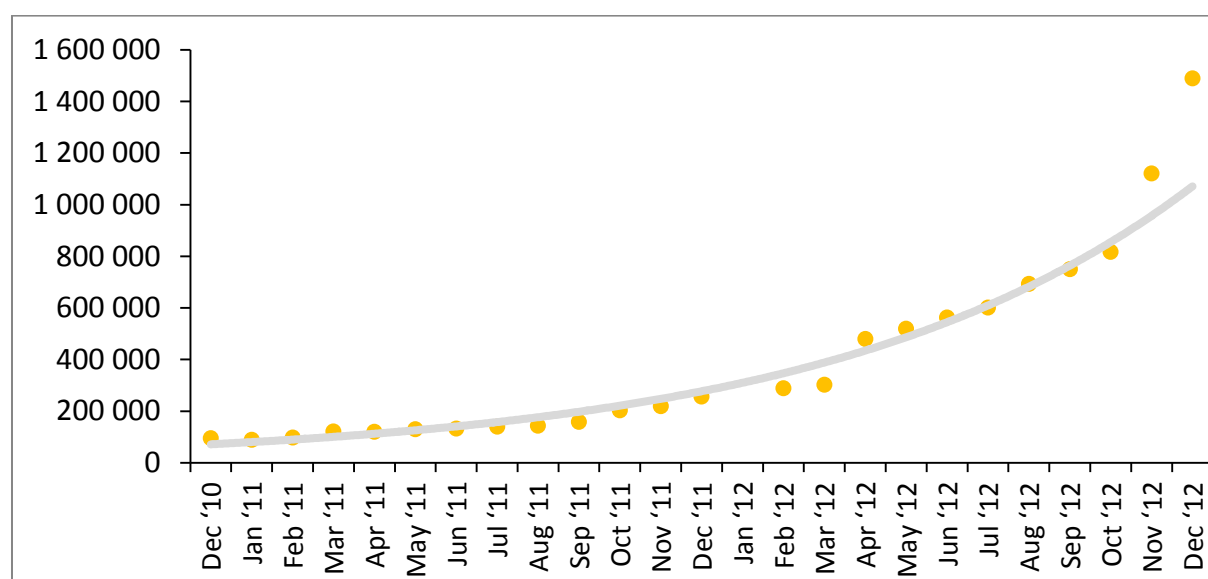
- conclusion of the agreement for the delivery, integration and maintenance of elements of the mobile access telecommunications network and maintenance agreements with Ericsson and Nokia Siemens Networks (as set forth in section 2.4.1 hereof),
- completion of Project 700 and commencement of the implementation of Project 4100.

3.11.2 Extraordinary factors and events

According to the Management Board of the Company, in 2012 there were no extraordinary factors or events.

3.11.3 Evaluation of events and factors affecting the results

In the opinion of the Management Board of the Company, the above factors and events contributed to the implementation of the strategy of the Company and the Midas Group. In particular, the successful issue of series D shares has allowed the Company to continue to implement its strategy, among other things, by expanding its telecommunications network as part of the completed Project 700 and commenced Project 4100, which allowed it to gain a competitive advantage and made the Midas Group more effective in providing wholesale wireless data transfer services. Furthermore, safe and relatively attractive investment of funds obtained from the issue of series D shares in bank deposits significantly influenced the level of finance income for the Company. The current network expansion process in the Group has led to increased investment outlays and operating expenses related to maintaining the network. The Management Board would like to note the monthly usage (in GB) of the data transfer packages 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.



3.12 Evaluation of the management of financial resources

Proceeds from the issue of series D shares and proceeds from accepted orders from Polkomtel and Cyfrowy Polsat permitted the Midas Group in 2012 to have available funds to guarantee that all current and planned expenses related to the activities and investments of the Company and the Midas Group are properly settled. The balance of available cash made it possible to flexibly settle its ongoing liabilities. The Company's liquidity was managed by focusing on detailed analyses of the receivables turnover and due dates of the Company's liabilities as well as ongoing monitoring of bank accounts, and raising equity and debt. Furthermore, the Management Board of the Company safely and relatively attractively invested in

bank deposits funds obtained, among other things, from the series D share issue. In view of the foregoing, the Management Board of the Company has not identified any threats to financial resource management.

3.13 Entity authorised to audit financial statements

The entity authorised to audit and review financial statements of the Company and of the Midas Group, in accordance with the resolution of the Supervisory Board of the Company, is Ernst & Young Audit Sp. z o.o. with its registered office in Warsaw ("E&Y"). E&Y is entered in the list of entities authorised to audit financial statements, kept by the National Board of Statutory Auditors under number 130.

The financial statements of the Company and the consolidated financial statements of the Midas Group for 2012 were audited by E&Y under the agreement entered into on 27 July 2012 for review/audit together with the auditor's opinion and report.

Detailed information on the fees for the entity authorised to audit financial statements in 2012 (as well as in 2011) is presented in Note 26 to the financial statements of Midas S.A. for the year ended 31 December 2012.

4 Statement of compliance with corporate governance principles in 2012

4.1 Description of corporate governance principles applicable to the Issuer

In 2012, the Issuer was subject to the principles of corporate governance contained in the document "Best Practices of WSE Listed Companies" attached to Resolution No. 20/1287/2011 of the Supervisory Board of the WSE of 19 October 2011. This document contains the rules of corporate governance the Issuer volunteered to apply.

The Best Practices of WSE Listed Companies are available on the website dedicated to corporate governance at- www.corp-gov.gpw.pl.

4.2 Description of the scope of the Issuer's departures from applicable corporate governance principles

In 2012, the Issuer applied the principles of corporate governance contained in the "Best Practices for WSE Listed Companies" with the following exceptions:

Section I "Recommendations for Best Practices for Listed Companies":

- principle 1 third indent "- enable online broadcasts to be made of General Meetings over the internet, record General Meetings, and publish the recordings on the company website.”,

and

- principle 12) “A company should enable shareholders to exercise their right to vote during a General Meeting, either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.”.

Under the Statute, the Company may allow participation in the General Meeting of Shareholders using electronic means of communication on the terms set out in the By-laws of the General Meeting of Shareholders. On 17 October 2011, the General Meeting adopted a resolution amending the Rules of Procedure of the General Meeting under which the Rules of Procedure were supplemented by a provision stating that the Fund can provide the opportunity to participate in the General Meeting using electronic communication means through: 1) real-life broadcasts of the General Meeting, 2) real-time bilateral

communication where shareholders may take the floor during a general meeting from a location other than the general meeting, 3) exercising voting rights in person or by proxy during the General Meeting. In view of the above, the Company will consider the application of this principle, taking into account any technical and legal aspects associated with enabling shareholders to participate in the General Meeting in such manner.

- principle 5) "A company should have a remuneration policy and rules of defining the policy. (...)".

On 31 October 2012, the Ordinary General Meeting of the Company adopted a resolution on awarding remuneration to members of the Company's Supervisory Board for their service. On this basis, members of the Company's Supervisory Board receive remuneration for participating in each meeting of the Supervisory Board, but do not receive a monthly remuneration. On the other hand, under the resolution of the Company's Supervisory Board, Management Board members appointed for a new term on 14 December 2012 are entitled to a monthly remuneration. In view of the foregoing, the Company does not declare that it applies the principle stated in section 5 part I of the Best Practices of WSE Listed Companies.

- principle 9) "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

Appointments and dismissals of members of the Supervisory Board, and indirectly also members of the Management Board, are at the sole discretion of the General Meeting of the Company. The Management Board of the Company does not have control over what candidatures to the Supervisory Board are submitted by the shareholders of the Company entitled to participate in the General Meeting or what candidatures to the Management Board are proposed by members of the Supervisory Board. In view of the foregoing, the Company does not declare that it applies the principle stated in section 9 part I of the Best Practices for WSE Listed Companies.

Section II "Best Practices for Management Boards of Listed Companies":

Principle 1. A company should operate a corporate website and publish on it, in addition to information required by legal regulations:

- principle 1.7) "(...) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions."

This principle is currently not being applied. There are no detailed records kept in the Company as to the course of the General Meeting, including all statements and questions. Participants of the General Meeting, pursuant to the provisions of the Code of Commercial Companies, have the right to make statements in writing which are attached to minutes. However, the Company will consider applying this principle, taking into account the technical and organisational considerations involved in recording a General Meeting, and if it continues not to be applied, it will notify this in a report that will be published in EBI.

- principle 3) "Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. (...)",

and

- principle 9) from section III "Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board."

Pursuant to the Statute, in addition to the matters specified in the Act, in other provisions of the Statute or in resolutions of the General Meeting, powers and duties of the Supervisory Board include, but are not limited to:

1) granting consent to the Company to conclude a material agreement with an affiliated entity (the above obligation does not apply to routine transactions concluded on market terms in the ordinary course of business conducted by the Company with a subsidiary in which the Company holds a majority shareholding) or a parent company; an affiliated entity is defined as in the Regulation of the Minister of Finance issued on the basis of Article 60 par. 2 of the Act on the Public Offering and the Conditions for Admitting Financial Instruments to Organised Trading and on Public Companies of 29 July 2005; further, it is accepted that granting loans or other types of debt financing towards the above entities falls within the limits of the ordinary business of the Company;

2) granting consent to the Company to draw down liabilities where the value of a single transaction or of the total number of transactions concluded in a given financial year with a single entity exceeds 20 per cent of the Company's net assets, determined on the basis of the most recent separate financial statements published in an interim report.

The Management Board of the Company declares the application of such principle to the extent resulting from the above provisions of the Statute.

In section IV "Best Practices Applied by Shareholders":

- principle 10) "A company should enable its shareholders to participate in a General Meeting of Shareholders using electronic communication means through: 1) real-life broadcast of General Meetings, 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting."

Under the Statute, the Company may allow participation in the General Meeting of Shareholders using electronic means of communication on the terms set out in the By-laws of the General Meeting of Shareholders. The By-laws of the General Meeting state that the Company may enable shareholders to participate in a General Meeting of Shareholders using electronic communication means through: 1) real-life broadcast of General Meetings, 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting, 3) exercising voting rights personally or by proxy during the General Meeting. In view of the above, the Company will consider the application of this principle, taking into account any technical and legal aspects associated with enabling shareholders to participate in the General Meeting in such manner.

4.3 Description of the principal characteristics of internal audit and risk management systems in place in the Midas Group in reference to the process of the preparation of financial statements

The Management Board of the Company is responsible for the system of internal control and supervision over the preparation of financial statements in the parent, while in the subsidiaries, the management boards of the same are responsible for this. Interim reports are prepared and published in accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by the law of a non-member state. The Company's Supervisory Board and the Supervisory Boards of the subsidiaries also assess the financial statements of the Company and the subsidiaries, respectively, in terms of their compliance with records and documents, as well as with the factual status. The results of such

assessment of the Company's financial statements are included by the Supervisory Board of the Company in its annual report.

Principal systems of internal control in relation to the preparation of financial statements of the Midas Group are:

- 1) internal division of responsibilities in the preparation of financial statements;
- 2) ongoing internal supervision over accounting duties;
- 3) preparation and internal distribution (the Management Board, the Supervisory Board) of interim financial reports containing balance sheets, profit and loss accounts, cash flow statements of the Company's subsidiaries and consolidated accounts for the entire Midas Capital Group;
- 4) internal procedures and regulations relating, among other things, to concluding significant transactions and obligations (in accordance with the Statute and rules of procedure of the Company's management and supervisory bodies);
- 5) internal review and approval of financial statements prior to their publication;
- 6) periodic review and audit of financial statements by an auditor

Reviews are carried out by the auditor for semi-annual financial statements, whereas annual separate and consolidated reports are subject to audits.

Since 2012, within the Company's Supervisory Board, there is an Audit Committee composed of: Andrzej Abramczuk, Mirosław Mikołajczyk and Jerzy Żurek. In the Company's opinion, Mirosław Mikołajczyk and Jerzy Żurek meet the criteria set out in Article 86 par. 4 of the Act of 7 May 2009 on auditors and their self-government, entities authorised to audit financial statements and public supervision, i.e. they satisfy independence conditions specified in the Act, and are qualified in the field of accounting as corporations where they acted or act as members of the management board, prepared financial statements, and pursuant to the Accounting Act, the obligations of such individuals as members of the management board included ensuring the preparation of such statements and approving the same. The composition of the Audit Committee is also, in the opinion of the Company, consistent with the provisions of Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive directors (...), referred to in Best Practices for WSE Listed Companies. Specific tasks of the Audit Committee are described in section 4.8.2 hereof.

4.4 Share capital

4.4.1 Structure of the share capital

As at 31 December 2012 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, including:

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

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

4.4.2 Large shareholders

The table below shows the structure of shareholders of the Company which, as at 31 December 2012, 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. This structure is valid as at the date of submitting this annual report, i.e. as at 21 March 2013. The following list has been drawn up on the basis of notifications received by the Company from the shareholders pursuant to Article 69 of the Act on the Public Offering and pursuant to Article 160 of the Act on Trading in Financial Instruments of 29 July 2005 (hereinafter, the "Act on Trading").

Name of the shareholder of the Company	Number of shares	%	Number of votes (**)	%
Zygmunt Solorz-Żak (*)	976,547,690	65.9978	976,542,690	65.9977
ING Otworthy Fundusz Emerytalny	74,386,458	5.0273	74,386,458	5.0273
Other shareholders	428,737,602	28.9749	428,737,602	28.9750
Shares of the Company	1,479,666,750	100.00	1,479,661,750	100.00

(*) Mr Zygmunt Solorz-Żak, acting as the 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, within the scope of 976,542,690 shares in the Company held by Litenite, as well as through (iv) the Company, within the scope of 5,000 own shares in the Company held by the Company.

(**) The number of shares and votes does not account for the votes carried by 5,000 own shares of the Company held indirectly by Litenite Limited (under Article 364 of the CCC, Midas S.A. does not exercise voting rights from its own shares).

From the date of the previous interim report of the Company, i.e. since 14 November 2012, until the date hereof, i.e. 21 March 2013, there have been no changes in the ownership structure of significant blocks of shares in the Company.

4.4.3 Shareholders of the Company with special control rights, restrictions to voting rights and to transferability of the Company's shares

There are no securities carrying any special control rights over the Company and there is no preference as to the voting rights attached to shares of the Company or shareholders of the Company. The only restriction in exercising voting rights applies to the Company, which, pursuant to Article 364 of the CCC, does not exercise voting rights from its own shares. As at the date of publication of this report, there are no restrictions on transferring the ownership right to the Company's securities.

4.4.4 Direct shareholding and rights thereto held by persons managing and supervising the Issuer's business

The following table summarises direct shareholding in the Company by managing and supervising persons as at the end of the reporting period, i.e. as at 31 December 2012. In the period from 31 December 2012 until the date of publishing this report, i.e. 21 March 2013, there have been no changes in the number of shares in the Company held by the managing and supervising persons in the Company.

Name and surname	Position	Shares in the Company held as at 31 December 2012	Nominal value of shares held in the Company (PLN)
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Wojciech Pytel	Chairman of the Supervisory Board	the none	N/A
Zygmunt Solorz-Żak (*)	Deputy Chairman of the Supervisory Board	the none	N/A
Andrzej Abramczuk	Secretary of the Supervisory Board	the none	N/A
Krzysztof Majkowski	Member of the Supervisory Board	the 237,000	23,700
Mirosław Mikołajczyk	Member of the Supervisory Board	the none	N/A
Jerzy Żurek	Member of the Supervisory Board	the none	N/A
Krzysztof Adaszewski	President of the Management Board	the none	N/A
Maciej Kotlicki	Vice-President of the Management Board	the none	N/A
Dariusz Łukasiewicz	Vice-President of the Management Board	the none	N/A

(*) Mr. Zygmunt Solorz-Żak holds indirectly, through entities directly or indirectly controlled, 976,457,690 shares in the Company (including 5,000 own shares of the Company held by the Company) with a nominal value of PLN 97,645,769.00. This information is contained in section 4.4.2 hereof.

From the date of the previous interim report of the Company, i.e. since 14 November 2012, until the date of this report, i.e. 21 March 2013, there have been no changes in the number of shares in the Company held directly by the managing and supervisory persons in the Company.

Persons managing and supervising the Company do not directly hold any shares in the Company's affiliates. The Company has no information (other than the information disclosed in section 1.4 hereof) about the type of control exercised by Mr. Zygmunt Solorz-Żak over ZSZ Group entities, including the number and nominal value of the shares and ownership interests held by Mr. Zygmunt Solorz-Żak in those entities or any other entities related to the Company through Mr. Zygmunt Solorz-Żak.

4.4.5 Agreements which may affect proportions of shares held by the existing shareholders and bondholders

Under the agreement entered into in December 2011 by and between Ortholuck holding 100 per cent of the shares in Litenite, and LTE Holdings, a subsidiary of Polkomtel S.A., LTE Holdings acquired from Ortholuck 49 per cent of shares in Litenite (Current Report No. 6/2012). The remaining 51 per cent stake in Litenite held by Ortholuck was encumbered by a pledge in favour of Polkomtel and the laws of Cyprus govern and apply to such pledge (the "Polkomtel Pledge"). In a case where certain events take place, including, for example, violations of the obligations between Ortholuck and LTE Holdings under the respective agreement between such entities on which the Company has no further information or a possible bankruptcy of Litenite or its subsidiaries, then Polkomtel, under the Polkomtel Pledge, will be entitled, among other things, to exercise corporate and property rights on pledged shares in Litenite, including voting rights, and will obtain the right to sell such shares. In addition, under the Polkomtel Pledge, Ortholuck will be obliged not to dispose of or encumber the pledged shares in Litenite, except for encumbering them with another pledge, on certain terms and conditions, as collateral for financing obtained by Litenite or its subsidiary. Such other pledge will take precedence over the Polkomtel Pledge. In addition, LTE Holdings was contractually reserved an option to purchase from Ortholuck, at market price, the remaining 51 per cent stake in Litenite (the "Call Option").

If there are circumstances permitting Polkomtel to exercise its rights under the Polkomtel Pledge, as referred to above, and Polkomtel actually exercises the same, it will take over control of the Company. However, if there are circumstances enabling the Call Option to be exercised and LTE Holdings actually exercises it, Polkomtel will also take control over the Company. However, as long as control over Polkomtel is exercised by Mr. Zygmunt Solorz-Żak, there will be no changes in the control of the Company. However, in the event that Mr. Zygmunt Solorz-Żak loses control of Polkomtel (when Polkomtel exercises control of the Company), for example following violations of the obligations related to the financing of the acquisition of Polkomtel, he will lose control of the Company. The Company has no knowledge about the above-mentioned obligations related to financing the acquisition of Polkomtel.

Moreover, Ortholuck was contractually reserved a return option to purchase from LTE Holdings the 49 per cent stake in Litenite, previously sold by Ortholuck (the "Return Option"). The Return Option will be exercisable under circumstances stipulated in the respective agreement and involving a debt ratio provided that there are also no grounds to exercise the Call Option. The Return Option will expire and will not be exercisable in the event that LTE Holdings exercises the Call Option or Polkomtel exercises its above rights under the Polkomtel Pledge. If there are circumstances permitting the exercising of the Return Option and Ortholuck actually exercises the same, it will hold, jointly with the shares currently held, 100 per cent of the shares in Litenite and the control of the Company will not change.

To the best knowledge of the Company, there are no other arrangements under which the control of the Company might potentially change in the future.

4.4.6 Employee stock plan

The Company does not operate any employee stock plan.

4.4.7 Acquisition of own shares

The Company did not acquire its own shares in 2012.

As at 31 December 2012, the Company owned 5,000 own shares. In 2012, the block on the shares of the Company was released, which block secured the claim of Alchemia SA with respect to series X02.09.A papers issued by the Company on 18 November 2009. Until the date hereof, the balance of its own shares has not changed.

4.5 Principles of amending the Company's Statute

Pursuant to the CCC, the Company's Statute is amended by a resolution of the General Meeting of Shareholders and an entry in the National Court Register. Pursuant to applicable provisions of the Company's Statute, resolutions of the General Meeting on amendments to the Company's Statute (including the issue of new shares) are adopted by a majority of 3/4 (three quarters) of the votes. Furthermore, resolutions on amending the Statute of the Company, increasing shareholder benefits or restricting rights accorded personally to individual shareholders require the consent of all concerned shareholders.

4.6 Procedures applicable to general meetings and their principal competences and description of shareholders' rights and methods of their exercise

In 2012, the Ordinary General Meeting of the Company adopted an amendment of the By-laws of the General Meeting, involving adapting them to the amended Statute of the Company in connection with the Act of 30 March 2012 Repealing the Act on National Investment Funds and their Privatisation and Amending Certain Acts (Current Report No. 46/2012). Amendments to the By-laws of the General

Meeting enter into force as of the date of the next General Meeting of the Company (immediately following the one at which the amendment was adopted).

Pursuant to Article 399 of the CCC, the General Meeting is convened by the Management Board. The Supervisory Board has the right to convene the Ordinary General Meeting (the “OGM”) if the Management Board fails to do so within the period specified in the CCC or in the Statute (pursuant to Article 23 par. 4 of the Statute - within two weeks of the date when a respective request is made by the Supervisory Board) and the Extraordinary General Meeting (the “EGM”) if the Supervisory Board considers it advisable.

Shareholders representing at least a half of the share capital or at least a half of the total votes in the company may convene the Extraordinary General Meeting. Shareholders appoint the chairman of such meeting. In addition, pursuant to Article 400 of the CCC, the Issuer's shareholder or shareholders, representing at least one-twentieth of the share capital may request that the Extraordinary General Meeting be convened and that specific issues be placed on the agenda of the next General Meeting. Such a request must be submitted in writing or electronically to the Management Board.

Pursuant to Article 24 of the Statute and Article 401 of the CCC, the Supervisory Board or a shareholder or shareholders representing at least 1/20 of the share capital may request that specific issues be placed on the agenda of the next General Meeting. Such request should be submitted to the Management Board no later than twenty-one (21) days before the date scheduled for the General Meeting. The request should include a justification or a draft resolution concerning the proposed item on the agenda. The request may be submitted in writing (sent to the address of the Company) or as an electronic document saved in PDF format sent to the email address of the Company at: wz@midasnfi.pl. The Management Board is obliged to immediately, but no later than eighteen (18) days before the date scheduled for the General Meeting, announce changes to the agenda, introduced at the request of the shareholders.

A shareholder or shareholders representing at least 1/20 (one-twentieth) of the share capital may, before the date of the General Assembly, submit to the Company in writing (sent to the address of the Company) or as an electronic document saved in PDF format sent to the email address of the Company: wz@midasnfi.pl, draft resolutions relating to matters to be placed on the agenda. The Company immediately publishes draft resolutions on its website. A shareholder or shareholders submitting draft resolutions must present a certificate issued by an appropriate body acknowledging the right to participate in the Ordinary General Meeting (OGM) and identifying the latter as shareholders of the Company.

A request to convene the Extraordinary General Meeting (EGM) and place certain issues on the agenda, presented by authorised persons, may be rejected only for legitimate reasons and justified in detail. If a motion concerns placing the election of members of the Supervisory Board in accordance with Article 385 par. 3 of the CCC on the agenda, it cannot be rejected under any circumstances. A General Meeting of Shareholders convened upon the motion of authorised entities, or a General Meeting of Shareholders whose agenda contains specific matters placed thereon as a result of such a motion, may be cancelled only with the consent of those who brought the motion. In other cases, the General Meeting may be cancelled if holding the meeting is subject to extraordinary obstacles or is obviously pointless.

Such cancellation and possible postponement of the General Meeting take place the same way as when convening the Meeting, reducing as much as possible any negative consequences of the changes for the Company and the shareholders. The cancellation and postponement of the General Meeting should be made immediately after the conditions justifying such cancellation or postponement emerge, but no later than seven days before the date of the General Meeting. If the cancellation or postponement of the General Meeting cannot be made within the time limit referred to in the preceding sentence, the General Meeting should be held unless the circumstances show that it is impossible or excessively difficult, then

such cancellation or postponement can be made at any time before the date of the General Meeting. The cancellation or postponement of the General Meeting is made by a notice published on the Company's website together with a statement of reasons and in compliance with any other requirements of the applicable laws. The power to cancel the General Meeting will be vested only in the body or person that has convened the General Meeting.

The General Meeting meets as an ordinary or extraordinary meeting. The Ordinary General Meeting is convened each year no later than on the last day of June.

Pursuant to Article 402¹ of the CCC, the General Meeting of the Company is convened by a notice posted on the Company's website and as prescribed for the distribution of current information in accordance with the provisions of the Act on the Public Offering. The notice should be made at least twenty-six days before the date of the General Meeting.

Pursuant to Article 402² of the CCC, every notice on the General Meeting of a public company should include at least:

- 1) the date, time and place of the General Meeting together with a detailed agenda,
- 2) a precise description of the procedures for participating in the General Meeting and exercising voting rights, and in particular information on:
 - a. shareholders' rights to request that specific issues be placed on the agenda of the General Meeting,
 - b. shareholders' rights to submit draft resolutions on matters brought to the agenda of the General Meeting or matters to be placed on the agenda before the date of the General Meeting,
 - c. shareholders' rights to submit draft resolutions on matters placed on the agenda during the General Meeting,
 - d. procedures for exercising voting rights by proxy, including, in particular, forms used for proxy voting purposes and procedures for notifying the company electronically of the appointment of that proxy,
 - e. options and procedures for participation in the General Meeting using electronic communication means,
 - f. procedures for taking the floor during the General Meeting using electronic communication means,
 - g. procedures for exercising voting rights by correspondence or using electronic communication means,
- 3) record date for participation in the General Meeting, as referred to in Article 406¹ of the CCC,
- 4) information that the right to participate in the General Meeting is vested only in persons who are shareholders of the Company on the record date for participation in the General Meeting,
- 5) indication where and how a person entitled to participate in the General Meeting can obtain the full text of the documentation to be presented to the General Meeting and draft resolutions or, if no resolutions are scheduled to be adopted, comments of the Management Board or the

Supervisory Board of the Company, relating to matters brought to the agenda of the General Meeting or matters to be placed on the agenda before the date of the General Meeting,

- 6) reference to the website where respective information on the General Meeting is published.

A public company operates its own website and publishes the following information since the date of convening the General Meeting:

- 1) notice on convening a General Meeting,
- 2) information on the aggregate number of shares in the Company and the number of votes from such shares as at the date of notice, and if shares are of different categories - also information about individual categories of shares and respective numbers of votes from shares of each category,
- 3) documentation to be presented to the General Meeting,
- 4) draft resolutions or, if no resolutions are scheduled to be adopted, comments of the Management Board or the Supervisory Board of the Company, relating to matters brought to the agenda of the General Meeting or matters to be placed on the agenda before the date of the General Meeting,
- 5) forms permitting to exercise voting rights by proxy or by correspondence, if they are not sent directly to all the shareholders.

If the forms referred to in 5) above cannot, for technical reasons, be made available on the website, the public company indicates on this site how and where to get the forms. In such a case, the public company sends the forms free of charge to each shareholder at his/her/its request. The forms should contain the proposed wording of the resolutions of the General Meeting and should make it possible:

- 1) to identify the shareholder casting the vote and his/her/its proxy if the shareholder exercises voting rights by proxy,
- 2) to cast the vote as defined in Article 4 par. 1 point 9) of the CCC,
- 3) to lodge an objection by the shareholders voting against the resolution,
- 4) to place instructions on how to vote in respect of each of the resolutions over which the proxy is supposed to vote.

The General Meeting may also adopt resolutions without being formally convened, if the entire share capital is represented and none of those present object either to the holding of the General Meeting or to the placement of particular matters on the agenda. The General Meeting can only adopt resolutions on items on the agenda.

Written draft resolutions under the agenda provided for in the notice on the Meeting are prepared by the Management Board and published on the Company's website. Draft resolutions to be presented to the General Meeting together with relevant documents, and the opinion of the Supervisory Board in a case when the Management Board requested such opinion, should be made available by the Management Board on the Company's website from the date of convening the General Meeting and in the registered office of the Company to all the shareholders, so that the shareholders have an opportunity to read and evaluate them. Draft resolutions prepared by shareholders should be promptly published on the Company's website, stating the date they were received and details of the shareholder who prepared each draft resolution.

Resolutions of the General Meeting are adopted by an absolute majority of votes, and in cases where provisions of the Act require a qualified majority, by a majority required by the CCC.

All shareholders are entitled to attend the General Meeting in person or by proxy. Unless provisions of the CCC stipulate otherwise, the General Meeting may pass resolutions regardless of the number of shareholders present and the amount of share capital represented.

In particular, shareholders of the Company can use email to inform the Company about granting or cancelling a power of attorney for participation in the General Meeting of Shareholders in electronic form. Every proxy granted should be notified to the Company using electronic communication means while exercising best efforts to allow effective verification of the validity of such proxy. Together with the electronic proxy notice, the shareholder shall send the following in PDF format: scan of the proxy, scan of ID, passport or another document permitting identification of the shareholder as the principal and the proxy established, email address and telephone number of the shareholder and the proxy provided that the proxy is not released from the obligation to submit, when drawing up the list of persons entitled to participate in the General Meeting, any documents for his/her identification. Rules applicable to identifying shareholders apply mutatis mutandis to notices served on the company on revocation of the proxy.

The agenda of the General Meeting is determined by the party convening the General Meeting. A shareholder or shareholders representing at least one twentieth of the share capital can request specific items to be placed on the agenda of the next General Meeting. Such request must be submitted in writing or electronically to the Management Board.

Pursuant to Article 420 par. 1 of the CCC, votes are public at the General Meeting. Secret ballot voting is pursued during elections and for votes on recalling members of the Issuer's governing bodies or liquidators, with respect to actions being brought against them, as well as in personal matters. Besides, such secret ballot voting should be administered at the request of at least one of the shareholders present or represented on the General Meeting.

Pursuant to Article 29 par. 1 of the Statute, the General Meeting is opened by the Chairman or Deputy Chairman of the Supervisory Board, and then from among the persons entitled to attend the General Meeting the Chairman of the General Meeting is elected. In the absence of those persons, the General Meeting is opened by the President of the Management Board or any person designated by the Management Board.

A resolution on abandoning a matter included in the agenda of the General Meeting may only be adopted for valid reasons. Detailed reasons should be given when filing a request in that respect. Removal from the agenda or abandonment of a matter placed on the agenda at the request of the shareholders requires a resolution of the General Meeting, upon prior consent from all present shareholders who made such request, supported by 75 per cent of the votes at the General Meeting.

4.7 Description of rules for appointment and dismissal of managing persons and their rights

4.7.1 Supervisory Board

The Supervisory Board consists of five to seven members. Members of the Supervisory Board are appointed for a joint three-year term of office. The mandate of each member of the Supervisory Board appointed or co-opted before the expiry of the term of the Supervisory Board expires together with the expiry of such term.

Members of the Supervisory Board are appointed and recalled by the General Meeting. As replacement for a resigning or deceased member, before the expiry of the mandate, the Supervisory Board may co-opt a member of the Supervisory Board. Only the members of the Supervisory Board elected or approved by the General Meeting vote on resolutions on co-opting a member of the Supervisory Board. Co-opted members of the Supervisory Board are presented for approval at the next General Meeting.

In addition to the matters specified in applicable laws, in other provisions of the Statute or in resolutions of the General Meeting, the powers and duties of the Supervisory Board include:

- a) evaluation of the financial statements for the previous financial year;
- b) evaluating the report of the Management Board on the operations of the Company;
- c) submitting to the General Meeting a written report on the results of the activities referred to in points (a) and (b);
- d) assessing motions of the Management Board on distributing profits or covering losses;
- e) entering into contracts with members of the Management Board and specifying the principles of their remuneration, as well as appointing, suspending or dismissing individual members of or the entire Management Board;
- f) entrusting members of the Supervisory Board with duties of the Management Board in the event that the entire Management Board is dismissed or when the Management Board is otherwise not able to work;
- g) granting consent to the Company to purchase or sell real estate, rights of perpetual usufruct or ownership interests in real estate;
- h) granting consent to the Company to conclude a material agreement with an affiliated entity (the above obligation does not apply to routine transactions concluded on market terms in the ordinary course of business conducted by the Company with a subsidiary in which the Company holds a majority shareholding) or a parent company; an affiliated entity is defined as in the Regulation of the Minister of Finance issued on the basis of Article 60 par. 2 of the Act on the Public Offering and the Conditions for Admitting Financial Instruments to Organised Trading and on Public Companies of 29 July 2005; further, it is accepted that granting loans or other types of debt financing towards the above entities falls within the limits of the ordinary business of the Company;
- i) granting consent to the Company to draw down liabilities where the value of a single transaction or of the total number of transactions concluded in a given financial year with a single entity exceeds 20 per cent of the Company's net assets, determined on the basis of the most recent separate financial statements published in an interim report;
- j) submitting a concise evaluation of the situation of the Company to the Ordinary General Meeting of Shareholders, including an evaluation of the internal control system and risk management system of the Company;
- k) appointing a certified auditor to audit the financial statements of the Company.

Rights to make decisions on issues or redemption of shares are reserved for the General Meeting of the Company.

4.7.2 Management Board

The Management Board consists of one to three members, including the President of the Management Board, appointed for a joint two-year term. The Supervisory Board determines, within the above limits, the number of members of the Management Board and appoints the President and other members of the Management Board. The Supervisory Board or the General Meeting may dismiss the entire Management Board or its individual members, including the President of the Management Board, before the expiry of their term.

The Management Board exercises all its powers within the scope of managing the Company, except for powers reserved by law and the Statute for other bodies of the Company. Operating procedures for the Management Board, as well as duties that can be assigned to its individual members, may be defined in detail in the Rules of Procedure of the Management Board, adopted by the Management Board.

Resolutions of the Management Board require activities going beyond the ordinary management duties and, in particular:

- 1) defining strategies and key operating objectives of the Company as well as financial, pay and personnel policies of the Company,
- 2) approval of the Company's financial statements,
- 3) drafting business plans and financial plans for the Company,
- 4) adopting the By-laws of the Management Board,
- 5) entering into agreements on joint business with third parties (consortium agreements),
- 6) carrying out legal transactions whose value is higher than 15 per cent of the Company's net assets as at the date of the balance sheet for the last financial year,
- 7) subscribing for shares or holdings in another company,
- 8) convening the General Meeting and setting its agenda,
- 9) granting sureties or guarantees, assuming debts, establishing mortgages or pledges,
- 10) purchasing or disposing of real estate or shares therein.

4.8 Composition, changes and operating procedures applicable to managing, supervising and administration bodies of the Company

4.8.1 Supervisory Board

As at 31 December 2012, 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) Krzysztof Majkowski - Member of the Supervisory Board
- 5) Mirosław Mikołajczyk - Member of the Supervisory Board

6) Jerzy Żurek - Member of the Supervisory Board

On 14 December 2012, Mr. Andrzej Chajec submitted his resignation as Member of the Supervisory Board of the Company, without stating any reason for the resignation. Therefore, acting in accordance with the Statute of the Company, on 14 December 2012, the Supervisory Board of the Company adopted a resolution under which, effective as of 16 December 2012:

- a) it co-opted Mr. Wojciech Pytel, President of the Management Board, to the Supervisory Board until 15 December 2012, that is, until the end of the term of office of the Management Board, and appointed Mr. Wojciech Pytel as Chairman of the Supervisory Board of the Company, where, in accordance with the By-laws of the Supervisory Board of the Company, a co-opted member of the Supervisory Board will be presented to the next meeting of the General Meeting of Shareholders of the Company for approval;
- b) it elected Mr. Zygmunt Solorz-Żak (then Chairman of the Supervisory Board) to act as Deputy Chairman of the Supervisory Board of the Company.

The operating procedures for the Supervisory Board are governed by the provisions of the CCC, the provisions of the Statute, in particular Articles 16-22 and the Rules of Procedure of the Supervisory Board. The provisions of Articles 381-392 of the CCC apply accordingly to all matters not settled in the Statute.

Each member of the Supervisory Board is obliged to provide the Company with his/her statement on the number of shares held in the Company, their percentage share in the share capital and the resulting number of votes, within 4 days of being appointed to the Supervisory Board, and also each time of being requested to do so by the Company's Management Board. Within 4 days after acquiring or disposing of shares in the Company, a member of the Supervisory Board is obliged to notify the Company of such. The relevant letter should contain information on the number of shares in the Company acquired or disposed of, their percentage share in the share capital, and the number of votes resulting from those shares, as well as the number of currently held shares and number of votes. The above provision shall apply mutatis mutandis to the acquisition and disposal of shares in the Company's parents or subsidiaries as well as to transactions with such entities insofar as they are relevant to the financial position of the member of the Supervisory Board. Members of the Supervisory Board should refrain from taking any action which could lead to a conflict of interests with the Company. Members of the Supervisory Board are obliged to immediately inform the Chairman of the Supervisory Board about a conflict of interests and are required to abstain from voting on these matters. A member of the Supervisory Board cannot resign from performing this function during the term if it could prevent effective work of the Supervisory Board and, in particular, if this could prevent timely adoption of any significant resolution.

Pursuant to Article 17 par. 1 of the Statute and section 4 of the Rules of Procedure of the Supervisory Board, the Supervisory Board elects from among its members the Chairman and Deputy Chairman of the Supervisory Board. The Chairman of the Supervisory Board manages its work, convenes meetings of the Board and presides over them, represents the Supervisory Board in dealings with the Management Board and in external relations. In the absence of the Chairman of the Supervisory Board at the meeting of the Supervisory Board or in the event of his/her inability to perform his/her functions in the period between meetings (prolonged illness, departure) the Chairman of the Supervisory Board is replaced by the Deputy Chairman, and in the absence of the Deputy Chairman or his/her inability to perform his/her functions, by another member of the Supervisory Board elected by members of the Supervisory Board. Pursuant to Article 18 par. 1 of the Statute, the Supervisory Board meets at least once every quarter.

Subject to the provisions of Articles 19.2 and 19.3 of the Statute, the Supervisory Board makes decisions by an absolute majority of the votes cast if at least half of its members attend the meeting, and all its members have been invited to the meeting as stipulated in the Statute. The Supervisory Board may adopt valid resolutions also in cases when despite the failure to serve notice on individual members, they are present at the meeting of the Supervisory Board and agree to participate in the meeting.

Members of the Supervisory Board may participate in adopting resolutions of the Supervisory Board by voting in writing through any other member of the Supervisory Board. A written vote cannot relate to matters introduced onto the agenda during a meeting of the Supervisory Board. The Supervisory Board may adopt resolutions in writing (by circulation) and also by means of direct remote communication. In particular, members of the Supervisory Board may vote on resolutions by sending fax messages or via email. Resolutions adopted this way are valid provided that all the members of the Supervisory Board are previously notified about the content of the resolution as stipulated in Article 19.1 of the Statute. Passing resolutions as specified in Article 19.2 and 19 par. 3 of the Statute cannot apply to electing the Chairman and Deputy Chairman of the Supervisory Board, appointing a member of the Management Board and recalling and suspending such persons.

The Supervisory Board performs its duties collectively, although it may delegate its members to carry out particular supervisory actions individually.

After the date for a meeting is determined, the Chairman of the Supervisory Board informs the Management Board about the meeting, requests the same to submit any required papers and documents and notifies about the obligatory presence of specialist employees or other persons in order to discuss issues which are the subject of the agenda. The Chairman of the Supervisory Board may authorise a member of the Supervisory Board to exercise the above powers and, in the case when working teams of the Supervisory Board are established, their chairmen are also authorised to the extent of activities of such a team to impose on the Management Board an obligation to prepare materials for the meeting and ensure the presence of specialist employees or other persons whose presence is necessary due to the scope of issues to be discussed during the meeting of the Supervisory Board. In the event that a resolution on delegating members of the Supervisory Board to perform specific supervisory activities is adopted, the delegated member of the Supervisory Board may, to the extent of his/her assignment, request access to files and documents regardless of expected topics of the next meeting of the Supervisory Board, and may also require the presentation of individual documents to the Supervisory Board, if they are associated with the planned agenda of the next meeting.

The Supervisory Board may establish permanent and ad hoc working teams from among its members. A resolution establishing any such team defines competences and its operating procedures, and can also authorise individual team members to perform control activities within the scope of the team's responsibilities. Working teams of the Supervisory Board, as well as members of the Supervisory Board delegated to perform specific supervisory activities, notify the Supervisory Board about the results of their work at the meeting of the Supervisory Board, but cannot issue any recommendations or opinions for the Management Board.

Members of the Supervisory Board carry out their duties in person, although the Supervisory Board may adopt a resolution commissioning the preparation of an expert opinion or analysis in connection with the performance of supervisory duties to persons from outside the Supervisory Board. Terms and conditions for the execution of such orders in accordance with any resolution adopted in that respect are agreed by the Chairman of the Supervisory Board or another member of the Supervisory Board indicated in the resolution, who informs the Management Board about the need to enter into a mandate contract or a contract for specific work on behalf of the Company to the extent respectively agreed.

4.8.2 Audit Committee

There is an Audit Committee established in the Company unless the General Meeting delegates its responsibilities to the Supervisory Board consisting of five members, and in addition, the Supervisory Board may appoint other committees, including a nomination and remuneration committee.

Under the Rules of Procedure of the Supervisory Board, the following permanent committees may work within the Supervisory Board: the Audit Committee and the Remuneration Committee which submit annual reports on their activities to the Supervisory Board. Those reports are made available to shareholders of the Company. The committees are appointed by the Supervisory Board from among its members. The committees are made up of 3 to 5 members. The work of each committee is managed by its chairman. All members of the Supervisory Board may participate in meetings of the committee.

The Audit Committee includes at least two independent members (non-members of the Supervisory Board) and at least one member who has qualifications and experience in the field of accounting or finance. The Audit Committee's task is to advise the Supervisory Board on the proper implementation of the principles of budgetary and financial reporting, as well as on internal control at the Company and cooperation with the Company's certified auditors. In particular, the Audit Committee is responsible for:

- a) monitoring the work of the Company's certified auditors and presenting to the Supervisory Board recommendations on the choice and remuneration of the Company's certified auditors,
- b) discussing with the Company's certified auditors, before the commencement of the annual audit of the financial statements, the nature and scope of the audit, and monitoring the coordination of work between the Company's certified auditors,
- c) reviewing interim and annual financial statements of the Company (separate and consolidated), with a particular focus on: (i) any changes to accounting standards, principles and practices, (ii) major areas of judgement, (iii) significant post-audit adjustments, (iv) going concern statements, (v) compliance with applicable accounting regulations,
- d) discussing any problems or reservations that might result from the audit of the financial statements,
- e) analysing letters to the Management Board prepared by the certified auditors of the Company, and the independence and objectivity of their audit and the responses of the Management Board,
- f) issuing opinions on yearly and long-term financial plans,
- g) giving opinions on the dividend policy, profit distribution and securities issues,
- h) reviewing the management accounting system,
- i) reviewing the internal control system, including control mechanisms in the area of finance, operations, compliance, risk and management assessment,
- j) analysing reports by the Company's internal auditors and the main reservations of other internal analysts, and responding to the Management Board with regard to those reservations, together with assessing the degree of independence of the internal auditors and issuing opinions on the Management Board's plans for hiring or dismissing persons in charge of organisational units responsible for internal audit,

- k) annually reviewing the internal audit programme, coordinating the work of internal and external auditors and examining conditions of the internal auditors' work,
- l) cooperating with organisational units of the Company responsible for auditing and control, and periodically evaluating their work,
- m) considering all other issues related to auditing at the Company, which the Audit Committee or Supervisory Board draw attention to,
- n) informing the Supervisory Board about any material issues in respect of the activities of the Audit Committee.

The composition of the Audit Committee as at the date hereof was as follows:

- Andrzej Abramczuk
- Mirosław Mikołajczyk
- Jerzy Żurek

4.8.3 Remuneration Committee

The Remuneration Committee is responsible for helping achieve the strategic goals of the Company by presenting the Supervisory Board with opinions and motions on structuring management, including on organisational solutions, the remuneration system, and the choice of staff having qualifications appropriate to building the success of the Company. The Committee's responsibilities include in particular: (a) initiating reviews of and giving opinions on systemic solutions for appointment of members of the Management Board, (b) reviewing the Company's management system solutions proposed by the Management Board and designed to ensure efficiency, consistency and safety and security of the Company's management, (c) periodically reviewing and recommending rules for accepting incentive schemes for members of the Management Board and senior executives, in accordance with the interests of the Company, (d) periodically reviewing the system of remuneration of members of the Management Board and executives reporting directly to members of the Management Board, including manager's contracts and incentive schemes, (e) presenting opinions to the Supervisory Board on justifications for performance-based remuneration in the context of the assessment of the degree of implementation of specific tasks and objectives of the Company, (f) assessing the human resources management system in the Company.

The composition of the Remuneration Committee as at the date hereof was as follows:

- Krzysztof Majkowski
- Jerzy Żurek

4.8.4 Management Board

As at 31 December 2012, 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
- 3) Dariusz Łukasiewicz - Vice-President of the Management Board

In connection with the term of office of the Management Board of the Company ending on 15 December 2012, the Supervisory Board of the Company, acting in accordance with the Statute of the Company, on 14 December 2012 appointed the following Members of the Management Board for a new, two-year term of office beginning on 16 December 2012:

- a) Mr. Krzysztof Adaszewski, entrusting him with the role of President of the Management Board,
- b) Mr. Maciej Kotlicki, entrusting him with the role of Vice-President of the Management Board,
- c) Mr. Dariusz Łukasiewicz, entrusting him with the role of Vice-President of the Management Board.

The operating procedures for the Management Board are governed by the provisions of the CCC, the provisions of the Statute, in particular Articles 12-15 of the Statute, and the Rules of Procedure of the Management Board. The provisions of Articles 368-380 of the CCC apply accordingly to all matters not settled in the Statute.

Subject to the following sentence, in order to make declarations of will and sign on behalf of the Company, two members of the Management Board acting jointly or one member of the Management Board acting jointly with a registered holder of a commercial power of attorney are required. In the case of a single-member Management Board, the sole member may act individually in making declarations of will and signing on behalf of the Company. The following, among others, require the consent of the Supervisory Board:

- a) conclusion by the Company of a material agreement with an affiliated entity (the above obligation does not apply to routine transactions concluded on market terms in the ordinary course of business conducted by the Company with a subsidiary in which the Company holds a majority shareholding) or a parent company; an affiliated entity is defined as in the Regulation of the Minister of Finance issued on the basis of Article 60 par. 2 of the Act on the Public Offering and the Conditions for Admitting Financial Instruments to Organised Trading and on Public Companies of 29 July 2005; further, it is accepted that granting loans or other types of debt financing towards the above entities falls within the limits of the ordinary business of the Company;
- b) granting consent to the Company to draw down liabilities where the value of a single transaction or of the total number of transactions concluded in a given financial year with a single entity exceeds 20 per cent of the Company's net assets, determined on the basis of the most recent separate financial statements published in an interim report.

In agreements between the Company and members of the Management Board, and in disputes with them, the Company is represented by the Supervisory Board. By way of a resolution, the Supervisory Board may authorise one or more members of the Supervisory Board to perform such legal duties.

Members of the Management Board acquiring shares in the Company or its subsidiaries or parents should treat them as long-term investments.

4.9 Emoluments of managing and supervising persons

The table below shows the value of salaries, bonuses or benefits from their functions in 2012, separately for each of the Issuer's managing and supervising persons.

Name and surname	Position	Gross salary (in PLN '000)
Krzysztof Adaszewski	President of the Management Board ^{1, 10}	780
Maciej Kotlicki	Vice-President of the Management Board ²	475
Dariusz Łukasiewicz	Vice-President of the Management Board ³	0
Wojciech Pytel	Chairman of the Supervisory Board ^{4, 7}	475
Zygmunt Solorz-Żak	Deputy Chairman of the Supervisory Board ⁵	4
Andrzej Abramczuk	Secretary of the Supervisory Board ⁸	164
Andrzej Chajec	Member of the Supervisory Board ^{6, 9}	202
Krzysztof Majkowski	Member of the Supervisory Board	2
Mirosław Mikołajczyk	Member of the Supervisory Board	2
Jerzy Żurek	Member of the Supervisory Board	2

⁽¹⁾ from 16 December 2012; served as a Management Board Member from 1 January 2012 to 15 December 2012

⁽²⁾ from 16 December 2012; served as a Management Board Member from 1 January 2012 to 15 December 2012

⁽³⁾ from 16 December 2012

⁽⁴⁾ from 16 December 2012; served as Management Board President from 1 January 2012 to 15 December 2012

⁽⁵⁾ from 16 December 2012; served as Chairman of the Supervisory Board from 1 January 2012 to 15 December 2012

⁽⁶⁾ to 14 December 2012

⁽⁷⁾ remuneration received for serving as Management Board President

⁽⁸⁾ the value of the remuneration includes remuneration in the amount of PLN 162,000 for services rendered to Nova and Mobyland

⁽⁹⁾ the value of the remuneration includes remuneration in the amount of PLN 200,000 for bonuses for former members of the management board of Aero2

⁽¹⁰⁾ the value of the remuneration includes remuneration in the amount of PLN 306,000 for an employment contract with Aero2

In 2012, none of the managing or supervising persons received:

- remuneration, awards or benefits under incentive or bonus schemes based on the capital of the Issuer, including schemes based on preferred bonds, convertible bonds, subscription warrants (in cash, in kind or in any other form whatsoever),
- remuneration and awards received for functions in authorities of the subordinated entities (save for the above bonus for former members of the management board of Aero2).

4.10 Agreements with managing persons providing for compensation in the event of their resignation or dismissal without cause or when their dismissal or termination results from a merger of the Company following acquisition

In 2012, no agreements with managing persons providing for compensation in the event of their resignation or dismissal without cause or when their dismissal or termination results from a merger of the Company following acquisition were effective.

5 Other information

5.1 Proceedings pending before a court, competent authority for arbitration proceedings or public administration authority

In 2012, no material 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 are described in more detail in section 5.1 of the Management Report on the operations of Midas S.A. in 2012. In the proceedings, 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 to sustain, change or repeal the previous resolutions that directly concern frequency reservations for CenterNet and Mobyland or frequency reservations granted to Aero2.

5.2 Subsequent events

On 17 January 2013, the Company redeemed early debt papers series MID0611C, subscribed by CenterNet, for a total value of PLN 3,171,000, including interest for a total of PLN 921,000. Subsequently, on 11 March 2013, the Company redeemed early debt papers series MID0611B, held by Mobyland, for a total value of PLN 23,062,000, including interest for a total of PLN 3,062,000. As a result of the above transactions, as at the date of publication hereof, the Company has no obligations under the debt papers.

On 31 January 2013, Mobyland and Cyfrowy Polsat signed an understanding concerning the agreement of 15 December 2010, which expanded the range of the Data Transmission Services in the Mobyland network to include the range of the Polkomtel network.

On 18 February 2013, the Company received a copy of a decision of the District Court for the City of Warsaw in Warsaw, Division XII Commercial of the National Court Register (the "Decision"), of 12 February 2013 concerning the entry made on 12 February 2013 in the commercial register of the National Court Register of an amendment to the Statute of the Company, approved by Resolution No. 19/2012 of the Ordinary General Meeting of Shareholders of the Company of 31 October 2012 (the "Resolution"), including an amendment of the business name of the Company from the previous "Narodowy Fundusz Inwestycyjny MIDAS Spółka Akcyjna" to the present wording of "Midas Spółka Akcyjna". The Company provided information about the adoption of the Resolution and about drawing up, in connection with the considerable extent of the amendments made, a new consolidated text of the Statute, in Current Report No. 47/2012 of 31 October 2012.

On 28 February 2013, the Company concluded with Alior Bank Spółka Akcyjna (the "Bank") a loan agreement (the "Agreement") for investment credit (the "Credit") in the amount of PLN 150 million to finance the expansion of a network of relay stations by companies forming the Midas Capital Group. Under the Agreement, the Company can use the Credit after meeting specific conditions of use of the Credit, specified in the Agreement, but no later than by 31 March 2015. The Credit will be repaid in 12 quarterly capital instalments in the following amounts: PLN 1.5 million for the first three instalments; PLN 16.2 million for the next 8 instalments, and PLN 15.9 million for the last instalment. Capital instalments will be paid on the day on which each quarter ends, beginning with 30 June 2015 until 31 March 2018. The interest, calculated on the basis of the 1M WIBOR rate increased by the Bank's margin,

will be repaid in monthly periods. The conclusion of the Agreement, as well as the terms and conditions of utilising and securing the Credit, were notified by the Company's Management Board in Current Report No. 4/2013.

On 13 February 2013, the President of the UKE announced that he had settled the tender for frequency reservations in the 1800 MHz range, where the highest rated were three bids from P4 and two bids from PTC. The entities selected in the tender agreed to pay the State Treasury a one-off frequency reservation fee (approximately PLN 951.5 million combined for the above five bids from the two entities), and to begin using the awarded frequencies within twelve months of receiving the reservation decision. They also agreed, within 24 months, to invest in the telecommunications network by building or updating at least 3,200 base stations (the minimum required in the tender documentation is 1,800 transmitters), of which at least 50 per cent will be in rural districts, urban-rural districts or towns with a population of less than 100,000. After the announcement of the results of the tender procedure, the entities selected in the tender had seven days to file a request with the President of the UKE for each of the five reservations covered by the tender. According to the information provided by the UKE spokesperson, within seven days from the announcement of the results of the tender for five frequency reservations in the 1800 MHz range, the secretary's office of the UKE received the following reservation decision requests: two requests from PTK Centertel, two requests from Sferia, five requests from P4, three requests from PTC and two requests from Polkomtel. Remedies set forth in the applicable laws apply to the decisions of the President of the UKE regarding the above tender and frequency reservations.

On 6 March 2013, the Company's Management Board adopted a resolution on issuing series A bonds (the "Resolution"). In accordance with the content of the Resolution, the Management Board decided that the Company should issue no more than 600,000 zero-coupon secured series A bearer bonds with a nominal value of PLN 1,000 per bond (the "Bonds"). The Bonds will not be in the form of a document, and they will be registered in the depository of securities in accordance with the Act on Trading in Financial Instruments. The Bonds will be the subject of an application for introduction to the alternative system of organised trading by Gielda Papierów Wartościowych w Warszawie S.A. (Catalyst market). The issue price of one Bond has been specified on the basis of the nominal value of one Bond reduced by the unit discount value (set in accordance with the provisions of the BII) and amounts to PLN 342.77 per Bond. Detailed information about the terms and conditions of the Bond issuance was published in Current Report No. 5/2013.

On 7 March 2013, the Issuer, the Issuer's subsidiary Conpidon Limited ("Conpidon", and, together with the Issuer, the "Pledgors") and BondTrust Polskie Towarzystwo Powiernicze S.A. ("BondTrust PTP", the "Pledge Administrator") concluded an agreement to establish a registered pledge on shares and interests and to establish other forms of security of the Bonds (the "Pledge Agreement"). In performance of the Agreement, the Issuer established security for the Bonds in the form of its own blank promissory note issued and submitted to BondTrust PTP, together with a promissory note declaration authorising BondTrust PTP to fill in the promissory note to an amount equivalent to 120 per cent of the total maximum nominal value of the Bonds, i.e. PLN 720,000,000 and in the form of the declaration on submission to enforcement up to the aforementioned amount. Furthermore, to secure the future receivable for payment of the promissory note amount, the Pledgors established, by virtue of the Agreement, a civil pledge in favour of BondTrust PTP on each of the Subjects of the Pledge, namely: a) 204,200 shares in Mobyland Sp. z o.o. with a nominal value of PLN 500 each, owned by the Issuer, b) 221,000 shares in Aero 2 Sp. z o.o. with a nominal value of PLN 50 each, owned by Conpidon, c) 4,264,860 shares of Centernet S.A. with a nominal value of PLN 17.30 each, owned by the Issuer. The terms and conditions of the Pledge Agreement were described in detail in Current Report No. 6/2013.

5.3 Important achievements in the area of research and development

In 2012, the Midas Group carried out no research and development activities.

5.4 Environmental issues

The Group complies with all the obligations in the area of the protection of the natural environment. To the extent to which the Group entities create their own radio network infrastructure, there are issues of compliance of the devices of the base stations in the radio telecommunication networks with the requirements of applicable laws on the environment protection, especially in terms of not exceeding the limit values of electromagnetic fields associated with the operation of such stations. Pursuant to the provisions of the Act of 3 October 2008 on the provision of information about the environment and its protection, public participation in environmental protection and environmental impact assessments and secondary regulations thereto, in particular the Regulation of the Council of Ministers of 9 November 2010 on projects likely to have significant effects on the environment, the implementation of the projects for the construction of devices in the base stations, depending on the capacity of the installed devices, may constitute a project significantly affecting the environment. In addition, the construction of these devices may be subject to certain environmental protection conditions in the Natura 2000 area. The foregoing may require assessment of the environmental impact during the preparation for the construction of such devices, and when obtaining building permits, decisions on approval of the construction project, decisions to permit the use of, or change in the use of a building or a part thereof. Such environmental impact assessments are carried out when preparing reports on the project impact on the environment and when applying for decisions on the environmental conditions for the project.

The provisions of the above regulation stipulate that not all installations of base stations emitting electromagnetic fields with frequencies ranging from 0.03 MHz to 300,000 MHz are classified as projects likely to always have a significant environmental impact. The classification of the base station as a project that could always significantly affect the environment depends on the proximity of places accessible to the public to antennas of the base stations and equivalent isotropic radiated power of such antennas. Construction of the stations which are not classified as projects likely to always significantly affect the environment and not located within the Natura 2000 area is subject to the environmental impact assessment only if competent authorities issue a decision requiring such assessment.

Technologies currently used, in the opinion of the Issuer, allow for expansion of the infrastructure of the radio telecommunications network in accordance with the applicable environmental protection standards, including in compliance with the threshold values of electromagnetic fields associated with the operation of base stations.

The Issuer believes that other environmental issues do not have a material impact on the Group's operations and its financial position and do not have a material impact on the Group's use of its property, plant and equipment.

5.5 Registry, communication and address information

The registered name of the Issuer:	Midas Spółka Akcyjna The Issuer may use the abbreviated name MIDAS S.A.
Place of registration:	The Issuer is registered in the Commercial Register of the National Court Register kept by the District Court for the capital city of Warsaw in Warsaw, Division XII Commercial of the National Court Register.
Registration No.:	National Court Register 0000025704
Date established:	The Issuer was established on 15 December 1994 by the State Treasury represented by the Minister of Ownership Transformations (currently, the Minister of the State Treasury) as a sole shareholder company of

	the State Treasury.
Duration:	Unlimited
Registered office:	Warsaw
Legal form:	spółka akcyjna
Regulations applicable to the Issuer's operations:	The Issuer operates pursuant to and in accordance with the laws of Poland, in particular the provisions of the Code of Commercial Companies as well as on the basis of its Statute.
Country of the registered office:	Republic of Poland
Address:	ul. Lwowska 19, 00-660 Warsaw
Telephone number:	+48 22 249 83 10
Fax number:	+48 22 249 83 13
Email:	biuro@midasnf.pl
Website:	http://www.midasnf.pl

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

<hr/>	<hr/>	<hr/>
Krzysztof Adaszewski	Maciej Kotlicki	Dariusz Łukasiewicz
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board

Warsaw, 21 March 2013