Report on the operations of the Midas Capital Group

for the first half of 2013

Warsaw, 2 September 2013

CONTENTS:

1 Basic information on the Midas Capital Group

1.1 Structure of the Midas 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, 12th Commercial Division of the National Court Register, under KRS 0000025704. The registered office of the Company is in Warsaw.

The Company's business activity includes:
1) financial holding activity (64.20.Z),
2) other forms of granting loans (64.92.Z),
3) other financial services activities not elsewhere classified, except for insurance and pension funds (64.99.Z),
4) other activities auxiliary to financial services, except for insurance and pension funds (66.19.Z),
5) purchase and sale of real estate on own account (68.10.Z).

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

As at 30 June 2013, the composition of the Supervisory Board of the Company was as follows:

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

In the first half of 2013, the following decisions concerning the composition of the Supervisory Board were taken: on 21 June 2013 the Ordinary General Meeting of Shareholders of the Company approved the co-optation of Mr. Wojciech Pytel to the Supervisory Board of the Company as of 16 December 2012 and appointed Mr. Andrzej Chajec to the Supervisory Board as of 21 June 2013. The aforementioned co-optation of Mr. Wojciech Pytel to the Supervisory Board was announced by the Management Board of the Company in Current Report No. 54/2012.

As at 30 June 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

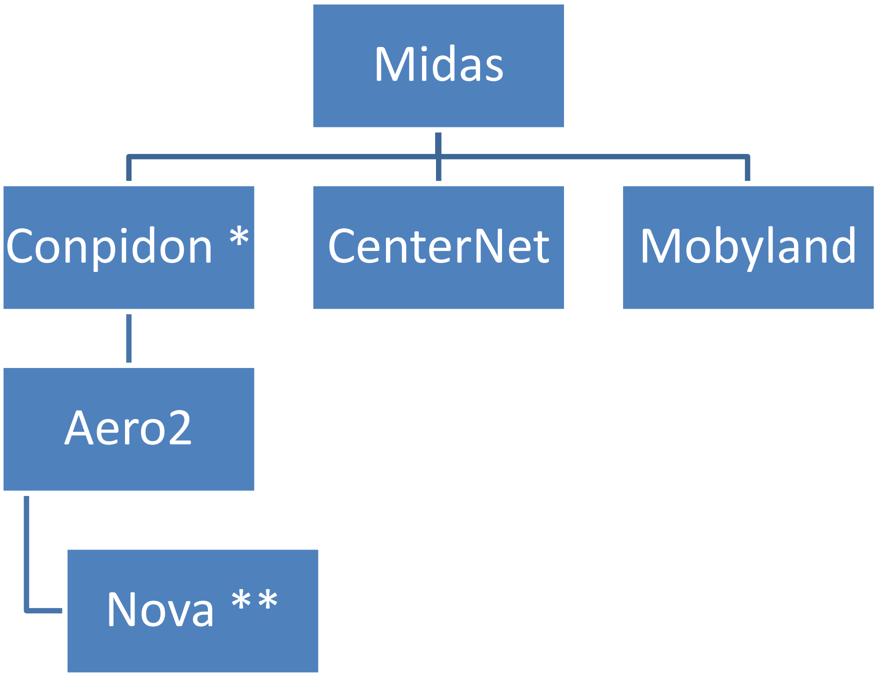
The intermediate parent of the Company is the company Litenite Limited with its registered office in Nicosia, Cyprus ("Litenite").

As at 30 June 2013, 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 ("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").

The diagram below shows the structure of the Midas Group as at the date of publication of this report. As at 30 June 2013, the Company held a 100-per cent share of equity and of the total number of votes in relation to the companies: CenterNet, Mobyland, Conpidon, Aero2 and Nova.



* on 21 June 2013, the General Meeting of Shareholders of Midas adopted a resolution granting consent to the merger of Conpidon and Midas S.A.

** on 31 July 2013 (a post-balance sheet date event), Nova merged with Aero2.

The Midas Group's core business is the provision of wholesale wireless data transmission services by Aero2, CenterNet and Mobyland, and voice services for individual clients by CenterNet. The wholesale wireless data transmission services are delivered on the basis of: (i) the frequency ranges reserved for Aero2, CenterNet and Mobyland, and (ii) the telecommunications infrastructure held by Aero2. In addition, another important factor is the shared use of the telecommunications infrastructure of Polkomtel Sp. z o.o. with its registered office in Warsaw ("Polkomtel"). It should also be noted that, due to the frequency reservation obtained in the 2600 MHz range, Aero2 is required to provide free internet access.

1.2 *Changes in the structure of the Midas Group with an indication of consequences*

In the first half of 2013, there were no significant changes in the structure of the Midas Group.

On 24 April 2013, the Management Board of the Company resolved to carry out a cross-border merger (the "Merger") of the Company and Conpidon Limited, in which the Company has 100 per cent of the shares in the share capital. The decision to conduct the Merger of the Company and Conpidon reflects the belief of the Management Board of the Company that the Merger is the fastest and most effective way to streamline the structure of the Midas Group. The long-term goal for the Merger is for the Company to directly hold 100 per cent of the shares in the share capital of Aero2, which is in line with the strategy of the Midas Group. The Merger of the Company with Conpidon will be effected by way of: (i) transferring to the Company, as the sole shareholder of Conpidon, all of the assets of Conpidon, via universal succession, and (ii) dissolving Conpidon without liquidating it, in accordance with the provisions of the

Commercial Companies Code (the "CCC"), the Companies Law of Cyprus and the provisions of Directive 2005/56/EC of the European Parliament and of the Council. As a result of the Merger, the Company will, as of the date of the merger, enter into all rights, obligations, assets and liabilities of Conpidon. Pursuant to the CCC, due to the fact that the Company holds all of the shares in Conpidon, the Merger will occur without increasing the Company's share capital, and the Merger plan will not be evaluated by an expert. Detailed information about the proposed Merger was published in Current Reports No. 14/2013 and 15/2013. On 17 May 2013, the Management Board of the Company prepared and published (Current Report No. 20/2013) a Report of the Management Board justifying the Merger. On 21 June 2013, the OGM adopted resolution No. 21/2013, pursuant to which it approved the Merger and authorised the Management Board of the Company to execute all actions required to perform the Merger procedure (information published in Current Report No. 28/2013).

On 25 April 2013, a plan was agreed and signed for a merger by takeover between the companies Aero2 (as the acquiring company) and Nova (as the target company), in which Aero2 held a 100-per cent interest in the share capital. The decision to merger the two companies resulted from the desire to optimise and streamline the ownership structure of the Group. It was decided that the merger of Aero2 and Nova will be made on the basis of the provisions of the CCC, in consequence of which: (i) Noval will be wound up without liquidation, and (ii) all of the assets and liabilities of Nova will be transferred to or taken over by Aero2 under universal succession, and (iii) Aero2 will enter into all the rights and obligations of Nova. On 4 June 2013, the Extraordinary General Meeting of Shareholders of Aero2 and the Extraordinary General Meeting of Shareholders of Nova adopted resolutions on the merger of the those companies under the above rules. On 31 July 2013 (a post-balance sheet date event), the District Court for the City of Warsaw, 12th Commercial Division of the National Court Register, handed down a decision to register the merger of Aero2 as the acquiring company with Nova – the target company, by way of transferring all of the assets of the target company to the acquiring company.

1.3 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 for the first half-year of 2013 are: the Company, CenterNet, Mobyland, Conpidon, Aero2 and Nova. All of the above companies are subject to consolidation by the full method.

1.4 Shareholding structure

The table below shows the shareholders of the Company who, as at the date of this interim report, i.e. 2 September 2013, hold either directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of Shareholders of the Company. 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 public offering and conditions for the introduction of financial instruments to organised trading, and public companies (the "Act on Public Offering"), and pursuant to Article 160 of the Act on trading in financial instruments (the "Act on Trading").

Name of the shareholder of the Company	Number of shares/votes	%
Zygmunt Solorz-Żak (*)	976,542,690	65.9975
ING Otwarty Fundusz Emerytalny	74,386,458	5.0272
Other shareholders	428,737,602	28.9753
Shares of the Company	**1,479,666,750**	**100.00**

(*) Mr. Zygmunt Solorz-Żak, acting as Deputy Chairman of the Company's Supervisory Board, controls the Company through: (i) Karswell Limited, with its registered office in Nicosia, Cyprus, (ii) Ortholuck Limited, with its registered office in Nicosia, Cyprus, and (iii) Litenite Limited, with its registered office in Nicosia, Cyprus, within the scope of 976,542,690 shares in the Company held by Litenite.

On 8 April 2013, the Company sold, in an ordinary session transaction on the regulated market of Giełda Papierów Wartościowych S.A. in Warsaw, 5,000 of its own shares constituting 0.0003 per cent of the share capital of the Company and providing 5,000 voting rights constituting 0.0003 per cent of the total number of votes at the OGM of the Company. The reason for selling the shares was to free the blockade on the aforementioned shares in order to secure receivables from series X02.09.A commercial papers issued by the Company on 18 November 2009. The aim in selling the shares was to unify the Company's shareholding structure with respect to the percentage share in the share capital and in votes at the general meeting of shareholders of the Company (in accordance with Article 364 of the Commercial Companies Code, the Company did not exercise voting rights under its own shares) – after the disposal, the Company did not possess any own shares.

From the date of the previous interim report of the Company, i.e. since 15 May 2013, until the date hereof, i.e. 2 September 2013, there have been no changes in the ownership structure of significant blocks of shares in the Company.

1.5 Summary of possession of shares in the Issuer, entitlements to these by managerial and supervisory personnel of the Issuer

The following table summarises the direct shareholding in the Company by managing and supervising persons as at the date of publishing this interim report, i.e. as at 2 September 2013. In the period from the date of submitting the most recent quarterly report, i.e. 15 May 2013, until the date of publishing this report, i.e. 2 September 2013, the Company received one notification prepared under the procedure of Article 160 of the Act on Trading. In that notification, a member of the Supervisory Board reported on the sale on 27 May 2013 in an ordinary trading session on the regulated market of Giełda Papierów Wartościowych w Warszawie S.A. of 77,000 shares in the Company.

The direct state of possession of shares in the Company by managerial and supervisory personnel:

Name and surname	**Position**	**Shares in the Company held as at 2 September 2013 (in shares)**
Wojciech Pytel	Chairman of the Supervisory Board	none
Zygmunt Solorz-Żak (*)	Deptuy Chairman of the Supervisory Board	none
Andrzej Abramczuk	Secretary of the Supervisory Board	none
Krzysztof Majkowski	Member of the Supervisory Board	160,000 (**)
Mirosław Mikołajczyk	Member of the Supervisory Board	none
Jerzy Żurek	Member of the Supervisory Board	none
Krzysztof Adaszewski	President of the Management Board	none
Maciej Kotlicki	Vice-President of the Management Board	none
Dariusz Łukasiewicz	Vice-President of the Management Board	none

(*) Mr. Zygmunt Solorz-Żak indirectly holds 976,542,690 shares in the Company, through entities he directly or indirectly controls. Mr. Zygmunt Solorz-Żak holds shares of the Company through the following entities: (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.
(**) as at the date of publication of the report for the first quarter of 2013 – 237,000 shares.

At the same time, the Company announces that managing and supervising persons do not have any rights to the Company's shares.

2 Rules for preparing the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the EU, in particular in accordance with International Accounting Standard No. 34. As at the date of approval of these statements for publication, taking into account the EU process of implementing the IFRS standards and the business conducted by the Group, in the context of the accounting principles applied by the Group, accounting principles of the International Financial Reporting Standards differ from those of the International Financial Reporting Standards adopted by the EU. The Company has made use of the opportunity arising when applying the International Financial Reporting Standards adopted by the EU, of applying IFRS 10, IFRS 11 and IFRS 12, the amended IAS 27 and IAS 28 only from annual periods beginning from 1 January 2014.

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

These interim condensed consolidated financial statements are presented in Polish zlotys ("PLN"), and all values are given in thousands of PLN except where otherwise indicated.

These interim condensed consolidated financial statements were prepared on the assumption that the business activities of the companies of the Group will continue in the foreseeable future. As at the day on which these financial statements were approved, no circumstances were found which would pose a threat to the continued activity of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012, published on 21 March 2013.

The accounting policies adopted in preparing the interim condensed consolidated financial statements are consistent with those adopted in preparing the annual consolidated financial statements of the Company for the year ended 31 December 2012, except for the following new or amended standards and interpretations in force for annual periods beginning on or after 1 January 2013.

The new standards and amendments of the standards which have been published but had not entered into force by the day on which the financial statements were authorised are described in Note 3 to the interim condensed consolidated financial statements for the 6-month period ended 30 June 2013.

3 Basic risks and threats to the Midas Group

3.1 Risk associated with the Midas Group's strategy

The Midas Group implements an investment 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 Midas Group cannot guarantee that its strategic initiatives will bring positive results, or that, if they do not, there will be no negative impact on the operations of the Midas Group or its financial position or results achieved.

3.2 Risk in connection with financing

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. Consequently, in 2012, the Management Board of the Company signed a Term Sheet with Bank Zachodni WBK S.A./Banco Santander S.A. (described in Current Report No. 49/2012), and in the first half of 2013 with Alior Bank (described in pt. 9 of this report).

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 those 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, including in particular projects already started. However, 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 business model for the purposes of further expansion of the Group's telecommunications network.

3.3 Competition risk

In the telecommunications services segment, the Midas 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.

It is also necessary to consider cooperation among competitors of the Group: T-Mobile Polska S.A. (formerly Polska Telefonia Cyfrowa S.A., hereinafter "T-Mobile") and PTK Centertel Sp. z o.o. (hereinafter "PTK Centertel") within the scope of optimising and upgrading 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 a 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 (P4 Sp. z o.o. ("P4") and T-Mobile) obtained new frequency reservations in the 1800 MHz range in the first half of 2013, which will allow them to create additional ways of competing with the Group. Entities other than Group companies may also, most likely in the first half of 2014, obtain new frequency reservations in the 800 MHz band and in the 2600 MHz range. There is also the risk that the frequency reservations obtained by these entities will have a positive impact on their ability to compete with partners of the Group, the companies Cyfrowy Polsat S.A. (hereinafter "Cryfrowy Polsat") and Polkomtel Sp. z o.o. (hereinafter "Polkomtel"), which will weaken 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.

3.4 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.

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.

3.5 Risk of departure of key management personnel and the difficulty in recruiting new qualified supervisory 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.

3.6 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 range, the HSPA+ network in the 900 MHz range and the TD-LTE network in the 2600 MHz range. 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.

3.7 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.

3.8 Risk of loss of frequency reservations

CenterNet and Mobyland, each individually, holds frequency reservations in the 1800 MHz range, whereas Aero2 holds frequency reservations in the 2600 MHz range and the 900 MHz range. A loss by Aero2, CenterNet or Mobyland of their frequency reservations will result in the inability of Aero2, CenterNet or Mobyland to provide 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 Management Board of the Company draws attention at this point to the favourable and final outcome, described in point 5 of this report, concerning the dispute over a tender and frequency reservation in the 900 MHz range belonging to Aero2.

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 OEC on a frequency reservation for CenterNet and Mobyland, followed by a judgement of the Provincial Administrative Court in Warsaw, repealing in its entirety the decision of the President of the OEC on frequency reservation for CenterNet and Mobyland, being handed down and becoming final, or (ii) the repeal 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 OEC of 30 November 2007 reserving frequencies for CenterNet and Mobyland - due to the invalidation of the tender for frequencies reserved for CenterNet and Mobyland.

The loss of frequency reservations by Aero2 in the 2600 MHz range may result in particular from: (i) court and administrative proceedings related to the decision under which the frequencies were reserved for Aero2, or (ii) Aero2's breach of its 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.

3.9 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 (17th Competition and Consumer Protection Division) against the decision of the SMP issued by the President of the OEC on 14 December 2012, requesting that their enforcement be suspended. 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 OEC - 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 court, 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 OEC subject to review in appropriate court proceedings or court and 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.

3.10 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. Małgorzata 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 within 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 and Polkomtel. 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 Issuer.

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. To the best knowledge of the Issuer, as at the date of publication of this report, no actions aimed at such a merger have been taken.

3.11 Risk involved in Mr. Zygmunt Solorz-Żak simultaneously controlling the Midas Group and Polkomtel

Mr. Zygmunt Solorz-Żak simultaneously controls the Company and Polkomtel. Further, in accordance with the information contained in the expanded consolidated interim report of the Cyfrowy Polsat S.A. Capital Group for the 6-month period ended 30 June 2013 (published on 28 August 2013), the majority shareholder in Cyrfrowy Polsat is the company Pola Investments Ltd., which is controlled by the family foundation TiVi Foundation with its registered office in Vaduz, Lichtenstein, of which the founder is Mr. Zygmunt Solorz-Żak. Polkomtel and Cyfrowy Polsat 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 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, in which case the terms of cooperation of the Midas Group with these entities will also be affected.

3.12 Risk in connection with a failure to implement the business model

The Group is implementing a business model based on cooperation with three 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:

1. the risk that Aero2 will not complete the construction of its infrastructure on time;
2. 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 Midas Group.

3.13 Risk of no subsidy from the PARP

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.

3.14 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 OEC was notified by Aero2 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.

3.15 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 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.

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 several months from the date of publishing these statements, and final conclusions as to optimisation of the grids of both the telecommunications networks are most likely to begin to be implemented by the end of 2013.

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

3.16 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. As on the date hereof, the cooperation between Aero2 and Polkomtel in this respect is based on the agreement of 30 March 2012. In situations specified in that agreement, Polkomtel may withdraw from 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.

Furthermore, the Issuer points out that the agreement of 30 March 2012 is concluded for a defined period of time. After the lapse of that period of time, the agreement may be extended for a further defined period of time, or for an undefined period of time. The Issuer cannot guarantee that, in such a situation, the conditions of the agreement or the rates for use of Polkomtel infrastructure will not change and that they will continue to be advantageous for the Group.

3.17 Risk related to a high level of debt

The Issuer points out that, as a result of the performance of an issue of Bonds, the level of interest debt grew significantly. Furthermore, in the case of obtaining financing through credit as referred to in pt. 3.2 above and elsewhere, the level of interest debt will increase even more. 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.

3.18 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.

3.19 Risks associated with a changing legal environment (including tax)

Certain risks to the operations of the Company and the Group may arise 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.

3.20 Risk associated with changes in foreign exchange rates

The Group also incurs costs in foreign currencies, but their share in the Group's overall costs for the period from 1 January to 30 June 2013 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, in accordance with the provisions of the relevant agreements, 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.

Therefore, the 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.

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

There are studies indicating an alleged adverse impact on human health from electromagnetic waves emitted by devices used in the wireless communication technology that is used by the Group and others. 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 circumstances may have a significant negative impact on the operations and financial results of the Group.

3.22 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.

4 Growth prospects in the second half of 2013

The most important factor affecting the growth of the Midas Group in the second half of 2013 will be the release of debt financing for the needs of the further development of elements of the telecommunications network under the agreement with Alior Bank described in pt. 9 of this report, as well as obtaining financing (understood as signing a credit agreement) as part of Term Sheet 1 with Bank Zachodni WBK S.A./Banco Santander S.A. In accordance with the strategic plans of the Midas Group, the most important areas for the commercial development of the Group will be: the further development of the telecommunications network, and continuation of the provision of data transmission services in Poland using frequencies obtained through a tender. Furthermore, it is expected that in the second half of 2013 a tender procedure will be initiated by the President of the OEC aimed at assigning frequencies in the 800 MHz and 2600 MHz ranges, which can be used to provide wireless data transmission services. The Midas Group is currently familiarising itself with the tender documentation proposed as part of the consultation process announced by the OEC President, and does not rule out submitting its position concerning the content of the documentation proposed.

In view of the above, the Management Board of the Company continually analyses the business model in the context of its effectiveness and adequacy in a changing environment, and therefore does not rule out changing that model.

5 Indication of proceedings pending before a court, competent authority for arbitration proceeding or public administration authority.

In the first half of 2013, the following changes took place within the scope of proceedings pending before a court, competent authority for arbitration proceedings or public administration authority.

<u>Proceedings concerning a tender and frequency reservations for Aero2</u>

By the decision of 9 December 2008, the President of the OEC granted Aero2 frequency reservations in the 885.1-890.1 MHz and 930.1-935.1 MHz ranges. After PTC, PTK Centertel and Polkomtel filed a motion for re-examination of the case, the above decision was upheld by a decision of the President of OEC of 22 July 2010. PTC, PTK Centertel and Polkomtel filed complaints against that decision to the Provincial Administrative Court in Warsaw (the "PACW"). By the judgement of 24 June 2011, the PACW dismissed all complaints as unfounded. The foregoing judgement was appealed against to the Supreme Administrative Court (the "SAC") through cassation appeals filed by PTK Centertel and PTC. In its ruling of 9 April 2013, the SAC dismissed the above cassation appeals of PTC and PTK Centertel against the decisions of the President of the OEC granting frequency reservations in the 900 MHz range to Aero2. In its oral justification of the ruling, the SAC found, firstly, that the participant of the tender procedure who submitted several bids in the tender, as in the P4 case being considered, and secured several top spots on the tender list, and thus secured multiple rights to obtain frequency reservations, may forego applying for a reservation by refraining from filing a motion for a reservation, without having to submit additional declarations of will in this regard to the President of the OEC, and may freely choose the right that it wishes to forfeit in this manner, as the applicable laws do not contain stipulations restricting the freedom of making this type of election. Secondly, the SAC confirmed that Article 123 par. 8 of the Telecommunications Law (the "TL") indicates that the obligation for the President of OEC to request that the authorities stated in the above regulation issue an opinion on whether the granting of a frequency reservation poses a threat to national security or public security and policy, concerns only situations in which the President of the OEC independently reached the conclusion that such a threat exists and decided to issue a decision refusing to grant a reservation. In the matter in question, no such scenario took place. Therefore, the President of the OEC seeking the opinion referred to in Article 123 par. 8 of the TL was merely an optional measure, and consequently, it is futile to deliberate whether in this measure the formal and legal procedures had been fully observed in connection with these types of measures. Thirdly, the SAC found that such negative prerequisites for granting a frequency reservation as those listed in Article 123 par. 8 of the TL (threat to national security and public safety and policy) or the requesting party's inability to satisfy the conditions for using the frequency, as set forth in Article 123 par. 6 point 1 of the TL, should in fact be considered and analysed during the tender. This does not prevent them from being examined also in the reservation proceedings but only when, upon completing the tender, new, previously unknown circumstances emerge which may indicate a later occurrence of the above prerequisites. The SAC also stated that in reservation proceedings, the President of the OEC is not required to deal ex officio with identifying such new circumstances and conducting additional ex officio evidentiary proceedings to this end. It is only required to examine and find whether the occurrence of such circumstances is indicated by specific, newly-discovered facts stated by the participants of the reservation proceedings. However, there were no such facts in the matter at hand and therefore there was no need for the President of the OEC to further justify its finding that the negative prerequisites referred to in the above regulations do not apply. The ruling of the SAC is binding. In these proceedings, Aero2 appeared as an interested party as the proceedings themselves were aimed against the administrative decision issued by the President of the OEC.

In its ruling of 13 August 2013 (a post-balance sheet date event), the SAC dismissed the cassation appeals by PTK Centertel and PTC (currently T-Mobile) against a decision in which the PACW upheld a decision of the OEC President granting frequency reservations in the 900 MHz range. In a verbal justification, the SAC shared the position presented by the President of the OEC that the contested tender by the President of the OEC was to have statutorily granted him the right to deem protection of competition on the telecommunications market as being an essential, the most important criterion for evaluating tender bids, and that in the contested tender the actions of the President of the OEC, primarily in favour of developing competition, were additionally justified by the policy and telecommunications strategy he announced, and were in accordance with the provisions of the EC directive of 7 March 2002 on the authorisation of electronic communications networks and services. In this situation, in the opinion of the SAC, the OEC President had the right to establish a point system for evaluating conditions of competition that was more favourable towards new players on the telecommunications market, and less favourable or even disadvantageous towards existing operators on that market. It cannot be held that this was discrimination against existing operators, since there is no reason why a criterion which is indeed unfavourable towards a given bidder or group of bidders, but binding on all tender participants to the same degree, should be deemed discriminatory. The SAC also held that the possibility foreseen in the tender conditions of voluntarily making an optional undertaking to provide free telecommunications services using frequencies obtained during the contested tender did not constitute an imposition of regulatory obligations by the OEC President, and therefore, it did not require compliance with the procedures established by the provisions of law for establishing new regulatory obligations.

The above-described two final and legally binding rulings by the SAC mean in practice that, after almost five years, the disputes on maintaining frequencies assigned to Aero2 in the tender have concluded successfully for the Midas Group.

On 27 June 2013, the PACW dismissed a complaint by Milmex Sp. z o.o. ("Milmex") against a decision of the President of the OEC of 20 November 2012 upholding a decision issued by the OEC President on 28 December 2010 refusing to invalidate a tender for frequency reservations in the 2570-2620 MHz range. In its verbal justification, the PACW shared the position presented by the President of the OEC, and by Aero2, that in the situation at hand, in which it is undisputed that the tender offer submitted by Milmex contained formal defects, disqualifying that offer from the stage of a substantive assessment was not only the right, but the obligation of the President of the OEC, pursuant to the provisions of the regulation of the Minister of Infrastructure of 15 August 2008, where this could take place without any prior call on Milmex to remedy the formal defects ascertained, since the above provisions do not provide a procedure for that type of summons in telecommunications tenders. That ruling of the PACW is not legally binding, which means that the parties involved have the right to file cassation appeals against the PACW's judgement with the SAC, within 30 days after receiving the PACW's judgement including a written justification. To the best knowledge of the Company, no such cassation appeals have been filed up to the date of publication of this report.

In addition, in the period covered by this interim report, no proceedings were pending in relation to commitments or debts of the Company or a subsidiary thereof whose value would be at least 10 per cent of the equity of the Company.

The Management Board of the Company points out that proceedings are still pending concerning frequencies in the 1800 MHz range assigned to the companies CenterNet and Mobyland (described in pt. 5.1 of the Report of the Management Board on the Operations of Midas S.A. in 2012, published on 21 March 2013). In the first half of 2013, no rulings in the above matters were handed down. In those proceedings, CenterNet and Mobyland (depending on the proceedings) act as an interested party, as the proceedings are largely directed against administrative decisions issued by the President of the OEC. However, indirectly, handing down a binding resolution in each of these proceedings may result in the President of the OEC ruling to sustain, change or repeal previous resolutions that directly concern frequency reservations issued to CenterNet and Mobyland.

6 Information on the Company or subsidiary concluding one or more transactions with related parties

In the first half of 2013, neither the Company nor its subsidiaries concluded any significant transactions with related parties on conditions other than market conditions.

Information on the conclusion by the Company or a subsidiary of other transactions with related parties is contained in Note 27 to the interim condensed consolidated financial statements for the 6-month period ended 30 June 2013.

7 Information on the Company or subsidiary concluding granting sureties of loans, borrowings or guarantees

In the first half of 2013, companies from the Midas Group did not grant to any entity any sureties of loans, borrowings or guarantees whose value exceeded 10% of the Company's equity.

On 1 August 2013 (a post-balance sheet date event), the companies Aero2, CenterNet and Mobyland (the "Guarantors") concluded with Alior Bank S.A. ("Alior Bank") a guarantee agreement for the joint security of the Company's liabilities from an Investment Credit Agreement in the amount of PLN 150 million, for the duration of the Credit as set forth in the Credit Agreement, i.e. until 31 March 2018. The amount of each of the above joint guarantees was set at PLN 300 million. The guarantees were granted to the Company gratuitously. The Company points out that each of the above Guarantors is an entity which is a 100-per cent subsidiary of the Company, whereas no ties exist between the Guarantors and Alior Bank or between the Company and Alior Bank.

8 Position of the Management Board as to the feasibility of implementing previously published forecasts

The Company did not publish any forecasts of financial results for 2013.

9 Significant events and agreements concluded by the Midas Group

On 18 February 2013, the Company received a copy of a decision of the District Court for the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, 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 a change 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, and it provided information on receiving the copy in question in Current Report No. 3/2013.

On 28 February 2013, the Company concluded with Alior Bank Spółka Akcyjna (the "Bank") a loan agreement (the "Agreement") for investment credit (the "Credit") 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 the 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. As part of preparing to release the Credit, up to the date of publication of this report, the following conditions precedent of the Agreement have been fulfilled:
(i) the companies CenterNet, Mobyland and Aero2 (jointly as the "Guarantors") and the company Inwestycje Polskie Sp. z o.o. ("Inwestycje Polskie") have submitted declarations on submission to enforcement under the procedure of Article 97 of the Banking Law Act,
(ii) legal security of the Credit has been established,
(iii) the Bank has been provided with the documents specified in the Agreement, including proof of payment for an application for the entry of a contractual mortgage on the real property constituting the subject of the security.
The Company reported on the fulfilment of those conditions precedent in Current Reports No. 23/2013, 26/2013 and 31/2013. As at the date of publication of this report, the conditions precedent of the Agreement remaining to be fulfilled are:
(i) proof that the own contribution of PLN 50 million has been made,
(ii) proof of the distribution of bonds issued by the Company or another entity from the Midas Group for a total issue price of PLN 200 million and of the redemption date falling after the date of repayment of the Credit, and in the case of an entry permitting a bondholder to demand early redemption, proof that Mr. Zygmunt Solorz-Żak has undertaken that, in the case where the effect of such a demand, the value of the issue falls below PLN 200 million, Mr. Zygmunt Solorz-Żak or an entity appointed by him will take up additionally issued bonds under the conditions of the redeemed bonds such that the total amount of liabilities from the bonds issued will not be less than PLN 200 million until the Credit is repaid (the total number of bonds covered by the possibility of early redemption must not be greater than PLN 100 million),
(iii) provision of appropriate resolutions/consents of the corporate bodies of the Company and of the Guarantors and Inwestycje Polskie on drawing down the Credit, and the presentation to and favourable evaluation by the Bank of the loan agreement concluded between the Company and the Guarantors,
(iv) no change in the legal state of the real property constituting the subject of the Credit.

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 par 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 Giełda Papierów Wartościowych w Warszawie S.A. (Catalyst market). The issue price of one Bond has been specified on the basis of the par 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. Detailed information about the terms and conditions of the Bond issuance was published in Current Report No. 5/2013. On 28 March 2013, the Management Board of the Company adopted a resolution (the "Amending Resolution") amending the above Resolution and concluded an annex to the Pledge Agreement. In accordance with the content of the Amending Resolution, the Management Board decided to change some parameters of the Bonds being issued on the basis of the Resolution To Be Amended, specified in the Bond Issue Conditions ("BIT"). In accordance with the provisions of the amended BIT, the Bonds issue was on 16 April 2013 (the "Issue Day"), and they will be repurchased on 16 April 2021 (the "Repurchase Day"). Moreover, the Issuer is authorised, but not obliged, to establish, at any time, optional security in the form of a Registered Pledge established in the aforementioned Pledge Agreement.

In their remaining part, the BIT provisions have not changed. The Company published information on adopting the Amending Resolution in Current Report No. 8/2013. On 16 April 2013, the Management Board of the Company assigned a total of 583,772 zero-coupon secured series A bearer bonds issued by the Company, with a par value of PLN 1,000 per bond (the "Bonds"). The Bonds were subscribed by the following entities:

1) Sferia S.A., with its registered office in Warsaw – 583,481 Bonds,

2) Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, Oddział – Dom Maklerski PKO Banku Polskiego w Warszawie – 291 Bonds.

The total issue price of the Bonds assigned was PLN 200,099,528.44. Detailed information in this regard was provided in Current Report No. 12/2013. Since 5 August 2013, the Bonds have been listed in the Catalyst alternative trading system.

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 an amount equivalent to 120 per cent of the total maximum par 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 par value of PLN 500 each, owned by the Issuer, b) 221,000 shares in Aero2 Sp. z o.o. with a par value of PLN 50 each, owned by Conpidon, c) 4,264,860 shares of Centernet S.A. with a par 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. As a consequence of adopting the above Amending Resolution and the resulting BIT amendments, on 28 March 2013, the Company Management Board concluded an annex to the Pledge Agreement, by virtue of which the appropriate amendments to it were made in order to reflect the aforementioned BIT amendments. In connection with the amendment of the character of the Registered Pledge, a change was made to the information conveyed in Current Report No. 6/2013 in such a way that the Civil Pledge will expire, and the contractual provisions concerning the establishment of the Civil Pledge will be independently dissolved at the moment of effectively establishing the Registered Pledge or at the moment of changing security in the event of a change of security when the Registered Pledge is not yet established. Currently the clauses concerning the obligation for the Pledgors to submit applications for entry in the register of pledges and to ensure that the Registered Pledge is entered in the register of pledges do not apply. In their remaining part, the terms and conditions of the Pledge Agreement described in Current Report No. 6/2013 have not changed. The Company reported on the adoption of the Amending Resolution in Current Report No. 8/2013.

In April and May 2013, the Company received a total of three decisions by the District Court for the City of Warsaw in Warsaw, 11th Commercial Division – Pledge Register (the "Court") regarding an entry made in the Pledge Register of a pledge over:

a) 204,200 interests in Mobyland with a par value of PLN 500 each interest and a total par value of PLN 102,100,000, owned by the Company, giving entitlement to 204,200 votes at the Shareholders Meeting of Mobyland, and constituting 100 per cent of the share capital of Mobyland and valued as at 23 November 2012 at the total amount of PLN 262,011,000 (the book value in the books of account of the Company is PLN 178,780,000).

b) 221,000 interests in Aero2 with a par value of PLN 50 each interest and a total par value of PLN 11,050,000, owned by Conpidon, giving entitlement to 221,000 votes at the Shareholders Meeting of Aero2, and constituting 100 per cent of the share capital of Aero2 and valued as at 23 November 2012 at the total amount of PLN 973,182,000 (the book value in the books of account of the Company is EUR 102,304,000).

c) 4,264,860 dematerialised shares in CenterNet with a par value of PLN 17.30 each share and a total par value of PLN 73,782,078, owned by the Company, giving entitlement to 4,264,860 votes at the

Shareholders Meeting of CenterNet, and constituting 100 per cent of the share capital of CenterNet and valued as at 23 November 2012 at the total amount of PLN 262,011,000 (the book value in the books of account of the Company is PLN 238,989,000).

The establishment of the above registered pledges is a consequence of the above-described pledge agreement concluded by the Company, Conpidon and BondTrust PTP. The pledge secures future receivables for payment of a promissory note amount, described in Current Report No. 5/2013 of 7 March 2013, with the highest security amount being PLN 720,000,000.

Establishment of the above pledges was set forth in detail in Current Reports No. 11/2013 (updated by Current Report No. 17/2013), 13/2013 and 16/2013.

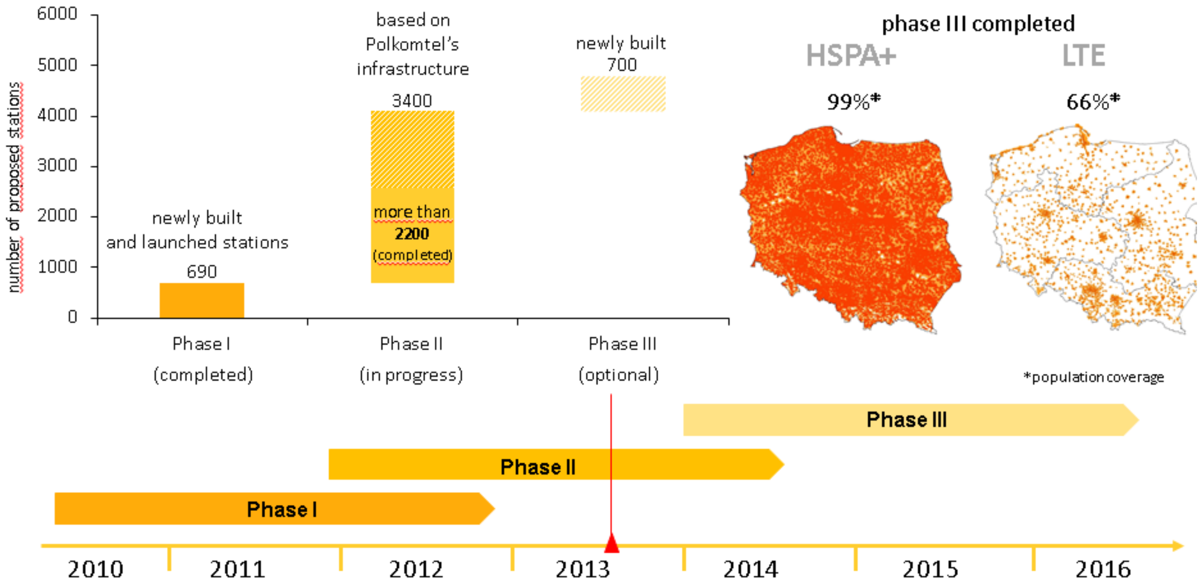
On 24 April 2013, the Management Board of the Company resolved to carry out a cross-border merger of the Company and Conpidon Limited, in which the Company has 100 per cent of the shares in the share capital. Detailed information in this regard is contained in section 1.2 of this report.

On 1 August 2013 (a post-balance sheet date event), the companies Aero2, CenterNet and Mobyland (the "Guarantors") concluded with Alior Bank S.A. ("Alior Bank") a guarantee agreement for the joint security of the Company's liabilities from an Investment Credit Agreement in the amount of PLN 150 million, for the duration of the Credit as set forth in the Credit Agreement, i.e., until 31 March 2018. The amount of each of the above joint guarantees was set at PLN 300 million. The guarantees were granted to the Company gratuitously. The Company points out that each of the Guarantors is an entity which is a 100-per cent subsidiary of the Company, whereas no ties exist between the Guarantors and Alior Bank or between the Company and Alior Bank. The Company published information on this event in Current Report No. 31/2013.

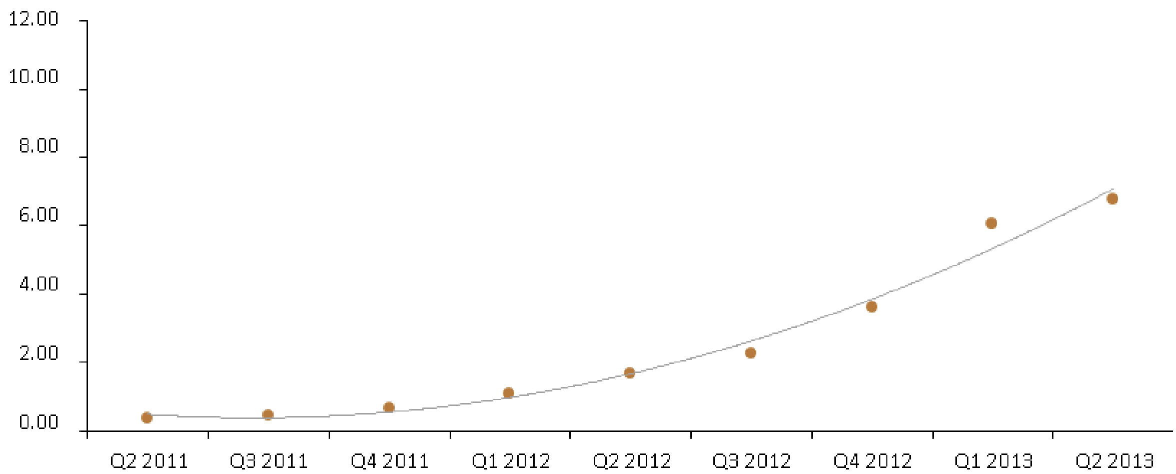
On 7 August 2013 (a post-balance sheet date event), the Company received notification from Aero2 of the submission by Aero2 on the same day of two orders covering RAN- and SITE-type services, of which the total value, calculated on the basis of a 5-year period of providing the services covered in those orders, was PLN 466.4 million. The above orders were submitted as part of implementing a cooperation agreement within the scope of the mutual provision of telecommunications infrastructure services (the "Agreement") concluded by Aero2 on 30 March 2012 with Polkomtel Sp. z o.o. ("Polkomtel" or a "Party", and jointly with Aero2 the "Parties"), about which the Company report in Current Report No. 22/2012 of 30 March 2012. The order having the greatest value submitted by Aero2 after 9 November 2012 as part of the implementation of the Agreement is an order of 7 August 2013 concerning RAN-type services (the "Order") having a value of PLN 354.5 million. The "RAN"-type 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 Order does not regulate the issues of compensation or contractual penalties – in this scope, the general conditions resulting from the Agreement apply. The other conditions of the Order do not diverge from those generally applied in this type of transaction.

10 Other information which, in the opinion of the Issuer, is significant to an evaluation of its staffing, asset and financial position, its financial result and changes thereof, as well as information significant to an evaluation of the possibility of the Issuer discharging its liabilities

The Midas Group has a modern telecommunications network including, among others (as at the end of June 2013): (i) approximately 690 base stations used by the Midas Group and operating on the basis of HSPA+ technology, of which approximately 680 also support LTE, and (ii) approximately 2,230 base stations operating in HSPA+ technology in the frequency range owned by Aero2, incorporated into the telecommunications network used by the Midas Group in cooperation with Polkomtel, of which approximately 1,375 also support LTE. The diagram below illustrates the degree of advancement in the expansion of the Midas Group's telecommunications network as at the end of the first half of 2013 and proposed coverage of these technologies upon completion of phase III of the telecommunications network expansion:



The Management Board of the Company would also like to note the quarterly usage (in million 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.



On 19 June 2013, together with Sferia, the Company concluded Annex No. 1 to the Framework Agreement, by virtue of which the deadline indicated in the Framework Agreement for concluding the Supply Agreement was extended. The Company published information on this event in Current Report No. 25/2013.

On 21 June 2013, the Ordinary General Meeting of Shareholders ("OGM") of the Company was held, at which, among other events, resolutions were adopted on the following matters:

a) approving the "Report of the Management Board on the Operations of Midas S.A. in 2012",
b) approving the "Financial Statements of Midas S.A. for the Year Ended 31 December 2012",
c) approving the "Report of the Management Board on the Operations of the Midas Capital Group in 2012",
d) approving the "Consolidated Financial Statements of the Midas Capital Group for the Year Ended 31 December 2012",
e) distributing the Company's 2012 net profit,
f) discharging the Company's Management Board members from liability in the performance of their duties in 2012,
g) discharging the Company's Supervisory Board members from liability in the performance of their duties in 2012,
h) approving a co-opted member of the Supervisory Board (Mr. Wojciech Pytel),
i) changing the composition of the Supervisory Board (the appointment of Mr. Andrzej Chajec),
j) the cross-border merger of the Company with Conpidon Limited with its registered office in Nicosia, Cyprus,

The content of the resolutions adopted by the OGM of the Company was presented in Current Report No. 27/2013.

In the opinion of the Management Board of the Company, referring to the first half of 2013, there is no other information besides that disclosed in this interim report which is essential for staffing, assets, financial position, financial result and changes thereto, nor is there any information which is relevant for the assessment of the Company's ability to settle its liabilities.

11 Factors which, in the Issuer's opinion, will affect the results it achieves over at least the next quarter and half-year

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

1. the Midas Group obtaining financing to implement the strategy of the Midas Group, which includes financing the remaining portion of phase two of the telecommunications network expansion, and phase three, which will involve, in particular:
    a. obtaining debt financing under the credit agreement concluded with Alior Bank on 28 February 2013 (as described in pt. 9 above), for which the other conditions precedent described in pt. 9 above must be fulfilled,

    and

    b. obtaining debt financing under Term Sheet 1 signed with Bank Zachodni WBK S.A./Banco Santander S.A. (described in Current Report No. 49/2012), for which it is necessary to obtain a positive credit decision, with the resulting agreement and signing of the credit agreement by the above consortium of banks,
2. commencement of the provision of data transmission services by entities competing against the Midas Group (T-Mobile and P4), using LTE technology, on the basis of frequency reservations in the 1800 MHz range granted in the first half of 2013,
3. the conclusion of the tender for frequency reservations in the 800 MHz and 2600 MHz ranges (digital dividend),
4. a final and binding resolution of court proceedings regarding frequencies in the 1800 MHz range,

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

12 Investor relations

As a company listed on the Warsaw Stock Exchange, the Company makes every effort to implement an information policy which is transparent. The Management Board of the Company pursues that goal mainly by prompt publication of current and periodic reports prepared in a manner which is true, reliable and complete, and which makes it possible for investors to evaluate the impact of the information provided on the economic, asset and financial position of the Company. Another important element of communication with current and potential shareholders of the Company is the Company's website. In connection with the change of name of the Company made in the first half of 2013, there was also a change of the address at which the Company's website is available. The existing address, www.midasnfi.pl, was replaced by the address www.midas-sa.pl, where the Company intends to keep both addresses, at least until the end of the current year. On the Company's website is published such information as current and periodic reports, announcements on convening the General Meeting of Shareholders, and information on other all important events in the Midas Group.

13 Information on the entity authorised to audit the financial statements

The audit of the condensed financial statements of the Company and the condensed consolidated financial statements of the Midas Group for the first half of 2013 was conducted by the company Ernst & Young Audit Sp. z o.o. On 21 March 2013, the Supervisory Board of the Company unanimously adopted a resolution on the appointment of the entity authorised to audit the financial statements, about which the Company report in Current Report No. 7/2013.

Ernst & Young Audit Sp. z o.o. is entered on the list of entities authorised to audit financial statements by the National Council of Statutory Auditors under number 130.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD:

Krzysztof Adaszewski President of the Management Board	Maciej Kotlicki Vice-President of the Management Board	Dariusz Łukasiewicz Vice-President of the Management Board

Warsaw, 2 September 2013