

Current Report No. 5/2013

Drawn up on: 7 March 2013

Abbreviated name of the issuer: MIDAS

Subject: Adoption by the Management Board of the Company of a resolution on issuing series A bonds.

Legal basis: Article 56 par. 1 pt. 2 of the Public Offering Act - current and periodic information

Content of the report:

In reference to Current Report No. 50/2012 of 5 November 2012 concerning the adoption of a resolution on commencing a procedure for a bonds issue as part of obtaining financing for the expansion of the Midas Group network, and Current Report No. 55/2012 of 21 December 2012 concerning the conclusion of a framework agreement with Sferia S.A., as well as the amendment of information about issuing bonds of the Company, the Management Board of Midas S.A. (the "Company" or the "Issuer") announces that, on 6 March 2013, it 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 not 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).

In accordance with the Bond Issue Terms ("BIT") that constitute an attachment to the Resolution, the purpose of the Bonds issue has not been specified by the Issuer. The Bond issue will be on 29 March 2013 (the "Issue Day"), and they will be repurchased on 29 March 2021 (the "Repurchase Day").

The Issuer has the right to demand an earlier repurchase of the Bonds ("Earlier Repurchase"). In the event of demanding an Earlier Repurchase, the Issuer will be obliged to notify holders of the Bonds ("Bondholders") of the planned Earlier Repurchase and of the day on which it will take place (the "Day of Earlier Repurchase"), in the form appropriate for a current report, not less than 45 days before the planned Day of Earlier Repurchase.

In accordance with the BIT, the appearance and duration of any of the events described in the BIT as a Case of Breach of the BIT entitles Bondholders holding a total of at least 20 per cent of issued and not repurchased Bonds to submit a demand for immediate repurchase ("Immediate Repurchase") and to submit an application to the Pledge Administrator to convene a Bondholders Meeting. The Issuer will give notification in the form of a current report on the submission of the aforementioned demand and on the convening of the Bondholders Meeting. If the Bondholders Meeting adopts a resolution confirming a Case of Breach of the BIT, the Bonds will be subject to Immediate Repurchase.

Cases of Breach of the BIT include the following situations: (a) the Issuer does not pay any Amount for Payment (defined below); (b) any of the Issuer's representations or warranties submitted in the Offer Document (prepared for the purpose of placing the Bonds issue) turns out to be untrue as at the day on which it was submitted, and such untruthfulness has a significant negative influence on the Issuer's ability to pay the Amount for Payment; (c) asset components or assets of the Issuer or Aero2 Sp. z o.o. or CenterNet S.A. or Mobyland Sp. z o.o. are seized; (d) a resolution is adopted by the Issuer's appropriate authority on dissolving the Issuer or conditions existed for the Issuer's obligatory dissolution, or a receiver of the Issuer was appointed, with the exception of actions performed in the course of the Issuer's merger with another entity; (e) the Issuer files an application for bankruptcy to be declared with respect to the Issuer, or a court has declared the Issuer bankrupt; (f) the provisions of the BIT concerning financial indebtedness are breached; (g) the Issuer or a subsidiary (referred to in pt. c) above) ceases to permanently conduct all or a significant part of its basic activity, or significantly changes the subject of that activity, (h) the Issuer does not, in a timely manner, fulfil its obligation to establish a Registered Pledge in accordance with the provisions of the BIT.

The issue price of one Bond (the "Issue Price") has been specified on the basis of the par value of one Bond reduced by the unit discount value (set in accordance with clauses of the BIT) and is PLN 342.77 per Bond.

The Bonds will only give entitlement to a monetary performance (the "Amount for Payment"), involving payment of the following to the Bondholder:

- (a) the amount to be repurchased on the Repurchase Day (the “Repurchase Amount”),
- (b) the amount of earlier repurchase on the Day of Earlier Repurchase (the “Amount of Earlier Repurchase”),
- (c) the amount of immediate repurchase on the day of Immediate Repurchase of the Bonds (the “Amount of Immediate Repurchase”).

The Amount of Repurchase will be indicated in the following manner:

- (a) if the Issuer does not exercise its right to a Change of Security (defined below), the Repurchase Amount payable on the Repurchase Day will be equal to the par value of the Bonds;
- (b) if the Issuer exercises its right to a Change of Security, the Repurchase Amount payable on the Repurchase Day will be equal to the theoretical value of the Bonds set in accordance with the model in the BIT (“TVB2”);
- (c) if the Issuer exercises its right to a Change of Security and establishes a New Registered Pledge (defined below), the Repurchase Amount payable on the Repurchase Day will be equal to the theoretical value of the Bonds set in accordance with the model in the BIT (“TVB3”);

The Amount of Earlier Repurchase will be indicated, depending on the deadline for announcing a demand for Earlier Repurchase, in the following manner (depending on the situation):

- (a) if, by the Day of Earlier Repurchase, the Issuer has not exercised its right to a Change of Security, the Amount of Earlier Repurchase will be equal to the theoretical value of the Bonds set in accordance with the model in the BIT (“TVB1”) increased by a bonus for Earlier Repurchase (the “ER Bonus”);
- (b) if, before the Day of Earlier Repurchase, the Issuer exercises its right to a Change of Security, the Amount of Earlier Repurchase will be equal to TVB2 increased by the ER Bonus;
- (c) if, before the Day of Earlier Repurchase, the Issuer exercises its right to a Change of Security and establishes a New Registered Pledge, the Amount of Earlier Repurchase will be equal to TVB3 increased by the ER Bonus. The ER Bonus is calculated on the basis of the quotient of the Issue Price, the Discount Rate and the multiplier of the bonus for Earlier Repurchase, the value of which depends on the deadline for demanding Earlier Repurchase. If Earlier Repurchase is made after 29 March 2018, the ER Bonus does not apply.

The Amount of Immediate Repurchase will be indicated in the following manner:

- (a) if, by the Day of Immediate Repurchase, the Issuer has not exercised its right to a Change of Security, the Amount of Immediate Repurchase will be equal to TVB1 increased by a bonus for Immediate Repurchase (the “IR Bonus”);
- (b) if, before the Day of Immediate Repurchase, the Issuer exercises its right to a Change of Security, the Amount of Immediate Repurchase will be equal to TVB2 increased by the IR Bonus;
- (c) if, before the Day of Immediate Repurchase, the Issuer exercises its right to a Change of Security and establishes a New Registered Pledge, the Amount of Immediate Repurchase will be equal to TVB3 increased by the IR Bonus. The IR Bonus is equal to the product of the Issue Price, the Discount Rate and the multiplier of the bonus for Immediate Repurchase, the value of which is 0.25. If the Bonds become immediately due and payable on the basis of legal provisions and the resolution of the Bondholders Meeting referred to above is not adopted, the IR Bonus will not apply.

Theoretical Bond values TVB1, TVB2 and TVB3 (jointly “TVB”) are calculated on the basis of the Issue Price, a discount rate equal to 14.31 per cent (“Discount Rate”) and (depending on the case) the number of days in the periods: from the Issue Day to the day of calculating the TVB, from the Issue Day to the day of a Change of Security, from the day of a Change of Security to the day of calculation of the TVB, from the day of a Change of Security to the day of establishing a New Registered Pledge (defined below), from the day of establishing a New Registered Pledge to the day of calculation of the TVB.

Security for the Bonds (within the meaning of the Act on Bonds) will be:

- (a) an in blanco promissory note of the Issuer with a promissory note declaration authorising the Pledge Administrator to fill in the promissory note to an amount being the equivalent of 120 per cent of the total par value of the Bonds, with a “no protest” clause, a payment clause for any national bank, a payment deadline in keeping with the payment deadline contained in the BIT, an interest clause and other clauses making full satisfaction of the following receivables possible: receivable for payment of the Repurchase Amount, receivable for payment of default interest in satisfaction of amounts due under the Bonds, receivable for return of costs of enforcement of amounts due of Bondholders arising from Bonds from the Issuer, receivable for payment of the Amount of Earlier Repurchase and receivable for payment of the Amount of Immediate Repurchase;

(b) declarations of the Issuer on submitting to the enforcement procedure in the form of a notarial deed in favour of the Pledge Administrator acting on the account of the Bondholders, up to an amount being the equivalent of 120 per cent of the total par value of the Bonds.

The security for a future receivable for payment of the promissory note amount from the in blanco promissory note described in pt. (a) above will be a pledge within the meaning of Article 306 of the Civil Code, established on:

- (i) 204,200 shares of Mobyland Sp. z o.o. representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer;
- (ii) 221,000 shares of Aero2 Sp. z o.o. representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by Conpidon Limited (in liquidation) which is wholly owned by the Issuer;
- (iii) 4,264,860 shares of CenterNet S.A. representing 100 per cent of the share capital of that company and giving entitlement to 100 per cent of the votes at the meeting of shareholders of that company, owned by the Issuer (jointly the "Subject of the Pledge").

Moreover, the Issuer will be obliged to establish, subject to the following sentence, at the latest within three months of the Issue Date, additional security in the form of a registered pledge (the "Registered Pledge") established in the agreement concluded between the Issuer, Conpidon Limited and the Pledge Administrator acting on its own behalf to the account of the Bondholders.

The Issuer has the right to change the security (the "Change of Security"), by deleting the Registered Pledge from the pledge register, by submitting a declaration of intent to the Pledge Administrator to that extent, and the Issuer can also exercise the right of Change of Security in a case where the Registered Pledge has not yet been established. The Issuer will provide notification about the intention to make use of a Change of Security in the form of a current report. After making a Change of Security, the Issuer can re-secure the Bonds by establishing a new Registered Pledge ("New Registered Pledge") on the Subject of the Pledge; the Issuer's right to a Change of Security does not apply to the New Registered Pledge.

A valuation of the assets constituting the Subject of the Pledge, carried out by an authorised expert (within the meaning of Article 10 par. 2 of the Act on Bonds), constitutes an appendix to this report.

The Management Board of the Company announces that, to the Company's best knowledge as at the day of sending this report, the value of the Issuer's liabilities as at the last day of the quarter preceding the planned availability of the proposal to buy Bonds (i.e. as at 31 December 2012) amounted to PLN 26,339,000. The Management Board of the Company cautions that the above value is not subject to verification by a certified auditor, and therefore it may differ from the value of liabilities which will be provided in the Company's annual report for 2012. The final value of the Issuer's liabilities as at 31 December 2012 will be made public on 21 March 2013, i.e. in the time stated in Current Report No. 2/2013 of 18 January 2013 concerning the dates for publishing interim reports in 2013.

The Management Board of the Company presents the outlook for the Issuer's liabilities in the period until the time of the total repurchase of the Bonds, the estimated value of which will be:

- as at 31 December 2013 – PLN 444 million;
- as at 31 December 2014 – PLN 889 million;
- as at 31 December 2015 – PLN 939 million;
- as at 31 December 2016 – PLN 878 million;
- as at 31 December 2017 – PLN 781 million;
- as at 31 December 2018 – PLN 743 million;
- as at 31 December 2019 – PLN 731 million;
- as at 31 December 2020 – PLN 25 million;
- as at 31 March 2021 – PLN 25 million.

The Management Board of the Company announces that the venture, which is to be financed from funds obtained from issuing the Bonds, has not been specified.