

## **Current report No. 67/2012**

Date prepared: 31.08.2012

Issuer's abbreviated name  
POLIMEX-MOSTOTAL

Subject:

### **Restructuring Proposals**

Legal basis:

Art. 56 sec. 1 item 2 of the Act on Public Offering – current and periodic information

The Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw ("the Company") at ul. Czackiego 15/17 informs that, based on the carried out analyses of the financial and operational situation of the Company and in connection with the published financial results of the Company for the period of six months ended on 30 June 2012, the Management Board has adopted preliminary proposals with regard to actions aiming at financial restructuring of the Company ("Restructuring Proposals").

The Restructuring Proposals will be the subject matter of further agreements with the Company's financial creditors who are the Party to the Agreement of 24 July 2012 on refraining from enforcement of the Company's liabilities as well as with its shareholders and potential investors.

According to the estimates of the Management Board, the capital needs of the Company, as of the day of this report, amount to PLN 500 million. Covering of the above-mentioned amount would be possible through increasing the share capital of the Company, partly intended for conversion of the current debt and partly for acquiring new cash resources for the Company, which would be potentially intended for financing its current operational activity and financing the performance of new contracts.

Restructuring Proposals provide for the execution of the following key operations:

- a) increasing the Company's share capital excluding a pre-emptive right of current shareholders and directing the issue of shares to the Company's bondholders in order to convert the Company's liabilities into the share capital of the estimated, total amount of PLN 300 million.;
- b) increasing the share capital by way of issue of shares with retaining a pre-emptive right in order to enable the Company's current shareholders to provide the Company with the capital resources in connection with its current financial situation, whereas in case of absence of demand for the Company's shares, new Company's shares from this issue could be also offered to investors outside the group of current shareholders;
- c) increasing the Company's share capital by way of issue of shares of the Company excluding a pre-emptive right, intended for one or more investors interested in increasing the Company's capital and acquiring substantial share in the Company's share capital;

whereas, within the cash issue indicated in point b) and c), the Company intends to obtain an amount of about PLN 200-300 million.

Restructuring Proposals include in addition:

1. postponing the repayment of the Company's financial liabilities resulting from credit agreements concluded until the end of 2015 (but paying the interests due at this period);
2. refinancing current bonds, which shall be not converted into the Company's share capital by means of new debt financing or issue of new bonds maturing after 2015;
3. obtaining additional revenues from sale of liquid assets of the Company, in particular shares and interests in some subsidiary Companies and investment properties as well as development properties of the Company (total estimated income in the amount of PLN 330 million);
4. obtaining additional cost savings in the total estimated amount of about PLN 260 million in the period from 2013 to 2015 from operational restructuring program aiming at the reduction in the activity costs, among others, as a result of centralisation of purchasing activities by the Company, reorganization of internal structures, employment reduction and reduction in general administrative costs; as well as
5. possibility of allocation of the surplus of available funds coming, above all, from actions described in items 3 and 4 above, for the partial, early repayment of the Company's financial debt.

In relation to the Restructuring Proposal described above, the aim of the Management Board of the Company is to convene an Extraordinary General Meeting of the Company in as short a time as possible and propose to shareholders the resolutions aiming at the increase in the share capital, being a part of a Restructuring Proposal.

The Management Board explains that the above-mentioned Restructuring Proposals constitute only preliminary proposals of the Management Board in relation to actions aiming at financial restructuring of the Company and that they may change, in particular as a result of agreements with the Company's financial creditors, its

shareholders and potential investors or as a result of further works in relation to the analysis of the financial and operational situation of the Company.

Moreover, the Management Board explains that the above-mentioned amounts of possible income and savings constitute only aims, which the Company wishes to fulfil in the framework of the planned restructuring program, and, in particular, none of the information contained in this report should be, in any case, treated as a forecast or estimate of financial results of the Company. The final Company's results will depend on many circumstances, which may, but not have to occur in the future, in particular, circumstances directly related to the Company or its subsidiary entities as well as to the environment, in which the Company and its subsidiary entities operate. The Company's results depend also on reaching the final agreement between all the interested Parties on the terms of the Company's restructuring and on subsequent implementation of this agreement. Information presented in this current report have been prepared on the basis of numerous assumptions and, despite the fact that the Company considers those assumptions to be justified when they were made, they, however, depend on, by their very nature, unknown and uncertain events, which are hard or even impossible to anticipate and are outside of Company's control.

**Signatures of persons representing the Company:**

Grzegorz Szkopek - Vice-President of the Management Board