

Current report no. 152/2014

Date prepared: 02.10.2014

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Issue of bonds by the Company

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

With reference to the current report no. 139/2014 dated 12 September 2014 and 147/2014 dated 24 September 2014, the Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw ("**the Company**" or "**the Issuer**") informs that due to the payment of new bonds by the investors, the Company issued on 1 October 2014 163 series A convertible bearer bonds in uncertificated form of the nominal value of PLN 500,000 each and the total nominal value of PLN 81,500,000 ("**Series A Bonds**") and 585 series B ordinary bearer bonds in uncertificated form of the nominal value of PLN 100,000 each and the total nominal value of PLN 58,500,000 ("**Series B Bonds**", and "**New Bonds**" jointly with Series A Bonds).

In relation to the issue of New Bonds, the Company publishes the following information:

**1. The purpose of the issue:**

Proceeds from the issue of New Bonds shall be assigned to the following purposes:

- payment of the issue price of increased nominal value shares of companies: Polimex Energetyka sp. z o.o. and Naftoremont-Naftobudowa sp. z o.o. (jointly referred to as "**Segment Companies**"); and
- contribution to the Company's working capital.

**2. Type of issued bonds:**

Series A Bonds - convertible bearer bonds in uncertificated form;  
Series B Bonds - ordinary bearer bonds in uncertificated form;

**3. Issue size:**

Series A Bonds - 163 bonds;  
Series B Bonds - 585 bonds;

**4. Nominal value and issue price of bonds:**

Series A Bonds

- nominal value of one Series A Bond is PLN 500,000, and the total nominal value of issued Series A Bonds is PLN 81,500,000;
- issue price of Series A Bonds is equal to their nominal value.

Series B Bonds

- nominal value of one Series B Bond is PLN 100,000, and the total nominal value of issued Series B Bonds is PLN 58,500,000;
- issue price of Series B Bonds is equal to their nominal value.

**5. Terms of redemption and interest payment:**

New Bonds shall be subject to redemption after 5 years from the date of their issuance or, if there is basis for earlier redemption, on the dates established in accordance with terms of issue of New Bonds.

New Bonds bear interest at a variable interest rate. The interest rate of New Bonds is defined on the basis of the WIBOR rate for three-month deposits and a margin established in the terms of issue of New Bonds. Interest accrued in three-month interest periods ending on 31 December 2016 shall be paid on the New Bonds redemption date. Interest accrued in three-month interest periods beginning on 1 January 2017 until the New Bonds redemption date shall be paid in the following way: (i) part of interest defined in terms of issue shall be paid on interest payment dates established in the terms of issue of New Bonds, falling on the last day of the calendar quarter; (ii) part of interest defined in terms of issue shall be paid on the New Bonds redemption date.

**6. Amount and forms of possible security, and designation of the entity providing the security:**

New bonds have been secured by ordinary pledges and registered pledges established by the Company on the shares of the Segment Companies, equally securing the liabilities of the Company's financial creditors. Registered pledges have been established up to the maximum amount of security amounting to PLN 1,849,112,561.00.

Terms of issue of New Bonds provide for an obligation of the Company to establish after the issue date additional securities of liabilities resulting from New Bonds on assets which constitute the security of other financial creditors of the Company, including:

- a. mortgage on real estate owned by the Issuer and its selected subsidiaries and the right of perpetual usufruct to the real estate, with the priority lower than the existing mortgages on this real estate or the right of perpetual usufruct to this real estate;
- b. registered pledge on the pool of properties and rights of the Issuer;
- c. assignment for collateral regarding cash receivables and tradable rights from specified insurance contracts, intra-group loans and commercial contracts;

- d. registered pledges on shares of selected subsidiaries of the Issuer;
- e. registered pledges on bank accounts of the Issuer and the Segment Companies;
- f. registered pledges on the pool of properties and rights of selected subsidiaries of the Issuer;
- g. assignment for securing rights from the contracts of the Issuer and the Segment Companies.

**7. The value of liabilities as of the last day of the quarter preceding the publication of the offer to purchase and the outlook of the issuer's liabilities until the final redemption of the bonds offered for purchase:**

The unconsolidated value of the Issuer's liabilities as of 30 June 2014, amounts to PLN 2,603,840,000. In the opinion of the Company's Board, the outlook of the Issuer's liabilities until the final redemption of New Bonds ensures timely settlement of cash benefits from New Bonds and continuity of conducting core business activities by the Issuer.

**8. Information allowing potential purchasers of the bonds to understand the results of the undertaking to be financed by the issue of bonds and the capability of the issuer to perform their obligations resulting from the bonds, if such an undertaking is specified:**

The undertaking to be financed by the issue of New Bonds has not been specified.

**9. Rules of converting the value of non-monetary benefits to monetary benefits:**

Only Series A Bonds provide that the bondholder may receive a non-monetary benefit, which is the right to purchase the Issuer's series S shares ("**Shares**") in connection with the conversion of Series A Bonds. The price of conversion of Series S Bonds into Shares is PLN 0.04 per one share. Bondholders of Series A Bonds are entitled to make a statement on bond conversion in the period beginning on the earlier of the following dates: (i) 9 January 2015 or (ii) date of the Polish Financial Supervisory Authority's approval of the prospectus regarding Shares, and ending on the date preceding the date of determining the entities entitled to receive the purchase amount for Series A Bonds. In case the Shares covered by the statement on bond conversion are not delivered to the bondholder in the period of 30 working days since the date of making the statement on conversion, then at a written request of the bondholder:

- (a) in the period of 10 working days since submitting the request, the Issuer shall deliver the Shares to the bondholder in the form of a document on principles provided for in the terms of issue of Series A Bonds; or
- (b) the non-monetary benefit, i.e. the right to obtain Shares, pertaining to the bondholder of Series A Bonds, shall be exchanged for a monetary benefit. The monetary benefit shall be calculated by multiplying two amounts: (1) number of Shares according to the statement on bonds conversion, which have not been delivered in the period indicated above and (2) conversion price. The benefit shall be paid to the bondholder at his written request submitted to the Issuer.

**10. Number of votes at the Issuer's General Meeting under the Shares taken up - as a result of the conversion of all the issued Series A Bonds:**

If all the issued Series A Bonds were converted, the number of votes at a general meeting of the Issuer under the Shares taken up would amount to 2,037,500,000 votes.

**11. Total number of votes at the Issuer's General Meeting - as a result of the conversion of all the issued Series A Bonds:**

According to the state on the date of issue of Series A Bonds, if all the issued Series A Bonds were converted, the total number of votes at a general meeting of the Issuer would amount to 3,504,868,290, where due to financial conversions of the creditors' liabilities into series R shares of the Company, about which the Company informed in the current report no. 147/2014 dated 24 September 2014, as from the time of the registration of increase of the share capital in connection with the issue of series R shares of the Company, the total number of votes at a general meeting of the Issuer, in case all the issued Series A Bonds were converted, would amount to 6,368,440,142 votes.

Valuation of the Segment Companies' shares on which ordinary pledges and registered pledges have been established as securities of liabilities resulting from New bonds is attached as **Appendix No. 1** to this current report.

Appendix No. 1

- Valuation of the Segment Companies' shares

Signatures of persons representing the Company:

Ewa Ciborowska - Director of Management Board Service and Legal Advise