

Current report no 139/2014

Date prepared: 12.09.2014

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Conclusion of an annex to the Agreement on the principles of managing the financial debt and granting consent by the financial creditors of the Company to change the date of completion of the third reorganization stage. Conclusion of an Annex to the agreement regarding financing as a part of New Guarantee Line. Making by the Company a proposal of acquiring convertible and ordinary bonds and acceptance of this acquisition proposal. Establishing securities.

Legal basis: Article 56 (1) (1) of the Act on Public Offering – confidential information

I. Conclusion of an annex to the Agreement on the principles of managing the financial debt and changing the date of completion of the third reorganization stage

With reference to current report no. 74/2014 dated 23 June 2014, current report no. 106/2014 dated 29 July 2014 and current report no. 109/2014 dated 31 July 2014, the Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw ("**the Company**") informs that on 12 September 2014 the Company concluded with the financial creditors who are the parties to the agreement on the principles of managing the financial debt of the Company, dated 21 December 2012 ("**ZOZF Agreement**") (see current report no. 130/2012), i.e. with Bank Powszechna Kasa Oszczędności, Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Ochrony Środowiska S.A., Bank Zachodni WBK S.A. and Bank Millenium S.A. (jointly referred to as the "**Banks**") and the bondholders holding liabilities due to the bonds issued by the Company of the total nominal value of PLN 120 million (jointly referred to as the "**Creditors**"), an annex to the ZOZF Agreement modifying the terms of completion of the third stage of the Company's financial reorganization, of which the Company informed in the current report no. 74/2014 ("**Annex**").

Pursuant to the Annex and the financial creditors' statements regarding among others prolongation of the date of completion of the third reorganization stage specified in Annex; the date for completion of the third reorganization stage (including Conversion mentioned in point (II) below) has been prolonged until 17 September 2014 ("**Completion date**").

Furthermore the parties to the ZOZF Agreement have modified, pursuant to Annex, the terms that have to be fulfilled until completion of the third reorganization stage of the Company - i.e. bond issuance, making available for two major subsidiary companies of the company, which will conduct activity in the following fields: (i) Power industry and (ii) Petroleum industry (jointly referred to as "**Segment Companies**") the New Guarantee Line as well as conversion to the Company's share capital of the receivables due to the financial creditors being the party to the ZOZF Agreement (jointly "**the Creditors**") in the amount not lower than PLN 470 million ("**Conversion**") in the following manner:

- (a) The creditors and Agencja Rozwoju Przemysłu S.A. ("**ARP**") (or other entities acquiring together with ARP the bonds of the total value of PLN 140 million ("**New Bonds**") shall conclude an agreement between the creditors;
- (b) The Company, Segment Companies and banks being the party to the agreement pursuant to which they granted the financing to the Company as a part of New Guarantee Line (*see report no. 132/2013 dated 22 December 2012) ("**NGL Agreement**") shall conclude an Annex to NGL Agreement and shall make available the New Guarantee Line pursuant to New Guarantee Line Agreement (changed by Annex to the NGL Agreement), provided that conversion is carried out and the appropriate securities will be established on the New Guarantee Line by the Segment Companies as well as the change by the Company of the appropriate existing securities of the New Guarantee Line;
- (c) The Company shall make a proposal to ARP or other entities acquiring New Bonds to acquire New Bonds, and those entities will accept such proposals and irrevocably oblige to acquire and pay for New Obligations in full within 5 (five) Working Days after the Completion date;
- (d) parties to the ZOZF Agreement shall sign the documents regarding establishing registered pledge on the stocks in Segment Companies;
- (e) The Company, ARP and other entities acquiring New Bonds or the administrator of pledge acting for their benefit, shall sign the documentation establishing security of New Bonds on the stock in Segment Companies;
- (f) The Company submitted the petition for registering the securities mentioned in point (d) and (e) in the relevant registers;
- (g) the relevant court shall register the change of the Company's status with respect to conditional increase of the Company's share capital by the amount not lower than the nominal value of New Bonds being the convertible bonds for the Company's bonds (cf. resolution no. 6 of the General Meeting - current report no. 111/2014 dated 31 July 2014);

- (h) General Meeting of the Company shall adopt a resolution with regard to issuing Company's shares for Conversion (resolution of the General Meeting of the Company adopted on 31 July 2014 - current report no. 111/2014 dated 31 July 2014);
- (i) the security established on the stocks in Segment Companies in the form of registered pledge shall be entered into the pledges register; and
- (j) The Company and PKO BP bank shall sign an agreement of escrow account for the purposes of issuing New Bonds.

II. Conclusion of an agreement between the creditors.

The Company informs that on 12 September 2014 an agreement between the creditors ("**Agreement between the creditors**") was concluded between the Creditors and the entities acquiring New Bonds (including ARP). The essential subject of the Agreement between the creditors is forming a inter-creditor relationship between the Creditors and the bondholders of New Bonds, including the principles regarding possible fulfillment of the securities of the due to them receivables and the principles of allocation of means from enforcement of the securities and other payments towards fulfillment of the due to them receivables.

III. Conclusion of an annex to the NGL Agreement

The Company informs that on 12 September 2014 it concluded with Segment Companies and Banks an annex to the NGL Agreement pursuant to which the Banks (apart from Millennium S.A. Bank) shall make available for the Segment Companies a limitation as a part of New Guarantee Line in the amount of PLN 60 million ("**NGL Annex**"). Pursuant to the NGL Agreement in the wording given by the NGL Annex, Segment Companies have granted for the benefit of the Banks a cross guarantee for the obligations resulting from NGL Agreement. Making available to the Segment Companies the limitation of the New Guarantee Line shall take place at the moment of Conversion.

IV. Making proposal of acquisition of New Bonds and its acceptance

The Company informs that on 12 September 2014 it made for the benefit of investors (including Agencji Rozwoju Przemysłu S.A.) a proposal of acquisition of New Bonds - i.e. convertible bonds of the total nominal value of PLN 81.5 million and ordinary bonds of the total nominal value of PLN 58.5 million, i.e. total value PLN 140 million and those proposals were accepted by investors whereby payment and issuance of Bonds shall take place within 5 days from Conversion. Pursuant to documentation of issuance of New Bonds, the Company shall be obliged to pay after the day of issuance of New Bonds for the benefit of the investors the commission related to ensuring the acquisition in the amount of specified in documentation of New Bonds.

V. Conclusion of the documents of security on Segment Companies stocks

The Company informs that on 12 September 2014 it concluded with ARP as an administrator of the pledge for the benefit of the bondholders of New Bonds and the Creditors an agreement of registered pledges on Segment Companies stocks pursuant to which as of the registration day the registered pledges shall be established on Segment Companies stocks in order to secure the receivables of the Creditors or bondholders of New bonds.

Furthermore the Company has concluded with the Creditors and future bondholders of New Bonds an Agreement of ordinary pledges and financial pledges pursuant to which ordinary pledges and financial pledges on Segment Companies stocks are (or were - as of the moment of signing the agreement by the relevant Creditor) established in order to secure the receivables of the Creditors or bondholders of New bonds.

VI. The status of fulfillment of conditions precedent the completion of the third reorganization stage

In connection with the events described in points I-V above and in connection with obtaining by the Company of the information that registration court relevant for the Company has registered the conditional increase of share Capital pursuant to point I. (g) above, the other events to take place which condition payment and issuance of New Bonds, Conversion and making available the New Guarantee Line to the Segment Companies are:

- (a) establishing the appropriate securities of the New Guarantee Line by Segment companies and the change by the Company of the appropriate existing securities of the New Guarantee Line;
- (b) Submitting the petitions by the Company for registering the securities in the form of registered pledge;
- (c) entering into the pledge register the securities established on the stock of Segment Companies in the form of registered pledge; and
- (d) Conclusion by the Company and PKO BP bank agreement of escrow account for the purposes of issuing New Bonds.

Signatures of persons representing the Company:
Ewa Ciborowska - Director of Management Board Service and Legal Advice