

National treasury pays MCI damages for JTT

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National treasury – Director of the Tax Inspection Authority in Wroclaw followed the final judgment of the Court of Appeals in Wroclaw of 12 April 2011, and paid to the bank account of MCI Management SA the principal amount of damages awarded 28,904,888.00 PLN plus statutory interest of 17,508,838.94 PLN.

“We are glad to accept the fact that the bank account MCI Management SA was credited with the full amount of damages awarded by the Administrative Court including statutory interest. We are glad that our country is a state of law. The whole of awarded damages, after tax, will be intended for new investments in promising and innovative projects, thus contributing to increase the competitiveness of the Polish economy on the international market and to raise the number of jobs in the fastest-growing sectors. As a result of faulty decisions of tax authorities, one of the most promising businesses of the 1990s was led to bankruptcy and many specialists lost their jobs. If JTT Company had survived, it might have become the Polish equivalent of Nokia or Apple. Now we hope that thanks to our investments we will be able, at least partially, to contribute in supporting the concentration of intellectual capital in the region and at the same time to reduce the outflow of Polish, Czech and Slovak specialists to the West.” said Konrad Sitnik, VP of MCI Management.

The Court of Appeals, reviewing the appeal of the National Treasury to the decision of the District Court, adjudged on behalf of the Company damages in the amount of 28,904,888 PLN plus statutory interest from 8 June 2006 to the date of payment. The damages were awarded as compensation for the losses incurred in connection with the devaluation of shares owned by MCI Management SA in JTT Computer SA, which was driven to bankruptcy as a result of faulty decisions taken by tax authorities in violation of the law. Thus, the Court partially confirmed the position of the company the charges set forth in the lawsuit and presented during the trial both as to the principle of the claim and the amount claimed. The company, JTT Computer SA was one of Poland’s largest distributors and manufacturers of computer equipment, employing about 80

people. The company was the principal for the capital group that included, among others, JTT Computer j.v. Sp. z o.o. and Centrum Komputerowe Adax. In 2004, the company filed for bankruptcy due to its poor financial situation caused by the decisions of the tax authorities.

The board of MCI Management SA notices that both parties to the litigation are entitled to lodge a cassation appeal to the Supreme Court, implying the possibility (and risk) that the final decision of the court of appeals could be repealed. The board of MCI also informs the total amount of damages paid 46,413,726.94 PLN constitutes taxable income of the company and is subject to corporate income tax (CIT).