

**REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE RULES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

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PART I

List of corporate governance rules which were not complied with by the issuer, stating the circumstances and reasons for not complying with a given rule and the manner in which the Company intends to remove the possible consequences of non-compliance or what steps it intends to take to mitigate the risk of non-compliance with the given rule in the future.

In 2007 the Company complied with all principles set forth in Best Practices in Public Companies 2005.

PART II

Description of the manner in which the General Meeting operates and its principal powers and rights of shareholders, and the manner of performing thereof.

The General Meeting operates on the basis of the By-Laws of the General Meeting of Multimedia Polska S.A. adopted by resolution no. 1 of the Extraordinary General Meeting of Multimedia Polska S.A. of 28 July 2006.

Shareholders are entitled to participate in the General Meeting provided they had submitted deposit certificates issued to their name by the entity which keeps their securities account in accordance with the law on trading in financial instruments at least one week prior to the date of the General Meeting, and such certificates have not been withdrawn prior to the end of the Meeting; also entitled to participate are members of the Management and Supervisory Boards and – if financial matters of the Company are to be discussed at the Meeting – the Company's auditor. The Chairman of the General Meeting may also consent to the participation of other persons.

The General Meeting shall be opened by the Chairman of the Supervisory Board, his deputy or, if neither of them is present, the President of the Management Board or a person designated by the Management Board. Next, the Chairman shall be elected from among persons entitled to participate in the General Meeting. The person opening the General Meeting should procure an immediate election of the Chairman of the Meeting, and should refrain from any other substantial or formal decisions. Each participant of the General Meeting may nominate one candidate for the position of the Chairman; each nomination shall be recorded in the minutes. The Chairman shall be elected by way of a secret ballot, held separately for each candidate from the list, in the alphabetical order. The Chairman should not resign from office without a good reason.

The Chairman shall manage the proceedings of the General Meeting and shall adopt decisions on matters of procedure. In particular, the Chairman shall give floor to speakers, receive motions and resolutions in draft form, submit them for discussion, order and conduct voting, issue relevant procedural instructions and shall be authorised to interpret these By-Laws. While performing his duties, the Chairman shall ensure an efficient conduct of the Meeting and observance of the rights and interests of all shareholders, and shall prevent any abuse of rights by the participants of the General Meeting.

Immediately following the appointment, the Chairman shall check and sign the list of attendance at the General Meeting.

The Ballot Counting Committee, composed of three persons, shall be selected by the General Meeting from among the candidates nominated by the Chairman or the persons entitled to participate in the Meeting. The Ballot Counting Committee shall oversee correct conduct of each voting and shall establish the voting results.

Upon presentation of each consecutive issue on the agenda, the Chairman of the General Meeting shall open a discussion and give the floor to speakers in the order in which they request to speak. The Chairman may suggest that a few related items on the agenda be discussed jointly.

The Chairman may grant the floor disregarding the set order in the case of members of the Supervisory Board, members of the Management Board, and other persons who participate in the Meeting with the Chairman's consent.

While taking the floor, the speakers shall speak on the issues included in the agenda and discussed at the given moment. During the discussion of each item on the agenda each shareholder shall be entitled to take the floor to speak or to reply to a preceding speech. With respect to each item on the agenda, the Chairman may set a time limit for individual speeches and replies, depending on the subject matter of the issue being discussed. The time limit shall not apply to the Management Board members, the Supervisory Board members, and the auditor.

Adding new items to the agenda shall not be possible unless the whole share capital is represented and no objections are raised by any of the participants. However, a motion for convening an Extraordinary General Meeting and motions concerning procedural matters may be passed without the requirement of being included in the agenda. A resolution not to consider an issue placed on the agenda may be adopted only if it is justified by material and specific reasons. A motion in this respect should be accompanied by a detailed substantiation. If an issue was placed on the agenda at the request of shareholders, a decision not to consider the issue shall require their consent. A decision to remove or not to consider an issue included in the agenda at the request of shareholders shall require the relevant resolution of the General Meeting, supported by 75% of the votes.

The General Meeting shall adopt resolutions on matters included in the agenda by way of voting. Voting may be held using a computer system for casting and counting votes which makes it possible to determine the number of votes cast in favour of a resolution, votes cast against it and abstaining votes, and precludes the possibility of identifying how a particular shareholder voted in secret ballot.

The General Meeting shall adopt resolutions by way of an open vote. A secret ballot shall be called in the case of: a) voting on the appointment or removal of members of the Company's governing bodies or liquidators, b) motions for calling members of the Company's governing bodies or liquidators to account, c) personnel matters, d) a request made by at least one shareholder participating in the Meeting, e) other circumstances provided for in the applicable regulations.

The General Meeting shall adopt resolutions with a simple majority of the votes cast, unless the Polish Commercial Companies Code, the Company's Statutes or By-Laws of the General Meeting provide otherwise.

Voting on procedural matters may refer only to those issues which pertain to the proceedings of the General Meeting. Resolutions which may prejudice the exercise of shareholder rights shall not be submitted for voting under this procedure.

Each resolution shall be voted on after its draft has been read out by the Chairman or by a person designated by the Chairman.

If a Shareholder objects against a resolution, the Chairman should ensure that the shareholder who voices the objections against the resolution has the opportunity to briefly justify his/her position.

In 2007, General Meetings of Multimedia Polska S.A. were formally convened on 5 February, 15 March, 25 May, 27 June and 11 December. The General Meetings were convened at the request of the Company's Management Board; the Company's shareholders did not submit any requests for a General Meeting to be convened.

The proceedings of the General Meeting were in compliance with the provisions of the Commercial Companies Code, the Company's Statutes, the principles set forth in the Regular By-laws of the General Shareholders Meeting of Multimedia Polska S.A. and the Best Practices in Public Companies 2005. The shareholders were able to acquaint themselves with the wording of draft resolutions provided for in the agenda, published on the Company's website 8 days prior to the date of the General Meeting. The Company did not question the correctness of the documents presented by the shareholders and their proxies during the verification of the shareholders' authority to participate in the General Meeting.

The Chairman of the General Meeting ensured the proceedings were conducted efficiently. The proceedings of the General Meeting were never recalled or interrupted. Members of the Supervisory Board and the Management Board were in attendance to provide explanations according to their level of responsibility and in compliance with the applicable laws.

Resolutions of the General Meeting were adopted under circumstances allowing protection of minority shareholder rights, including filing of reservations or objections to resolutions. None of the adopted resolutions were questioned in court litigations.

Acting within its authority, the General Meeting adopted resolutions material for the Company's operation, including the resolution regarding the merger of the Company with Multimedia Polska – Mielec Sp. z o.o. and Automatic Serwis Sp. z o.o. and authorising the Management Board to set out the share buy-back programme for subsequent redemption of the shares. In addition, the General Meeting appointed a Member of the Supervisory Board.

The Annual General Meeting of Multimedia Polska S.A. was held at a date which met the requirements of Art. 395 of the Commercial Companies Code, and documentation relating to the financial statements for 2006 was published on the Company's website within the timeframe required by law. Resolutions of the Annual General Meeting on distribution of the Company's 2006 profits were adopted by unanimous vote.

All resolutions adopted by the General Meeting in 2007 were in the best interest of the Company and took into consideration the rights of its shareholders. Resolutions adopted by the General Meeting are available on the Internet at the following address: www.multimedia.pl.

PART III

Composition and rules of procedure of managing and supervisory bodies of the Company and their committees

Composition of the Management Board

From 1 January 2007 to 18 December 2007, the two-person Management Board of Multimedia Polska S.A. was composed of the following persons:

Name	Position
Andrzej Rogowski	President
Arkadiusz Dorynek	Vice-President

On 18 December 2007, Vice-President of the Board, Mr. Arkadiusz Dorynek handed in his resignation; hence, as at 31 December 2007 and as at the date of publication of this report, the Management Board of Multimedia Polska S.A. consisted of only one member.

Rules of procedure of the Management Board

The Management Board performed its activities pursuant to provisions of the Commercial Companies Code, publicly available By-laws of the Management Board approved by resolution of the Supervisory Board and in accordance with the Best Practices in Public Companies 2005.

When determining strategic objectives and current tasks of the Company, the Management Board was guided by the overriding interest of the Company and by the applicable laws, and took into consideration interests of Shareholders, employees of the Company and creditors.

The strategic objectives of the Management Board were submitted by the Management Board to the Supervisory Board for approval.

In an attempt to ensure transparency and efficiency of the management system, the Management Board adhered to the principle of professional conducting of business within justified business risk, taking into consideration the wide scope of available information, analyses and opinions.

The Management Board ensured adherence to the principle that the auditor - recommended by the Audit Committee and appointed by the Supervisory Board - has to be independent in performing his activities.

Members of the Management Board remained fully loyal to the Company.

Remuneration of the members of the Management Board was determined according to transparent procedures by the Supervisory Board and corresponded to the scope of responsibility and authority, and took into consideration economic results delivered by the Company, remaining in reasonable relationship with remuneration levels of Management Boards in other similar companies in the media segment of the market.

Composition of the Supervisory Board

As at 1 January 2007, the Supervisory Board was composed of the following persons:

Name	Position
Ygal Ozechov	Co-Chairman of the Supervisory Board
Tomek Ulatowski	Co-Chairman of the Supervisory Board
Vikram Pant	Member of the Supervisory Board
Konrad Jaskóła	Member of the Supervisory Board
Gabriel Wujek	Member of the Supervisory Board

On 4 January 2007, Mr Vikram Pant resigned from the position of Supervisory Board Member.

On 5 February 2007, Mr David C. Seidman was appointed by the General Shareholders' Meeting to fill in the vacancy in the Supervisory Board.

Following these changes, as at the balance sheet date and the date of this report, the Supervisory Board of Multimedia Polska S.A. is composed of the following persons:

Name	Position
Ygal Ozechov	Co-Chairman of the Supervisory Board
Tomek Ulatowski	Co-Chairman of the Supervisory Board
David C. Seidman	Member of the Supervisory Board
Konrad Jaskóła	Member of the Supervisory Board
Gabriel Wujek	Member of the Supervisory Board

Rules of procedure of the Supervisory Board

In 2007, the Supervisory Board of Multimedia Polska S.A. proceeded in accordance with the provisions of the Commercial Companies Code, publicly available By-laws of the Supervisory Board of Multimedia Polska S.A., approved by the Supervisory Board on 31 July 2006, and the Best Practices in Public Companies 2005.

Meetings of the Supervisory Board were held regularly, with the participation of Management Board members. The Management Board provided the Supervisory Board with exhaustive information about material issues relating to the business of the Company. The Supervisory Board adopted resolutions in matters set forth in the meeting agenda distributed to members of the Supervisory Board in notices of the meetings. The Supervisory Board at times, acting on motion of the Management Board, adopted resolutions by circulation of documents without holding meetings, in an effort to ensure efficient performance of their functions.

The Supervisory Board met the requirement that at least half of the Supervisory Board members shall be independent Members who meet the independence criteria set forth in the Company's Statutes.

Resolutions of the Supervisory Board in matters of: (a) expressing consent for execution of a material agreement by the Company with an entity related with the Company, related Supervisory Board member or Management Board member, (b) appointing of the certified auditor to audit financial statements of the Company, (c) any performance by the Company or its related entities to benefit members of the Management Board - were adopted by a majority vote of independent Supervisory Board members.

The remuneration of the Supervisory Board did not constitute a significant cost item of the Company, affecting the financial result in any way. Such remuneration was approved in a resolution of the General Meeting and disclosed in the annual report. Members of the Supervisory Board had informed the Management Board of their having purchased or sold shares of the Company.

The Supervisory Board submitted a concise evaluation of the Company's standing as part of the Supervisory Board report on the Company's standing in 2006 during the General Meeting held on 27 June 2007. The General Meeting approved the report.

Scope of activities of the Supervisory Board in 2007

Activities of the Supervisory Board in 2007 focused on matters of material importance for the business of the Company.

In order to enable Multimedia Polska S.A. to deliver the goals of its public offering, the Supervisory Board passed resolutions regarding its consent to acquire shares in telecommunications companies (Automatic Serwis Sp. z o.o., PHU Sotel Sp z o.o., Intertel Sp. z o.o., Zicom Sp. z o.o. and others).

The Supervisory Board approved the motion of the Management Board with respect to distribution of profit for 2006.

The Supervisory Board performed its duty with respect to supervising the business of the Company by reviewing interim financial statements of the Company and Multimedia Polska Group, as well as Management reports on the activities of the Company and the Group.

The Supervisory Board performed its duty with respect to appointing the Management Board and determining the terms and conditions of employment by reappointing the existing Management Board for a joint two year term of office.

Supervisory Board Committees

The Supervisory Board established two committees, the Audit Committee and the Remuneration Committee, each consisting of three Supervisory Board members, including at least two independent Supervisory Board members.

Audit Committee

Duties of the Audit Committee are set out in the By-laws of the Supervisory Board.

The Audit Committee consists of three members, including at least two independent members and at least one member possessing relevant qualifications and experience in accounting and finance. The Audit Committee's tasks include advising the Board regarding proper application of budget and financial accounting rules and the internal audit of the Company and the Group, as well as cooperation with independent auditors of the Company auditing its financial statements. The Committee's specific tasks include: (i) reviewing the Company's accounting policies, (ii) reviewing the Company's interim and annual financial statements (standalone and consolidated), (iii) reviewing internal audit procedures, (iv) analysing internal audit reports, including related-party transactions, (v) reviewing internal audit programs, cooperation with internal auditors and periodic evaluation of their performance, (vi) cooperation with independent auditors auditing the Company's financial statements and presenting to the Supervisory Board recommendations regarding the choice of independent auditor, (vii) discussing the nature and scope of audit work with the interdependent auditor before each audit of annual financial statements, (viii) providing information to the Supervisory Board regarding the Committee's work with any proposals to take any necessary actions, and (ix) performing other tasks connected with accounting and finance, agreed between the Audit Committee and the Supervisory Board.

The Audit Committee is composed of Tomek Ulatowski, Konrad Jaskóła and Gabriel Wujek.

Remuneration Committee

Duties of the Remuneration Committee are set out in the By-laws of the Supervisory Board.

The Remuneration Committee consists of three members, including at least two members who meet the independence criteria set out in the Company's statutes. The Remuneration Committee's main task is to advise the Board regarding the development of the remuneration systems for the Management Board and the Company's directors, which would allow the Company to attract and retain the highest calibre professionals and incentivise them to work towards increasing the efficiency of the Company's operations.

The Remuneration Committee is composed of Ygal Ozechov, Konrad Jaskóła and Gabriel Wujek.

PART IV

Description of basic features of internal control and risk management systems in relation to the process of preparing financial statements

The Management Board of the Company is responsible for the system of internal control and risk management in the Company, as well as the quality of financial statements and periodic reports prepared and published in accordance with the provisions of the Regulation of 19 October 2005 on current and periodical information provided by issuers of securities.

The system of internal control and risk management in the process of preparing and publishing financial reports is based on the following key principles:

- a repeatable set of financial and operating data provided in the report, compliant with the respective Regulation, allowing for straightforward comparison of the results of each consecutive quarter
 - a defined, stable structure of reporting within the Company with a split of competences clearly indicating persons responsible for the respective parts of financial reports
 - maximum involvement of competent people within the Company, responsible for their respective areas of the business, into the preparation of each report
 - review of the Company's financial statements and the underlying methodology by external auditors
1. A repeatable set of financial and operating data provided in the report, compliant with the respective Regulation, allowing for straightforward comparison of the results of each consecutive quarter

The scope of basic data reported in periodic reports covers, on the one hand, the obligatory data defined in the Regulation of 19 October 2005 on current and periodical information provided by issuers of securities; and on the other hand, a set of operating data that allows for an analysis and verification of the effectiveness of key processes inside the Company, as well as an update of analytical models by internal auditors and external financial analysts.

The internal audit system implemented in the Company enables a consistency check between the fluctuation of key operating indicators and the financial data provided in the financial statements. Moreover, each time a reporting period is closed, financial data is verified for consistency with the previous reporting periods and the current forecast updated on a monthly basis.

A clear definition of the scope of financial and operating data reported periodically in financial reports from the very beginning of the Company's presence at the WSE greatly facilitates verification of the internal consistency of financial reporting and significantly reduces any risks connected with reporting.

2. A defined, stable structure of reporting within the Company with a split of competences clearly indicating persons responsible for the respective parts of financial reports

The split of competences of particular organisational units was defined at the start of the reporting process and was formalised by appropriate procedures. The main departments involved in the preparation of periodic reports are the Finance Department, responsible for all financial data published in the report, the Legal Department, responsible for providing a description of major events influencing the Company's legal situation, and the Investor Relations Office and the Controlling Department, responsible for preparing the key operating statistics.

The operating statistics and information on the events impacting the Company's legal position are prepared based on standard data reported by competent persons appointed by directors and managers of the Company's key organisational units, responsible for the processes that have a significant influence on the Company's standing. The scope of data reported in the financial reports was defined with reference to the required core content of the report and is verified each time to identify any key events and indicators that should be included in the report.

3. Maximum involvement of competent people within the Company, responsible for their respective areas of the business, into the preparation of each report

Verification of financial and operating data for a given period requires that key decision-making persons, who have influence on particular items of the financial statements, must be involved in the reporting process. Verification is two-fold: first data verification and validation is provided by the Finance Department, then any potential risk factors are discussed with the persons responsible for a given item.

Operating data is provided by competent employees directly and is verified and validated by the Finance Department and Investor Relations.

Final endorsement of financial reports is given based on verified financial and operating data.

4. Review of the Company's financial statements and the underlying methodology by external auditors

The external auditor audits annual and half-year financial statements and has access to the source data being the basis of their preparation and the procedures of preparing financial statements. While auditing the financial statements, the auditors also review business management systems, including electronic document flow, and the system of booking revenues and expenses.