

**Declaration of the Management Board of Multimedia Polska S.A concerning observance of corporate governance standards**

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The Management Board of Multimedia Polska S.A. publishes its declaration concerning observance of corporate governance standards. A detailed schedule of the standards with a commentary is provided in the Attachment.

Legal basis:

The Rules of the Warsaw Stock Exchange §29.

## GENERAL RULES

### **I. Objective of the Company**

The main objective of a company's authorities is to further the company's interests, i.e. to increase the value of the assets entrusted to them by the shareholders, taking into consideration the rights and interests of entities other than the shareholders that are involved in the functioning of the company, especially the company's creditors and employees.

### **II. Majority Rule and Protection of the Minority**

A joint-stock company is a capital venture, therefore it must respect the principle of capital majority rule and the primacy of majority over minority. A shareholder who contributes more capital also bears a greater economic risk. It is, therefore, justified that his interests be considered in proportion to the capital he contributes. The minority must have a guarantee that their rights will be properly protected within the limits set by the law and commercial integrity. When exercising his rights, a majority shareholder should take into account the interests of the minority.

### **III. Honest Intentions and No-Abuse of Rights**

The exercising of rights and reliance on legal institutions should be based on honest intentions (good faith) and cannot go beyond the purpose and economic reasons for which these institutions are established. No actions should be taken which, by exceeding the limits set, constitute an abuse of the law. The minority should be protected against any abuse of ownership rights by the majority and the interests of the majority should be protected against any abuse by the minority of its rights, thus ensuring the best possible protection of the equitable interests of the shareholders and other market participants.

### **IV. Court Control**

The company's authorities and persons chairing the general meeting cannot decide on issues which should be resolved by a court judgment. This does not apply to activities which the company's authorities and persons chairing general meetings are authorised or obliged to undertake by force of law.

### **V. Independent Opinions Ordered by the Company**

When choosing an entity to provide expert services, particularly an auditor, financial and tax advisors or legal advisors, the company should examine whether there are any circumstances that would limit the entity's independence when performing the tasks entrusted.

RULE	YES/NO	DECLARATION OF THE COMPANY
<b><u>BEST PRACTICES OF GENERAL MEETINGS</u></b>		
1. A general meeting should take place in a location and at a time that allows the participation of as many shareholders as possible.	<b>YES</b>	General Meetings are held at the Company's headquarters located in a large provincial capital.
2. A request made by parties entitled to do so for a general meeting to be convened and for certain issues to be put on its agenda should be justified. The supervisory board, shareholder or shareholders requesting the general meeting should present the management board with the request for the holding of the general meeting and reasons for the request in writing together with draft resolutions proposed for adoption by the general meeting allowing enough time to put the resolutions on the agenda.	<b>YES</b>	The supervisory board, shareholder or shareholders requesting the general meeting should present the management board with the request for the holding of the general meeting and reasons for the request in writing together with draft resolutions proposed for adoption by the general meeting allowing enough time to put the resolutions on the agenda.
3. A general meeting convened on the shareholders' request should be held on the date given in the request and, if this date cannot be kept, on the nearest date that would allow the general meeting to settle the issues on its agenda.	<b>YES</b>	General meetings are convened at the request of the Board of Shareholders representing at least 1/10 of the share capital. A general meeting should take place within two weeks from the filing of a correct request.
4. A general meeting whose agenda includes certain issues at the request of authorized entities or which has been convened on such a request can only be cancelled with the consent of the requesting parties. In all other instances, a general meeting can be cancelled in the same way it was convened if its holding is hindered or is obviously groundless. A meeting can be called off no later than three weeks before the original meeting date.	<b>YES</b>	The Company has a general policy of not cancelling or postponing General Meetings unless for extraordinary and compelling reasons.

<p>5. Before a shareholder's representative can participate in a general meeting, his right to act on the shareholder's behalf should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a general meeting conforms with the law and does not require any additional confirmations or acknowledgement unless the company's management board or the chairman of the general meeting has doubts about its authenticity or validity prima facie (when drawing up the list of attendance).</p>	<p><b>YES</b></p>	<p>A shareholder acting as a physical person at a General Meeting can be represented at the meeting by a representative and thus exercise his/her voting rights. The power of attorney must be granted in writing, or is treated as null and void, and must be attached to the list of attendees. If a shareholder is not a physical person, the right to make declarations of will on the shareholder's behalf should follow from a proper register shown when the list of attendees is drawn up, or should follow from a power of attorney or a series of powers of attorney giving the representative due authorisation.</p>
<p>6. The general meeting should have regular by-laws setting out in detail the principles on which meetings are conducted and resolutions adopted. The by-laws should, in particular, contain provisions on elections, including elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent change; it is advisable for any changes to enter into force as of the following general meeting.</p>	<p><b>YES</b></p>	<p>The Company has its by-laws of General Meetings. The by-laws contain <i>inter alia</i> provisions on elections etc.</p>
<p>7. The person opening the general meeting should immediately organise the election of the meeting chairman and should refrain from making any substantial or formal decisions.</p>	<p><b>YES</b></p>	<p>General Meetings are opened by Chairman or Vice-Chairman of the Supervisory Board or by President of the Management Board in their absence. Following the opening, a meeting chairman is elected from among authorised attendees. The person opening the general meeting should refrain from making any substantial or formal decisions.</p>

<p>8. The chairman of the general meeting ensures that the meeting is run efficiently and that the rights and interests of all the shareholders are observed. The chairman should not, without good reason, resign from his function or delay signing the meeting minutes.</p>	<p><b>YES</b></p>	<p>Appropriate regulations are made in this respect in the General Meeting by-laws. The chairman of the general meeting ensures that the meeting is run efficiently and that the rights and interests of all the shareholders are observed. The chairman should, in particular, counteract any abuse of rights by meeting participants and should guarantee that the rights of minority shareholders are respected. The chairman should not, without good reason, resign from his function or delay signing the meeting minutes.</p>
<p>9. The following persons are also entitled to attend the general meeting: members of the supervisory board and the management board, the auditor – if the company’s financial matters are to be discussed – and other experts invited to the meeting by the body calling the general meeting or persons opening the general meeting. The absence of a supervisory or management board member from the general meeting requires an explanation, which should be given at the meeting.</p>	<p><b>YES</b></p>	<p>Members of the Supervisory Board attend General Meetings as provided in the by-laws.</p>
<p>10. Supervisory and management board members and the company’s auditor should, within their powers and to the extent needed to settle issues discussed at the general meeting, provide meeting participants with explanations and information about the company.</p>	<p><b>YES</b></p>	<p>While considering each item on the agenda, depending on the subject matter, Chairman may give each speaker a limited space of time for his/her comment or reply. This time constraint does not apply to members of the Management Board, Supervisory Board or the company’s auditor.</p>
<p>11. All answers provided by the management board to questions posed by the general meeting should take into account the fact that a public company carries out its reporting obligations in the way stipulated in the Law on the Public Trading in Securities; certain information cannot be provided in any other way.</p>	<p><b>YES</b></p>	<p>Members of the Management Board are obliged to inform the Company without delay of any events or circumstances that give rise to reporting obligations under Polish law applicable to public companies.</p>

<p>12. The chairman may, at his discretion, order short breaks in the session other than the breaks ordered by the general meeting. Those breaks shall be ordered in such a way that the session may be ended on the same day on which it began. Short breaks in the session cannot be aimed at hindering the exercising by the shareholders of their rights.</p>	<p><b>YES</b></p>	<p>In accordance with the by-laws, short breaks in the sessions should be ordered by the chairman only in justified cases.</p>
<p>13. Voting on administrative issues may only concern issues related to the running of the meeting.</p>	<p><b>YES</b></p>	<p>In accordance with provisions of the General Meeting by-laws, voting on administrative issues concerns only issues related to the running of a General Meeting.</p>
<p>14. A resolution not to consider an issue on the agenda may be adopted only if it is supported by sound and relevant reasons. Any motion in this respect should be accompanied by a detailed justification. If an item was put on the agenda at a shareholder's request, consent must be given for omission of its consideration. A decision to remove an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution supported by 75% of the votes present at the meeting.</p>	<p><b>YES</b></p>	<p>Appropriate regulations are made in this respect in the General Meeting by-laws. A resolution not to consider an issue on the agenda may be adopted only if it is supported by sound and relevant reasons. Any motion in this respect should be accompanied by a detailed justification. If an item was put on the agenda at a shareholder's request, consent must be given for omission of its consideration. A decision to remove an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution supported by 75% of the votes present at the meeting.</p>
<p>15. Any party objecting to a resolution must be given the opportunity to put forward concise reasons for its objections.</p>	<p><b>YES</b></p>	<p>It is the company's practice to give each party objecting to a resolution an opportunity to present their reasons and justify their objections. In addition, the chairman should provide the necessary time and space as set forth in the by-laws.</p>

<p>16. As the Code of Commercial Companies does not provide for court control in the event of a resolution not being adopted by the general meeting, the management board or the meeting chairman should form resolutions in such a way that anyone who does not agree with the merits of a decision being the subject of the resolution has the possibility of challenging the same, provided that he is entitled to do so.</p>	<p><b>YES</b></p>	<p>In accordance with the by-laws of General Meetings, if in the course of discussions speakers have not formulated resolutions in a clear and comprehensive way, the meeting chairman is obliged to provide the final wording.</p>
<p>17. Written statements made by a participant at a general meeting are recorded in the minutes at the participant's request.</p>	<p><b>YES</b></p>	<p>In compliance with the by-laws of General Meetings, each shareholder has the right to request a secret ballot, to have his/her objections recorded in the minutes and to have his/her written statement recorded in the minutes.</p>

**BEST PRACTICES OF SUPERVISORY BOARDS**

<p>18. The supervisory board submits a written report on the supervision of the company's operations to the general meeting every year. The report should be made available to all shareholders early enough to allow them to become acquainted with the contents before the annual general meeting.</p>	<p><b>YES</b></p>	<p>Resolutions of the Supervisory Board opining on the programs, plans and reports delivered by the Management Board regarding the Company's activities are taken each year, in accordance with the by-laws of the Supervisory Board.</p>
<p>19. A member of the supervisory board should have the relevant education, the appropriate professional and practical experience, be of high moral standing and be able to devote the time required to perform his supervisory board function properly. Supervisory board candidature should be announced and supported by reasons sufficiently detailed to enable an informed choice to be made.</p>	<p><b>YES</b></p>	<p>The by-laws of General Meetings set forth the requirements for members of the Company's Supervisory Board.</p>
<p>20. (a) At least half the members of the supervisory board should be independent members. Independent members of the supervisory board should not have relations with the company and its shareholders or employees which could significantly affect the independent member's ability to make impartial decisions.</p> <p>(b) Detailed independence criteria should be laid down in the company's statutes.</p> <p>(c) Without the consent of the majority of independent supervisory board members, no resolutions should be adopted on the following issues:</p> <ul style="list-style-type: none"> <li>- performances of any kind by the company and any entities associated with the company in favour of management board members;</li> <li>- consent to the execution by the company or a subsidiary of a key agreement with an entity associated with the company, a member of the supervisory board or management board, or with their associated</li> </ul>	<p><b>YES</b></p>	<p>In accordance with the by-laws of the Supervisory Board, at least half the members of the supervisory board – or two members in case one shareholder and his/her subsidiaries hold a block of over 50% shares – should be independent members, who should have no business, family or other links with the Company and its controlling shareholder or the Company's management that would result in a conflict of interest affecting his/her judgement.</p>

<p>entities; and</p> <p>– appointment of an auditor to audit the company’s financial statements.</p>		
<p>21. A supervisory board member should, above all, keep the company’s interests in mind.</p>	<p><b>YES</b></p>	<p>The by-laws of the Supervisory Board provide that members of the Supervisory Board should, above all, keep the company’s interests in mind.</p>
<p>22. Supervisory board members should take the relevant action to receive from the management board regular and complete information on any and all significant issues concerning the company’s operations and on any risks related to the business and ways of managing such risks.</p>	<p><b>YES</b></p>	<p>Appropriate regulations are made in this respect in the by-laws of the Management Board.</p>
<p>23. A supervisory board member should inform the other members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on any resolution on the issue in respect of which the conflict of interest has arisen.</p>	<p><b>YES</b></p>	<p>As set forth in the by-laws of the Supervisory Board, supervisory board members are obliged to inform the other members of the board of any conflict of interest that arises and to refrain from voting on any resolution on the issue.</p>
<p>24. Information on a supervisory board member’s personal, actual and organizational connections with a given shareholder, particularly with the majority shareholder, should be made publicly available.</p>	<p><b>YES</b></p>	<p>Members of the Supervisory Board are obliged to inform the Company without delay of any events or circumstances that give rise to reporting obligations under Polish law applicable to public companies, including information regarding: transfer or acquisition of shares in the Company or in its dominant company or subsidiary, provided that such information is relevant to the member’s financial standing; and information on personal, actual and organizational connections with a majority shareholder or a shareholder holding over 10% shares of the Company.</p>

<p>25. Supervisory board meetings should be accessible and open to management board members, save for issues which directly concern the management board or its members.</p>	<p><b>YES</b></p>	<p>As set forth in the by-laws of the Supervisory Board, sessions of the Board are held when necessary, however no less infrequently than once every quarter.</p>
<p>26. A supervisory board member should make it possible for the management board to present publicly and in an appropriate manner information on the transfer or acquisition of shares in the company or in its dominant company or subsidiary and of transactions with such companies, provided that such information is relevant to his financial standing.</p>	<p><b>YES</b></p>	<p>As set forth in the by-laws of the Supervisory Board, members of the Board are obliged to inform the Company without delay of any events or circumstances that give rise to reporting obligations under Polish law applicable to public companies, including information regarding: transfer or acquisition of shares in the Company or in its dominant company or subsidiary, provided that such information is relevant to the member's financial standing; and information on personal, actual and organizational connections with a majority shareholder or a shareholder holding over 10% shares of the Company.</p>
<p>27. Supervisory board members' remuneration should be set on the basis of a set of transparent procedures and rules. The remuneration should be fair but should not constitute a significant cost item in the company's business or have a material impact on its financial results. It should also be in reasonable relation to the remuneration of members of the management board. The total amount of all supervisory board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it.</p>	<p><b>YES</b></p>	<p>Appropriate regulations are made in this respect in the by-laws of the Supervisory Board. The Supervisory Board takes resolutions on matters specified in the Commercial Companies Code and the Company's Statutes, including remuneration of the Management Board.</p>

<p>28. The supervisory board should operate in accordance with its by-laws, which should be publicly available. The by-laws should stipulate that at least two committees should be set up:</p> <ul style="list-style-type: none"> <li>- audit, and</li> <li>- remuneration.</li> </ul> <p>The audit committee should consist of at least two independent members and at least one person possessing the relevant qualifications and experience in accounting and finance. The committee's tasks should be specified in the board by-laws. The committees should present reports on their activities to the supervisory board every year. The company should then make these reports available to its shareholders.</p>	<p><b>YES</b></p>	<p>The Company's Supervisory Board has its by-laws, which are available on the Company's website. The by-laws contain regulations setting up Audit Committee and Remuneration Committee. As stipulated in the by-laws, the audit committee should consist of at least two independent members of the Board and at least one member possessing the relevant qualifications and experience in accounting and finance.</p>
<p>29. Any item not included in the agenda may not be voted on unless all the supervisory board members are present and none object to such resolution being passed or unless certain actions have to be taken by the supervisory board to protect the company against damage and in the case of a resolution assessing whether there is a conflict of interests between a supervisory board member and the company.</p>	<p><b>YES</b></p>	<p>In line with the Company policy, sessions of the Supervisory Board are convened by virtue of a written notice sent to particular members of the Supervisory Board at least 14 days prior to the proposed session. To the extent practicable, motions of the Management Board addressed to the Supervisory Board and copies of documentation relevant to such motions should be attached to the notice; unless extraordinary circumstances require that the notice is given less than 14 days prior to the proposed session.</p>
<p>30. A supervisory board member delegated by a group of shareholders to permanently exercise supervision should submit detailed reports on the performance of his task to the supervisory board.</p>	<p><b>YES</b></p>	<p>The by-laws of the Supervisory Board provide that the Board may delegate its members to perform certain supervision tasks individually.</p>
<p>31. A supervisory board member should not resign from his function during his term of office if this would make it impossible for the board to function, particularly if it could hinder the timely adoption of an important resolution.</p>	<p><b>YES</b></p>	<p>The by-laws of the Supervisory Board provide that a supervisory board member may resign from his function only for very important reasons.</p>

**BEST PRACTICES OF MANAGEMENT BOARDS**

<p>32. With the company’s interests in mind, the management board sets out the strategy and the main objectives of the company’s operations and submits them to the supervisory board. The management board is responsible for implementation and performance. The management board sees that the company’s management system is transparent and effective and that its business is conducted in accordance with legal regulations and best practice.</p>	<p><b>YES</b></p>	<p>The Management Board sets out the Company strategy. It is subject to approval by the Supervisory Board. The Management Board is responsible for strategy realisation and implementation.</p>
<p>33. When making decisions on corporate issues, management board members should act within the limits of justified business risk, i.e. after considering all information, analyses and opinions, which, in the reasonable opinion of the management board, should be taken into account in a given case in view of the company’s interest. When determining the company’s interests, the long-term interests of the company’s shareholders, creditors and employees should be kept in mind, as well as those of other entities and persons cooperating with the company, also the interests of the local community.</p>	<p><b>YES</b></p>	<p>The Management Board’s actions and decisions are given proper consideration and analysis.</p>
<p>34. In transactions with shareholders and other persons whose interests affect those of the company, the management board should act with the utmost care to ensure that the transactions are carried out at arm’s length.</p>	<p><b>YES</b></p>	<p>In transactions with shareholders and other persons whose interests affect those of the company, the value of the transactions is determined at quoted market price if available; the transactions are carried out at arm’s length.</p>

<p>35. A management board member should always be loyal to the company and avoid actions which could lead to the advancement of his own material interests only. If a management board member receives information about the opportunity to make an investment or another advantageous transaction relating to the company's objects, he should put this information immediately before the management board to be reviewed in terms of the company taking advantage of it. Such information may only be used by a management board member or passed on to a third party with the consent of the management board and only if it does not infringe on the company's interests.</p>	<p><b>YES</b></p>	<p>As set forth in the by-laws, a Management Board member should always be loyal to the Company and avoid actions which could lead to the advancement of his own material interests only. If a Management Board member receives information about the opportunity to make an investment or another advantageous transaction relating to the Company's objects, he should put this information immediately before the Management Board, or in certain matters before the Supervisory Board, to be reviewed in terms of the Company taking advantage of it. Such information may only be used by a Management Board member or passed on to a third party with the consent of the Management Board, or in certain matters the Supervisory Board, and only if it does not infringe on the Company's interests.</p>
<p>36. A management board member should treat his shares in the company and its dominant companies and subsidiaries as a long-term investment.</p>	<p><b>YES</b></p>	<p>As set forth in the by-laws, a Management Board member should treat his shares in the company and its dominant companies and subsidiaries as a long-term investment.</p>
<p>37. Management board members should inform the supervisory board whenever a conflict of interests arises, or if there is a risk of a conflict of interests arising in connection with the function performed.</p>	<p><b>YES</b></p>	<p>Management Board members are obliged to inform whenever a conflict of interests arises, or if there is a risk of a conflict of interests arising in connection with the function performed.</p>

<p>38. The remuneration of management board members should be set on the basis of transparent procedures and principles, taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprise, should be in reasonable relation to business results, and be related to the scope of liability in a given function, taking into account the level of remuneration of members of management boards in similar companies on a similar market.</p>	<p><b>YES</b></p>	<p>Appropriate regulations are made in this respect in the by-laws of the Supervisory Board. The Supervisory Board takes resolutions on matters stipulated in the Commercial Companies Code and the Company's Statutes, including remuneration of the Management Board.</p>
<p>39. The total amount of all management board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it. If the amount of the remuneration of individual members of the management board significantly differs, it is recommended that a relevant explanation be published.</p>	<p><b>NO</b></p>	<p>It has not been the Company's policy to date to publish the remuneration of the Management Board members.</p>
<p>40. The management board should lay down in the by-laws principles and procedures for operating and allocating powers. These principles should be clear and generally available.</p>	<p><b>YES</b></p>	<p>By-laws of the Management Board are available on the Company's website.</p>

**BEST PRACTICES IN RELATIONS WITH THIRD PARTIES AND THIRD PARTY INSTITUTIONS**

41. When selecting an auditor, the company should ensure that he will perform the tasks entrusted to him impartially.	<b>YES</b>	Auditors are selected from among established auditors who can guarantee proper and impartial performance of their duties.
42. In order to ensure an impartial opinion, the company should change its auditor once every five years at the least. The change of auditor should also be understood as a change in the individual carrying out the audit. Additionally, over a long period of time the company should not use the services of the same auditing entity.	<b>YES</b>	Following the public offering, the Company intends to change its auditor at least once every five years.
43. The auditor should be selected by the supervisory board on the recommendation of the audit committee, or by the general meeting on the recommendation of the supervisory board containing the audit committee recommendation. If an auditor other than the one recommended by the audit committee is chosen by either the board or the general meeting, detailed reasons should be given. Information on the selection of an auditing entity together with the relevant justification should be disclosed in the annual report.	<b>YES</b>	The audit committee operates in cooperation with the auditor (auditing the Company's financial statements) and presents the Supervisory Board with its recommendations on the choice of auditor.
44. The current auditor or the auditor auditing the annual accounts of the company or its subsidiaries in the period under examination cannot act as a special purpose auditor for the same company.	<b>YES</b>	For special purpose auditing, the Company intends to appoint an auditor other than the auditor currently involved in examining the Company and its subsidiaries.
45. A company should acquire its own shares in such a way that no group of shareholders is privileged.	<b>YES</b>	Possible acquisitions of shares by the Company will be made in such a way that no shareholders are privileged.

<p>46. The company's statutes, its basic internal regulations, information and documents related to general meetings, and its financial statements should be made available in the company's registered office and on its website.</p>	<p><b>YES</b></p>	<p>The company's statutes, its basic internal regulations, information and documents related to general meetings, and its financial statements are made available in the Company's registered office and on its website.</p>
<p>47. A company should have appropriate media relations procedures and regulations and an information policy ensuring coherent and reliable information about the company. The company should, in compliance with legal regulations and to safeguard its interests, make information on its current operations and business standing available to media representatives and allow them to attend general meetings.</p>	<p><b>YES</b></p>	<p>The Company intends to set up a specialised unit to implement an information policy. The Company intends to provide current information and explanations on any significant matters relating to its activities.</p>
<p>48. In its annual report, a company should include a statement to the effect that corporate governance standards are applied. Any departure from these standards should also be publicly explained.</p>	<p><b>YES</b></p>	<p>In performing their duties, members of the Management Board are obliged to act in compliance with the statutes and corporate governance standards that the Company has declared to apply.</p>