

**Report on supervisory activities in 2008**  
**prepared by the Supervisory Board of Multimedia Polska S.A. together with general**  
**assessment of the Company's standing and Supervisory Board activities**

The term of office of each member of the Supervisory Board in 2008 is as follows:

<b>Name</b>	<b>Term</b>
Tomek Ulatowski	01.01.2008 – 31.12.2008
Ygal Ozechov	01.01.2008 – 31.12.2008
Konrad Jaskóła	01.01.2008 – 31.12.2008
Gabriel Wujek	01.01.2008 – 31.12.2008
David. C. Seidman	04.02.2008 – 31.12.2008

#### **I. Assessment of Supervisory Board activities**

In 2008, 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 of WSE listed Companies.

Meetings of the Supervisory Board were held regularly, with the participation of the President of the Management Board. 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 submitted a concise evaluation of the Company's standing as part of the Supervisory Board report on the Company's standing in 2007 during the General Meeting held on 30 June 2008. The General Meeting approved the report.

Activities of the Supervisory Board in 2008 focused on matters of material importance for the business of the Company.

The Supervisory Board approved the motion of the Management Board with respect to distribution of profit for 2008.

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.

### **Supervisory Board Committees**

There were two committees within the Supervisory Board, 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.

The Supervisory Board is regularly updated by both the President of the Management Board and the Finance Director on issues concerning the preparation and publication of the Company's financial statements. Apart from strict financial supervision of the Company by the President of the Management Board, the President appointed a special team to control the Company's organisational units on an ongoing basis and monitor any possible abuses. Periodic reports are discussed between the President of the Board and the members of the Audit Committee. This method of supervision allows for fuller supervision of the process of preparing financial statements and also allows the Supervisory Board to be regularly updated on the Company's ongoing processes.

#### ***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.

The President of the Management Board, acting within his powers and in cooperation with the Remuneration Committee, designs and implements a remuneration system for the Company. The President presents to the members of the committee assumptions underlying the remuneration and bonus system. Furthermore, the President, acting within his powers and as the Company's shareholder, implemented a share option plan whereby employees with a key role in the Company's management received blocks of Multimedia Polska S.A. shares, which will have a direct impact on their efficiency and commitment to their business tasks.

No other committees, either permanent or ad hoc, were established by the Supervisory Board in 2008.

## **II. Opinion on the financial statements for the year ended 31 December 2008**

In 2009, the Supervisory Board performed a detailed analysis of the financial statements for 2008 with respect to their conformity with the books, documents and facts and the Management Board's report for 2008. As a result of the analysis, the Supervisory Board resolved to issue a positive opinion on the above-mentioned documents, recognizing them as prepared in conformity with the books, documents and facts and also in accordance with the law. The Supervisory Board recognizes the above documents as showing truthfully the economic and financial situation of the Company. Having performed the analysis, the Supervisory Board issues a positive opinion on the Management Board's motion to allocate the Company's 2008 profit to supplementary capital.

Furthermore, the Supervisory Board analysed the consolidated financial statements of Multimedia Polska Group for 2008 and resolved to issue a positive opinion on the above-mentioned document, recognizing it as prepared in conformity with the books, documents and facts and also in accordance with the law.

Both financial statements were approved taking into consideration the auditor's report and opinion on the standalone and consolidated financial statements of the Company for the year ended on 31 December 2008.

Having analysed the financial statements, the Supervisory Board recommends to the General Meeting to:

- approve the Management Board's report for 2008 and standalone and consolidated financial statements of the Company for 2008,
- allocate the Company's 2008 profit to supplementary capital, as requested by the Management Board,
- give vote of approval to the President of the Management Board for the discharge of his duties in 2008.

## **III. General assessment of the Company's standing**

Having made the general assessment of the Company's standing, the Supervisory Board is of the opinion that the Company improved its already strong position as a cable television, Internet and telephony provider in 2008, as confirmed by the financial results.

By adding new and innovative products, Multimedia Polska S.A. confirmed that it is one of the leading telecom providers in Poland.

The Supervisory Board is of the opinion that the future of the Company lies, among other things, in territorial expansion through the construction of telecom networks in new locations, as well as consolidation of cable and telecom operators, growing the number of subscribers both in current and new locations, increasing the number of services delivered to one subscriber and introducing services based on new technologies, such as interactive digital cable television with value-added services: high definition television (HDTV) and video on demand (VOD).

This Supervisory Board Report has been prepared in compliance with Art. 382.3 of the Commercial Companies Code.

Tomek Ulatowski .....

Ygal Ozechov .....

Konrad Jaskóła .....

Gabriel Wujek .....

David C. Seidman .....