

## **REPORT ON ACTIVITIES OF THE SUPERVISORY BOARD OF CYFROWY POLSAT S.A. IN 2009**

The Supervisory Board presents a report on its activities in the financial year 2009, comprising, in particular, results of assessment of the report of the Management Board on the activities of the Company in the financial year 2009, financial statement of the Company for the financial year 2009 and a motion for distribution of profit generated by the Company in the financial year 2009, and assessment of the work of the Supervisory Board as well as assessment of the internal control system and management system for risks relevant for the Company.

### **1. Composition of the Supervisory Board**

In the period between 1 January 2009 and 31 December 2009 the Supervisory Board comprised:

- 1) Zygmunt Solorz- Żak;
- 2) Heronim Ruta;
- 3) Andrzej Papis;
- 4) Robert Gwiazdowski;
- 5) Leszek Reksa.

Robert Gwiazdowski and Pan Leszek Reksa were appointed as independent members of the Supervisory Board, in order to implement the principle No.III.6 the Code of Best Practices for WSEListed Companies, adopted by a resolution of the WSE Supervisory Board of 4 July 2007, according to which at least two members of Supervisory Board should fulfill criteria of independence from the Company and parties being related to the Company.

In the period between 1 January 2009 to 31 December 2009 Zygmunt Solorz-Żak was the Chairman of the Supervisory Board.

### **2. The scope of activities of the Supervisory Board**

The Supervisory Board is acting on the basis of Commercial Companies Code as well as the Company's Article of Association and Regulations of Company's Supervisory Board dated 3 December 2007.

In 2009, the Supervisory Board performed constant supervision over the activities of the Company in all the branches of the entity. The Supervisory Board has placed particular focus on the analysis of the financial performance, in particular in relation to the development plans of Internet access services and plan of launch of integrated service combining all services offered by the Company into one comfortable product. The Supervisory Board, upon familiarizing themselves with the plan of activities for 2009 and the budget allocated to its execution, approved the plan of activities for 2009 together with the budget allocated to its execution. Pursuant to article 19 section 3 point f) and g) of the Company's Article of Association, Supervisory Board several time gave consent to incur liabilities with the value exceeding PLN 10,000,000. On the same base the Supervisory Board also gave consent for purchase of registered shares of Sferia S.A. and shares of MPUNKT HOLDINGS LIMITED

Since 4 August 2008, when the Supervisory Board created, with a resolution, the Audit Committee and the Remuneration Committee. Audit Committee comprised: Heronim Ruta, Robert Gwiazdowski and

Leszek Reksa. Remuneration Committee comprised: Zygmunt Solorz - Żak and Heronim Ruta. Members of the Audit Committee and the Remuneration Committee held meetings with the Management Board to discuss issues related to: the evaluation of the internal control system and management system for risks relevant for the Company and the analysis of the items related to the modification of principles of remuneration of the Management Board members.

Acting pursuant to art. 382 § 3 of the Commercial Companies Code, art. 19 section 2 point a) and b) of the Articles of Association of the Company and point II.1.6 and point III.1.2 the Code of Best Practices for WSE-Listed Companies, the Supervisory Board received the report on its activity in financial year 2008, containing in particular results evaluation of the Management Board's report on the Company's activities in the financial year 2008, financial statement of the Company for financial year 2008 and motion of the Management Board concerning the profit distribution generated by the Company in the financial year 2008, and the evaluation of the activities of the Supervisory Board and the evaluation of the internal control system as well as management system for risks relevant for the Company.

The Supervisory Board recommended to the Annual General Meeting of Shareholders to approve the financial statements for 2008 and to grant approval of the performance by the members of the Management Board in 2008. The Supervisory Board after conducting analysis of the motion of the Management Board as for the profit distribution for 2008, including the dividend payment for shareholders, gave a positive opinion on it. The Supervisory Board of the Company appointed KPMG Audyt Sp. z o.o. certified auditors for review of the financial statements of the Company and the consolidated financial statements for the financial year 2009.

In 2009 the Supervisory Board did not conduct the control or explanatory process, or it did not suspend members of the Company's Management Board.

### **3. Assessment of activities performed by the Supervisory Board in 2009**

The Supervisory Board performed its activities diligently, exercising control (among others through Audit Committee) over the management of the Company on behalf of its shareholders. The Supervisory Board comprised persons with comprehensive professional experience, equipped with potential enabling them to analyze the information supplied by the Company and take key decisions for the Company. Since 4 July 2008 Supervisory Board has comprised two members that are fulfilling criteria of independence according to the Code of Best Practices for WSE-Listed Companies.

The Supervisory Board, as a circle of experts, also performed advisory services to the Board, bringing their expertise and knowledge, resulting from the various positions they hold with other entities and offering support in the undertaken activities. In the performance of its duties, the Supervisory Board complied with the provisions of the law in force, in particular with the scope of competences set out in the Commercial Companies Code, the Articles of Association of the Company, and the Rules of Conduct of the Supervisory Board.

### **4. Assessment of the internal control system and the management system for risks relevant for the Company**

In the Company there is internal control system, where the Management Board of the Company is responsible for its efficiency. The internal control system covers main processes of activities of the

Company, where there is a need for establishment of control mechanisms serving the purpose of monitoring and limiting risks which are relevant for the Company.

Purpose of this system is to assure realization of business goals of the Company. The Company maintains and updates the organizational structure on daily basis, incorporating clearly defined reporting lines, responsibilities and levels of authorization, which enables offsetting the risks related to the business conducted. In the opinion of the Supervisory Board, the internal control system and management of risks relevant for the Company is at a satisfactory level.

#### **5. Assessment of report of the Management Board on activities of the Company in the financial year 2009, financial statements of the Company for the financial year 2009 and the motion of the Management Board regarding appropriation of profits made by the Company in the financial year 2009**

The Supervisory Board of Cyfrowy Polsat S.A. with registered office in Warsaw presents a report on results of assessment of the following financial statements of the Company for the financial year 2009:

1. financial statements of the Company
2. report of the Management Board on the activities of the Company and
3. assessment of the motion of the Management Board regarding distribution of profit.

##### **Ad. 1**

The Supervisory Board, having considered the opinion and report of the certified auditor on the course and results of the audit of the financial statements of the Company for 2009 and after evaluation of the report states that the financial statements of the Company for the financial year 2009 were created on the basis of properly held ledgers, is compliant with regards as to the form and contents with the provisions of law in force and fairly presents all the information relevant for the evaluation of profitability and the financial results in the audited period, and also the financial and economical situation of the Company as on 31 December 2009. Moreover, the Supervisory Board acknowledges that the financial statement of the Company for the financial year 2009 are compliant with the books and documents of the Company and the actual state. Due to the above facts, the Supervisory Board forwards a motion to the Annual General Meeting of Shareholders to approve the financial statements of the Company for the financial year 2009.

##### **Ad. 2**

The Supervisory Board, having considered the analysis and assessment of the report of Management Board on the activities of the Company for 2009, acknowledges that the report of the Board on the activities of the Company in the financial year 2009 is compliant with the books and documents of the Company and the actual state. Due to the above facts, the Supervisory Board approves the presented report and forwards a motion to the Annual General Meeting of Shareholders to approve it. Moreover, the Supervisory Board forwards a motion to the Annual General Meeting of Shareholders to grant approval of the performance of the duties by the President of the Board - Mr. Dominik Libicki, and

Members of the Board: Mr. Maciej Gruber, Mr. Tomasz Szelaġ, Mr. Dariusz Działkowski, and Mr. Andrzej Matuszyński for the financial year 2009.

**Ad. 3**

The Supervisory Board, having considered the motion of the Management Board regarding the appropriation of profits for 2009 as follows:

- amount of PLN 152,945,250.00- will be allocated for the dividend payment for 2009, dividend will be paid in the amount of PLN 0.57 per share.

- amount of PLN 79,095,664.16 will be allocated to the reserve capital.

issues a positive opinion and forwards a motion to the Annual General Meeting to adopt a relevant resolution regarding appropriation of profits in the division proposed by the Management Board.