

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

2007

The Supervisory Board presents a report on its activities in the financial year 2007, comprising, in particular, results of assessment of the report of the Management Board on the activities of the company in the financial year 2007, financial statement of the Company for the financial year 2007 and a motion for distribution of profit made by the Company in the financial year 2007, and assessment of the work of the Supervisory Board and assessment of the internal control system, as well as risks management system.

1. Composition of the Supervisory Board

In the period between 1 January 2007 and 19 September 2007 the Supervisory Board comprised:

- 1) Heronim Ruta – Chairman of the Supervisory Board;
- 2) Mariola Gaca – Member of the Supervisory Board;
- 3) Zdzisław Gaca – Member of the Supervisory Board;
- 4) Anna Kwaśnik – Member of the Supervisory Board.

On 20 September 2007 the Extraordinary Meeting of Shareholders appointed Mr. Andrzej Papis to a position in the Supervisory Board.

After the appointment, since 20 September 2007 the composition of the Supervisory Board has been as follows:

- 1) Heronim Ruta – Chairman of the Supervisory Board;
- 2) Mariola Gaca – Member of the Supervisory Board;
- 3) Zdzisław Gaca – Member of the Supervisory Board;
- 4) Anna Kwaśnik – Member of the Supervisory Board;
- 5) Andrzej Papis - Member of the Supervisory Board.

2. The scope of activities of the Supervisory Board

In 2007, 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 with the view of planned admission and floatation of shares of the Company for trade onto the regulated market.

Moreover, acting pursuant to art. 19 section 3 letter g) of the Articles of Association of the Company, the Supervisory Board grants its consent to the Company to incur liabilities in excess of 10,000,000 zlotys.

Exercising its power to appoint and dismiss Members of the Management Board, on 30 July 2007 the Supervisory Board dismissed the Management of the Company to date, comprising:

- 1) Dominik Libicki – President of the Board;
- 2) Maciej Gruber – Member of the Board;

with effect on 31 July 2007 and appointed, with effect on 1 August, the Board comprising:

- 1) Dominik Libicki – President of the Board;
- 2) Maciej Gruber – Member of the Board;
- 3) Dariusz Działkowski – Member of the Board;
- 4) Andrzej Matuszyński – Member of the Board.

Pursuant to art. 382 § 3 of the Commercial Companies Code, the Supervisory Board, exercising its duties in 2007, prepared and adopted as a resolution a report on activities of the Supervisory Board in 2006, assessment of financial statements of the Company for 2006, report of the Board on activities of the Company in 2006 and also issued an opinion about a motion of the Board regarding the appropriation of profits for 2006. The Supervisory Board recommended to the Annual General Meeting of Shareholders to approve the financial statements for 2006 and to grant approval of the performance by the Members of the Management Board in 2006. The Supervisory Board also recommended to the Annual General Meeting of Shareholders appropriating the profit for 2006 to the coverage of the loss from previous years of activities.

Moreover, 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 2007.

On 29 November 2007, the Supervisory Board resolved to approve the Rules of Conduct of the Management Board.

On 3 December 2007, the Supervisory Board of the Company adopted new Rules of Conduct of the Supervisory Board, which replaced the Rules of Conduct in force to date.

3. Assessment of activities performed by the Supervisory Board in 2007

The Supervisory Board performed its activities diligently, exercising control 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.

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.

Upon selection of the Management Board, the Supervisory Board considered competence and highly satisfactory management efficiency of the former Management Board, resulting in very good results of the Company, as well as benefits resulting from the extended composition of the Management Board by persons who, in the course of their cooperation with company so far, proved to possess specialist knowledge and management skills.

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

The Company implemented and further develops the 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, which include:

1. Procurement and payments,
2. Circulation of documents, including agreements entered into by the Company,
3. Licensing fees,
4. Settlements with main suppliers, including suppliers of receiver systems,
5. Tele and information systems,
6. Settlements with distributors.

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 2007, financial statements of the Company for the financial year 2007 and the motion of the Management Board regarding appropriation of profits made by the Company in the financial year 2007

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 2007:

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 appropriation 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 2007 and after evaluation of the report states that the financial statements of the Company for the financial year 2007 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 2007. Moreover, the Supervisory Board acknowledges that the financial statements of the Company for the financial year 2007 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 2007.

Ad. 2

The Supervisory Board, having considered the analysis and assessment of the report of Management Board on the activities of the Company for 2007, acknowledges that the report of the Board on the activities of the Company in the financial year 2007 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. Dariusz Działkowski, and Mr. Andrzej Matuszyński for the financial year 2007.

Ad. 3

The Supervisory Board, having considered the motion of the Management Board regarding the appropriation of profits for 2007 decided to allocate the profit in the following way:

- the amount of 37,565,500.00 zlotys shall be used for payment of dividend for 2007 to the shareholders of the Company,
- the amount of 464,129.07 zlotys shall be allocated to the reserve capital,
- the amount of 77,008,610.55 zlotys shall be allocated to the coverage of loss for the previous years.

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