

Warsaw, 27 April 2006

**REPORT ON THE ACTIVITIES OF SUPERVISORY BOARD
OF MENNICA POLSKA S.A.
FOR THE YEAR 2005**

2005 was the forth whole financial year of activity of Mennica Polska S.A. Supervisory Board of the forth term.

Till 4 May 2005 the Supervisory Board was working as composed of the following 6 members:

- Zbigniew Jakubas	Chairman of the Supervisory Board
- Paweł Mikoda	Deputy Chairman of the Supervisory Board
- Józef Jacek Werner	Secretary of the Supervisory Board
- Sławomir Nitek	Member of the Supervisory Board
- Michał Popiołek	Member of the Supervisory Board
- Paweł Witkowski	Member of the Supervisory Board.

On 4 May 2005 Mr Michał Popiołek submitted his resignation as the Member of the Supervisory Board of Mennica Państwowa S.A. Mr Popiołek informed that he resigned for personal reasons.

The Annual General Meeting of Shareholders being in session on 18 May 2005 filled the vacancy in the Supervisory Board of Mennica Państwowa S.A. by appointing Mr Przemysław Gdański as the Board's member. Since that day on the Supervisory Board has been composed as follows:

- Zbigniew Jakubas	Chairman of the Supervisory Board
- Paweł Mikoda	Vice Chairman of the Supervisory Board
- Józef Jacek Werner	Secretary of the Supervisory Board
- Sławomir Nitek	Member of the Supervisory Board
- Przemysław Gdański	Member of the Supervisory Board
- Paweł Witkowski	Member of the Supervisory Board.

The Annual General Meeting of Shareholders by resolution No. 15 introduced also changes in the Company's Articles of Association. Those changes concerned only the name of the company. On 2 June 2005 the Registry Court for the Capital City of Warsaw registered the changes in the Company's Articles of Association. Since that day the official name of the company is MENNICA POLSKA Spółka Akcyjna (Mint of Poland).

In 2005 7 meetings of the Supervisory Board were held, including one two-day meeting, during which 35 resolutions in total were adopted.

1. During the whole year the Supervisory Board, exercising supervision over the Company, was dealing with all the matters important for the efficient functioning of the Company, i.e.:

- It was obtaining information concerning current activity of the Company provided by the President of the Management Board and Directors of Divisions invited to the meetings as well as examining the company's financial standing by analysing synthetic monthly information on production and economic results.
- It accepted the changed Organisation Rules together with the organisation chart of Mennica Polska S.A.
- It was obtaining information concerning processes aimed at the reduction of the activity costs of the Company and Grupa Kapitałowa Mennicy Polskiej S.A.
- It analysed marketing and sales activity of the Company.
- It introduced necessary amendments to the bylaws adjusting them to changing regulations.

2. The course of the meetings of the Supervisory Board:

2.1 During a two-day meeting held on 18 and 24 January 2005 the Supervisory Board, fulfilling its statutory obligations, adopted a resolution on the consolidated text of the Articles of Association of Mennica Państwowa S.A. – the changes in the Statutes resulted from the resolutions of the Annual General Meeting of Shareholders of 8 July 2004. Moreover, a resolution was adopted changing the text of the Supervisory Board's Rules of Procedure and taking into account the changes introduced in the Company's Articles of Association.

Further during the meeting the Board obtained information concerning current activity of the Company including in particular the development plan of the Sales and Marketing Division as well as the development of the Electronic Payment and Development Division. Upon discussion the Board gave a positive opinion on the budget for 2005 proposed in the Plan and adopted a resolution on approving the annual budget submitted by the Management Board.

The Supervisory Board gave a positive opinion on the motion of the Management Board requesting the Supervisory Board's approval of its motion to the General Meeting of Shareholders to adopt a resolution that financial statements be prepared in accordance with the International Accounting Standards and adopted a resolution thereon.

The Extraordinary General Meeting of Shareholders of Mennica Państwowa S.A. held on 15 February 2005 passed a resolution introducing the preparation of financial statements in compliance with the International Accounting Standards, the International Financial Reporting Standards and their interpretation issued in the form of regulations of the European Commission, altogether referred to as the IAS.

The Supervisory Board received the Resolution of the Management Board requesting its approval to pay advance on dividend to shareholders.

In the course of discussion about that matter some doubts of a legal nature arose. Therefore, the Supervisory Board requested the Management Board to ask a law office to provide a legal opinion resolving the doubts and decided to adjourn the meeting until the opinion is received.

During the second day of the meeting the Supervisory Board examined the legal opinion provided by the law office and presented by the Management Board of the Company. Due to the necessary prerequisites stipulated in the said opinion the Management Board abandoned its motion to pay advance on dividend to shareholders.

Further during the meeting the President of the Management Board informed the Supervisory Board on putting an end to the co-operation on the supply of tokens with the Bank of Pridnestrovie due to the attempts of getting the Company entangled in political matters in the field of activity which is of a purely business nature.

2.2 At the meeting convened on 20 April 2005 the Supervisory Board examined the motions of the Management Board that its composition be extended by appointing Ms Barbara Staszczyk and Mr Leszek Kula as its members. The Supervisory Board passed two resolutions on that matter and appointed Ms Barbara Staszczyk and Mr Leszek Kula as members of the Management Board of Mennica Państwowa S.A.

Further to the extension of the Management Board's composition the Supervisory Board decided to consider the change in the terms of remuneration of the Management Board. In the course of discussion the Supervisory Board set the new terms of remuneration of the Management Board and decided that the Resolution and employment contracts be drawn up by lawyers and adopted by circulation.

The Supervisory Board examined the project of the collector's coins market development and the planned co-operation with Samlerhuset Group company connected therewith.

2.3 At the meeting held on 29 April the Supervisory Board made the appraisal of the financial statements of the Company for the financial year 2004 composed of the balance sheet, profit and loss account, cash flow statement, statement of changes in equity and additional information as well as the Management Board report on the activity of Mennica Państwowa S.A. for the period from 1 January to 31 December 2004. During the same meeting the Supervisory Board examined also the consolidated financial statements of Grupa Kapitałowa Mennicy Państwowej S.A. for the financial year 2004 and the report on the activity of Grupa Kapitałowa Mennicy Państwowej S.A. for 2004. The Supervisory Board analysed the statements and examined the opinions and reports of expert auditors. The Supervisory Board found the financial statements of the Company and Capital Group for 2004 to be in compliance with the books and documents.

Further to the positive opinion on the said statements for 2004 the Supervisory Board adopted resolutions recommending that the General Meeting of Shareholders approve those statements. The Resolution adopted by circulation concerning setting the terms and amount of remuneration of Mennica Państwowa S.A. Management Board's Members and concluding employment contracts with them was noted in the minutes of the meeting. Afterwards, the Supervisory Board passed Resolutions giving recommendation to the motions of the Management Board of Mennica Państwowa S.A. to be addressed to the Annual General Meeting of Shareholders concerning the distribution of the net profit made in 2004 as well as declaration of compliance with the corporate governance and introduction of changes in the Company's Statutes.

Moreover, the Supervisory Board adopted a Resolution on paying advance on annual bonus to the Management Board.

2.4 At the meeting convened on 17 June the Supervisory Board, fulfilling its statutory obligations, passed a resolution on the consolidated text of the Articles of Association of

Mennica Polska S.A. It was necessary due to registering the changes in the Statutes of Mennica Polska S.A. by the Registry Court for the Capital City of Warsaw on 2 June 2005. Then further to the changes in the Company's Articles of Association, the Supervisory Board adopted a resolution introducing changes in the Supervisory Board's Bylaws adjusting them to the consolidated text of the Company's Articles of Association. The changes in the Company's Articles of Association resulted from the Resolutions of the Annual General Meeting of Shareholders.

Further during the meeting the Supervisory Board discussed the situation in the Electronic Payment and Development Division. The attention was drawn to the development and expansion on that market, which are deemed by the Supervisory Board to be too slow. Despite the fact that sufficient time has passed, considerable efforts have been made and means used, the results are unsatisfactory.

While discussing the project of the collector's market development, the Supervisory Board watched a multimedia presentation made by the sales department concerning the "Samlerhuset" project.

The Supervisory Board gave its approval to the presentation, deciding that the project is of little risk and with good chances of success.

The Supervisory Board approved the motion of the Management Board to establish a limited liability company with the participation of Samlerhuset Group and passed a resolution on granting its consent to the formation of the subsidiary company.

Further to the resolutions of the Annual General Meeting of Shareholders held on 18 May 2005, the Supervisory Board gave its approval to the motion of the Management Board to increase the operational budget in order to cover the costs connected with the change of the Company's name and adopted a resolution on that matter.

The Supervisory Board examined the recommendation of the Management Board concerning the selection of the auditing company to carry out the audit of the financial statements of the Company and the whole Capital Group for 2005.

The Supervisory Board passed a resolution that Mister Audytor Sp. z o. o. be chosen to review and audit the financial statements of the Company for 2005 as the consequence of submitting the most advantageous offer.

Furthermore, the Supervisory Board adopted resolutions concerning the settlement of the bonus for the Management Board for 2004 and payment of advance on annual bonus for the first quarter of 2005.

2.5 At the meeting convened on 24 June the Supervisory Board discussed the current activity of the Company paying particular attention to the financial results for four months of 2005. In that period the Company achieves high profitability and revenues are realised with some surplus.

While discussing the “Rajska Jabłoń” project the Supervisory Board was informed about acquiring from Mennica Invest Sp. z o.o. plots in Jabłonna in exchange for partial debt relief given to Mennica Invest Sp. z o.o. The negotiations with the general contractor over the terms and conditions of contract to build 96 flats in 2 buildings were completed. Further to that the Company can start selling the flats according to the schedule. Hence, the Management Board put forward a motion for the approval of the sale of flats at the “Rajska Jabłoń” housing estate.

The Supervisory Board examined the said motion and adopted a resolution on giving its approval to conclude contracts for the sale of real estate of the value not exceeding 5% of the initial capital of the Company per sale.

2.6 At the meeting convened on 13 September the Supervisory Board was informed about a letter received by the Ministry of the Treasury from Eurobau Sp. z o.o. concerning alleged irregularities in the Company in granting loans to Multiko Sp. z o.o. and breaches of Company’s duty to provide information. The Management Board informed the Supervisory Board that it had received a similar letter from Eurobau Company, explained its position on that matter and pledged to draw up for the Supervisory Board a written explanation of all the matters raised by Eurobau Sp. z o.o.

During the further discussion on the current activity of the Company, the Management Board asked the Supervisory Board for its approval to allot PLN 3,000,000.00 to the disposal of the Management Board for investments in financial instruments. Such an approval is necessary for the Management Board to freely make such transactions. Upon hearing the arguments of the Management Board, the Supervisory Board adopted a resolution to give its approval to allot, in accordance with the motion of the Management Board, the amount of PLN 3,000,000.00 for making investments in financial instruments defined as acquisition, purchase and disposal of stock, shares in companies, purchase of debt securities, purchase and disposal of units in investment funds, regardless of the number of transactions carried out, and obligating the Management Board to submitting reports on the methods and effectiveness of the transactions at the meetings of the Supervisory Board.

While discussing the current situation in the Electronic Payment and Development Division, the Supervisory Board was informed that Mr Eryk Karski had handed in his resignation from the post of the Manager of the Division due to the impossibility of coming to an agreement with the Company's bodies regarding the aims of the development of Karta Miejska (the Municipal Card) and is no longer employed in the Company. Currently the newly employed Manager of the Division is becoming familiar with the situation in the Division and will submit his plan of further activity at the following meeting of the Supervisory Board.

At the end of the meeting the Supervisory Board, at the motion of the Management Board, passed a resolution granting the members of the Management Board advance on annual bonus for the second quarter of the year.

2.7 At the meeting held on 9 November the Supervisory Board noted in the minutes a resolution adopted by circulation on 11 October on giving the consent to the acquisition and disposal of stock whose value, including the stock already held, exceeds in aggregate 1/10 of the Company's initial capital.

The Supervisory Board discussed the 9-month financial results of the Company. The results are better than envisaged in the annual plan. While discussing the financial results of the Company, the Supervisory Board was informed by the Management Board that the amount of PLN 3,000,000.00 allotted to the disposal of the Management Board had not been used until that moment due to the volatility of the capital market. As for the purchase of stock of ZA Puławy, which had been approved by the resolution of the Supervisory Board adopted by circulation, the transaction was not carried out because Mennica was not allotted the stock of that company in the privatisation process.

Afterwards, the newly employed Manager of the Electronic Payment and Development Division made a presentation showing problems encountered by the Division as well as the steps taken in order to solve them and successfully develop long-term projects.

The Sales Division presented material summing up the efforts made up to that time aimed at establishing a company with Samlerhuset. Up till now such a Company has not been set up and problems with negotiations suggest carrying out this project without the participation of Samlerhuset. At the end of the meeting the Supervisory Board, at the motion of the Management Board, passed resolutions granting the members of the Management Board advance on annual bonus for the third quarter of the year.

3. In 2005 during its meetings the Supervisory Board analysed and discussed the restructuring process of Grupa Kapitałowa Mennicy Polskiej S.A. as well as systematically discussed and analysed the condition of the subsidiary companies whose sole owner is Mennica Polska S.A. The year 2005 was another year of seeking better organisation solutions and development of new activities and products in the subsidiary companies, i.e.:

Spółka z o.o. Mennica-Metale Szlachetne

Up till now the stolen platinum has not been found. The investigation was closed due to the non-detection of the perpetrator. However, in the ruling on the closing of the investigation there was a suggestion of the law enforcement bodies that the theft was committed by an employee of the Company, which resulted in the refusal to pay compensation under the insurance policy. The Management Board of Mennica – Metale Szlachetne lodged an appeal against the said ruling and also brought a lawsuit in the court against the insurer for the payment of compensation. At this stage it is difficult to foresee the result of the lawsuit.

The Company is engaged in the activities connected with the change of its seat – various options of moving the location of the Company with the use of means from Mennica Polska, EU funds or means acquired independently through obtaining credit are examined.

There is one serious threat to the activities of the Company – auditors carrying out inspection in the Polish chemical plants pointed out the weakness lying in the existence of only one supplier of catalytic gauzes, which may result in losing a considerable share in the market. It has already happened in Puławy.

The Management Board of Mennica-Metale Szlachetne has not yet submitted to the company's bodies a clearly defined Business Plan of the further activities which would show the attitude of the Management Board of Mennica-Metale Szlachetne to those risks and its further policy in that field.

As for the financial situation of the Company, despite the fact that in the second half of 2005 it sustained a loss, the closing of 2005 is envisaged to be at the same level as the previous year's one. The Company's cash flow is positive, the Company has cash in the account because the purchase of the land for the new location has not yet been completed – the notarial deed has not been signed as it is necessary to wait until the commune waives its right of pre-emption to that land.

The Management Board of Mennica Polska is still waiting for the submission of the Company's business plan for the following 3 years which, according to the promises of the Management Board of Mennica-Metale Szlachetne, should be ready till the end of this year.

Spółka z o.o. Mennica Ochrona

Mennica Ochrona Sp z o.o. is a Company of such a budgeting policy that it brings in a regular profit and thus is self-financing. Currently there is no indication whatsoever that it may change.

Spółka z o.o. Mennica-Invest

The activity of Mennica Invest Sp. z o.o. concentrates mainly on resolving all legal disputes to which the Company is a party. Due to the bad financial situation of the Company resulting from the past, the operations of the Company are reduced to the minimum and concentrate first of all on clarifying the legal standing of the Company and recovering all outstanding receivables of the Company and meeting its matured liabilities. Therefore, the staff numbers of the Company have been reduced to the necessary minimum and amounted to 5 persons (5 full-time jobs) at the end of 2005.

The Company conveyed to Mennica Polska the plots in Jabłonna in exchange for partial debt relief. The dispute with the TWT over the releasing of the real property at Waliców Street came to a standstill at the common court – before assigning an enforceability clause to the award of the arbitration court, the common court has to examine the complaint lodged by the opposite party.

The dispute between Mennica Invest and the Duchowiczes was remitted to the arbitration court in compliance with the provisions of the agreement. At the end of 2005 the complete composition of the court was determined and the parties were establishing the procedures of the said Court.

Spółka Mennica-Technologie S.A.

On 13 January 2005 the Extraordinary General Meeting of Shareholders passed a resolution on the dissolution and liquidation of the Company. The Company suspended activity. Until today the Company has not been dissolved.

Spółka Mennica Metale S.A.

On 13 January 2005 the Extraordinary General Meeting of Shareholders passed a resolution on the dissolution and liquidation of the Company. The Company suspended activity. Until today the Company has not been dissolved.

Zbigniew Jakubas

Paweł Mikoda

Sławomir Nitek

Józef Werner

Paweł Witkowski

Przemysław Gdański