

**REPORT ON THE ACTIVITIES OF
THE SUPERVISORY BOARD OF MENNICA POLSKA S.A.
for the year 2006**

1. In 2006, the 4th Supervisory Board completed its term of office and was replaced by the Supervisory Board of the 5th term of office.

Up to the day of holding the Ordinary General Meeting of Company's Shareholders, the Supervisory Board of the 4th term of office was composed of:

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

The Supervisory Board of the 5th term of office was approved on 13 June 2006 and was composed of the following persons:

- Zbigniew Jakubas - Chairman of the Supervisory Board
- Piotr Sandecki - Deputy Chairman of the Supervisory Board
- Krzysztof Malicki - Secretary of the Supervisory Board
- Leszek Biedka - Member of the Supervisory Board
- Marek Felbur - Member of the Supervisory Board
- Krzysztof Mikołajczak - Member of the Supervisory Board

In 2006, six meetings were held in total, including:

- 3 meetings of the Supervisory Board of the 4th term of office,
- 3 meetings of the Supervisory Board of the 5th term of office.

43 resolutions were passed during that time.

The Supervisory Board exercised permanent supervision over the Company's operations in all fields of its activities, i.e.:

- it monitored the current activities of the Company through the receipt and analysis of information on its financial results, performance, production and economic output obtained during meetings with the Management Board of MP S.A. and the Directors of particular departments,
- it monitored the current activities of the Capital Group Mennica Polska S.A. and the financial situation of its Subsidiary Companies through the receipt and analysis of documents and information on production and economic results supplied by the Management Board of MP S.A. and the Presidents of the Subsidiary Companies,
- approved the Rules of Procedure of the Management Board of MP S.A.,
- passed resolutions to ensure the development and the proper functioning of the Company and the Capital Group MP S.A.

2. The agenda of particular meetings of the Supervisory Board

2.1 Meeting of the Supervisory Board (of the 4th term of office) – 15 February 2005

The Supervisory Board's meeting on 15 February 2005 was held at a request of the Chairman of the Supervisory Board. It was attended by six members of the Board. As the mandates of members of the Supervisory Board of the 4th term of office had expired on the day of the Ordinary General Meeting of Shareholders relating to the financial year 2005, the

Supervisory Board decided to convene elections to choose members of the Supervisory Board from among candidates nominated by the Company's employees.

Next, the Board accepted for inclusion in the minutes the resolution on granting permission for capital investments, passed by circulation on 10 November 2005.

The Supervisory Board discussed the financial results in the previous 10 months and became acquainted with preliminary financial results for the IV quarter. During that period, the Company increased its sales revenue by 17.5%, however, its profits fell by about 3,000,000.00 PLN.

The Supervisory Board then proceeded to discuss the situation in the Electronic Payments and Development Department.

The Supervisory Board also became acquainted with materials concerning the investment project "Apple Tree of Paradise" (*Rajska Jabłoń*). The Board was in favour of expanding this part of the Company's activities, pointing to a favourable business outlook in this area.

The Supervisory Board approved the proposal of the Management Board to sell some immovable properties in the housing estate "Apple Tree of Paradise" (*Rajska Jabłoń*), passing the relevant resolution.

Next, the Board saw a presentation on the progress made in carrying out the Samlerhuset project and discussed the financial plan of the Commerce and Marketing Department for 2006.

The Supervisory Board familiarized itself with information on the performance of Mennica Metale Szlachetne S.A. (Precious Metal Mint), its plans for development in the following years and its indebtedness to Mennica Polska S.A.

The Supervisory Board passed a resolution approving the Operational Plan for 2006 and the budget contained in it, submitted by the Management Board.

The Supervisory Board adopted resolutions on the following matters:

- convening elections to choose members of the Supervisory Board from among candidates nominated by employees – passed unanimously;
- authorizing capital investments (by circulation) – passed unanimously;
- giving permission for the conclusion of contracts on the sale of immovable property of a value not exceeding, at any one time, 5% of the share capital of the Company – passed unanimously;
- approving the annual budget for 2006 - passed unanimously.

2.2 Meeting of the Supervisory Board (of the 4th term of office) – 3 and 10 April 2005

The two-day meeting of 3 and 10 April 2006 was convened by the Chairman of the Supervisory Board at a request of its Deputy Chairman – Mr Paweł Mikoda and its member – Mr Paweł Witkowski. The meeting was attended by 5 members of the Board.

The Supervisory Board familiarized itself with the minutes of the Company's Election Committee and the information on the number of votes and the results of the elections held to choose candidates to the Supervisory Board of the 5th term of office and passed a resolution on submitting these results to the General Meeting of Shareholders.

The Supervisory Board approved the proposal of the Management Board to consent to an amicable settlement of the dispute with Kolporter Service Sp. z o.o. and passed a resolution to that effect.

The Board proceeded to discuss the current situation in the Electronic Payments and Development Department.

As the term of office of the Supervisory Board was about to expire, it was decided not to discuss any changes to the Company's Management Board.

Resolutions adopted by the Supervisory Board concerned the following matters (among others):

- informing the General Meeting of Shareholders of candidates nominated by employees for elections to the Company's Supervisory Board – passed unanimously;
- giving permission for cancellation of liabilities with respect to Kolporter Service Sp. z o.o. – passed unanimously.

2.3 Meeting of the Supervisory Board (of the 4th term of office) – 27 April 2005

The meeting of the Supervisory Board on 27 April 2005 was convened at a request of the Chairman of the Supervisory Board. It was attended by 6 members of the Board.

The Supervisory Board evaluated the financial statements of the Company for the financial year 2005 and the report of the Management Board on the activities of the Company between 1 January and 31 December 2005. In addition, the Board reviewed the report on the activities of the Capital Group of Mennica Polska S.A. in the financial year 2005 and its consolidated financial report for that year. The Board carried out an analysis of these reports and became acquainted with opinions and reports of certified auditors. The Board found that the financial statements of the Company and the Capital Group and the reports of the Management Board on the activities of Mennica Polska S.A. and the Capital Group for the year 2005 were consistent with the ledgers and documents.

Having approved the above-mentioned reports for the year 2005, the Supervisory Board passed a resolution recommending that they should be approved by the Ordinary General Meeting of Shareholders.

The Board then proceeded to pass resolutions on the following proposals of the Management Board, recommending them for approval by the Ordinary General Meeting of Shareholders:

- distribution of the net profit produced in 2005,
- statement of compliance with the principles of corporate governance,
- opinion on the proposal of the Management Board to create a reserve fund for the payment of dividends and the principles of administering this fund,
- granting approval to the President and the Members of the Management Board.

The Board discussed the current operations of the Company and its Subsidiaries. In the period in question the revenue of the Company rose and its net profits showed an increase of 25% in comparison with the corresponding period of the previous year.

Finally, the Board passed a resolution on adopting the Rules of Procedure for Mennica Polska S.A.

Resolutions adopted by the Supervisory Board concerned the following matters (among others):

- examination of the report of the Management Board on the activities of the Company, financial statements for the financial year 2005 and the submission to the General Meeting of Shareholders of a report on the results of this examination – passed unanimously;
- examination of the proposal of the Management Board on the distribution of the net profit produced in 2005 and the submission to the General Meeting of Shareholders of a report on the results of this examination – passed unanimously;
- examination of the report of the Management Board on the activities of the Capital Group of Mennica Polska S.A. and its consolidated financial report and the submission to the General Meeting of Shareholders of a report on the results of this examination – passed unanimously;
- submission to the General Meeting of Shareholders of a proposal to approve the performance of duties, in the financial year 2005, by Mr. Tadeusz Steckiewicz - the President of the Management Board between 0.01.2005 and 31.12.2005 - passed unanimously

- submission to the General Meeting of Shareholders of a proposal to approve the performance of duties, in the financial year 2005, by Mr. Leszek Kula - a Member of the Management Board between 0.01.2005 and 31.12.2005 - passed unanimously
- submission to the General Meeting of Shareholders of a proposal to approve the performance of duties, in the financial year 2005, by Mrs. Barbara Sissons - a Member of the Management Board between 0.01.2005 and 31.12.2005 - passed unanimously,
- opinion on the proposal of the Management Board on a declaration of compliance with the principles of corporate governance, to be submitted for consideration at the General Meeting of Shareholders - passed unanimously,
- proposal of the Management Board, submitted to the General Meeting of Shareholders for consideration, on the new wording of § 1 subparagraph 2 of the Resolution no. 15 of the Ordinary General Meeting of Shareholders of 24 June 2003 on the creation of a reserve fund for the payment of dividends and on the principles of its administration in accordance with the provisions of the Resolution of Mennica Polska S.A. No. IV/331/2006 of 19 April 2006 on a proposal to amend Resolution no. 15 of the Ordinary General Meeting of Shareholders of 24 June 2004 - passed unanimously,
- adoption of the Rules of Procedure of the Management Board of Mennica Polska S.A.

2.4 Meeting of the Supervisory Board (of the 5th term of office) – 13 June 2006

The meeting of the Supervisory Board on 13 June 2006 was convened at a request of its Chairman. It was attended by six members of the Board.

The Supervisory Board accepted for inclusion in the minutes the resolution to give permission for granting of a loan to Mennica Invest Sp.z o.o., adopted by circulation.

The next point of the agenda was the election, by secret ballot, of the Deputy Chairman and the Secretary of the Supervisory Board.

The Board discussed the activities of the Company and its Subsidiaries in the period: January – March 2006 and January – April 2006. During that time, the Company increased its revenue, exceeding the target set out in the plan by 12%. There was a considerable boost in development operations. The financial results achieved by Mennica Metale Szlachetne S.A. were also very good.

The Supervisory Board examined the proposal of the Management Board on the appointment of an auditor responsible for auditing the financial statements of the Company and the Capital Group of Mennica Polska S.A. and decided that it would continue working with the previous auditor – Misters Audytor Sp. z o.o.

Resolutions adopted by the Supervisory Board related to the following matters (among others):

- giving permission for granting a loan to Mennica Invest Sp. z o.o. (by circulation) - passed unanimously;
- election of the Deputy Chairman of the Supervisory Board – with 5 votes ‘for’ and 1 abstention;
- election of the Secretary of the Supervisory Board – passed unanimously;
- appointment of a certified auditor responsible for auditing the financial statements of the Company for 2006 – passed unanimously.

2.5 Meeting of the Supervisory Board (of the 5th term of office) – 20 September 2006

The meeting of the Supervisory Board which took place on 20 September 2006 was convened at a request of its Chairman. It was attended by 5 members of the Board.

The resolutions, adopted by circulation and accepted by the Supervisory Board for recording in the Minutes, related to the following matters:

- giving permission for extending the time limit for the repayment of the loan granted to Multico Sp. z o.o.,
- giving permission for the introduction of an online system for the sale of encoded travel cards called "Warszawska Karta Miejska",
- agreeing to discontinue the liquidation of Mennica-Metale S.A. and to increase its share capital, at the same time introducing organizational and technical changes in this company.

The Supervisory Board discussed the current operations of the Company in the previous 7 months of 2006. As had been anticipated, the Company's results deteriorated during that period due to a production break in July.

The Supervisory Board analysed the financial results of the Building Investments Department. In addition, the Board adopted a resolution on the proposal of the Management Board to authorize the sale of properties associated with the investment project "Apple Tree of Paradise" (*Rajska Jabłoń*).

Afterwards, the Board discussed the activities of Subsidiary Companies and looked into the proposal of the Management Board to approve an increase in investment expenditure in 2006.

The Supervisory Board examined the arguments substantiating the motion put forward by the Management Board on changing the security for the loan granted to Mennica Invest Sp. z o.o. and adopted a resolution to that effect.

The Supervisory Board adopted resolutions on the following matters:

- agreeing to extend the time limit for the repayment of the loan granted to the Multico Sp. z o.o. – passed unanimously (by circulation);
- authorizing the introduction of an online system for the sale of encoded travel cards called "Warszawska Karta Miejska" – passed unanimously;
- agreeing to discontinue the liquidation of Mennica Invest Sp. Z o.o., to raise its share capital and introduce organizational and technical changes in it – passed unanimously (by circulation);
- giving permission for the conclusion of contracts on the sale of properties in the housing estate "Apple Tree of Paradise" (*Rajska Jabłoń*) in Jabłonna, of a value not exceeding 5% of the Company's share capital – passed unanimously;
- giving permission for increasing the investment budget for the year 2006 – passed unanimously;
- giving permission for changing the security with regard to the loan granted to Mennica Invest Sp. z o.o. – passed unanimously.

2.4 Meeting of the Supervisory Board (of the 5th term of office) – 14 December June 2006

The meeting of the Supervisory Board on 14 December 2006 was convened at a request of its Chairman. It was attended by six members of the Board.

The Supervisory Board discussed the current operations of the Company in the previous 10 months of 2006. During that period, the Company's revenue rose, even though the National Bank of Poland reduced its orders. At the same time, the Company's performance and its operating profit saw a decline.

The Board proceeded to evaluate the profitability of operations of the Trade and Marketing Department. The Supervisory Board analysed the financial results of the Subsidiary Companies, finding that the highest profits were obtained by Mennica Metale Szlachetne Sp. z o.o.

In the next part of the meeting, the Supervisory Board examined the Strategy for development of the Electronic Payments Department in the years 2007-2010.

Then the Board familiarized itself with the activities of the Capital Investments Department.

The Supervisory Board approved the proposal from the Management Board on the purchase of shares of RUCH S.A. offered in a tranche of shares for institutional investors, being made available under a privatisation process, and adopted a resolution to that effect.

The Supervisory Board adopted, among others, a resolution on giving consent for the purchase of shares of the total value, together with the already possessed shares, exceeding 1/10 of the Company's share capital.

3. THE CAPITAL GROUP OF MENNICA POLSKA S.A.

3.1. Mennica – Metale Szlachetne Sp. z o.o. (Precious Metal Mint Ltd. Co.)

Mennica Metale Szlachetne Sp. z o.o. is the most profitable Company in the Capital Group of MP S.A. Its financial situation is very good. The Company's revenue exceeded the anticipated amount by 10%, while its net profit was 273% higher, which is connected with the conclusion of new contracts and very high profitability. The Company is still working on its development plan and is preparing itself for the possible change of its manufacturing site. The Company had discharged its financial commitments with respect to Mennica Polska S.A.

3.2. Mennica Ochrona Sp. z o.o.

Mennica Ochrona Sp. z o.o. has a stable financial situation. The Company is capable of self-financing its activities. The introduction of the Euro currency is expected to offer new possibilities for the development of this Company. No organizational changes are planned before then.

3.3. Mennica Invest Sp. z o.o.

The activities of Mennica Invest Sp. z o.o. concentrate mainly on finishing all legal disputes in which the Company is a party. In 2006, the long lasting court disputes with Mr. and Mrs Duchowicz had finally been resolved. Efforts are still being made to carry out the execution of the property at no. 9 Waliców St. After the entry into force of the decision on dismissing the complaint of TWT with respect to the ruling of the Conciliatory Court, the execution procedure had been resumed.

3.3. Mennica Metale Sp. z o.o.

Pursuant to the resolution o 20 June 2006, the Supervisory Board agreed to discontinue the liquidation of the Company and to raise its share capital by 1,150,000 PLN, at the same time introducing organizational and technical changes in the Company.

The report was compiled by: Krzysztof Malicki – the Secretary of the Supervisory Board of MP S.A.

Signatures of the members of the Supervisory Board of MENNICA POLSKA S.A.

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(Zbigniew Jakubas)

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(Marek Felbur)

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(Leszek Biedka)

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(Piotr Sendeki)

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(Krzysztof Malicki)

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(Krzysztof Mikołajczak)