

**INTERIM SEPARATE FINANCIAL STATEMENTS OF  
POWSZECHNY ZAKŁAD UBEZPIECZEŃ  
SPÓŁKA AKCYJNA  
FOR A 6-MONTH PERIOD  
ENDED 30 JUNE 2011**



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## **INTRODUCTION TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**

### **1. Introduction**

#### **1.1. Information about Powszechny Zakład Ubezpieczeń**

Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU", "Company") with its registered office in Warsaw, at Al. Jana Pawła II 24, was established by way of transformation of Państwowy Zakład Ubezpieczeń into a joint-stock company wholly owned by the State Treasury, pursuant to Article 97 of the Act of 28 July 1990 on insurance activity (consolidated text: Journal of Laws No. 11 of 1996, item 62 as amended).

The terms and procedures of transformation and assumption of liabilities of the former Państwowy Zakład Ubezpieczeń are governed by the Ordinance of the Minister of Finance of 18 December 1991 (Journal of Laws No. 119 of 1991, item 522). Formal and actual transformation of Państwowy Zakład Ubezpieczeń into a joint-stock company wholly owned by the State Treasury took place on 23 December 1991 pursuant to a notarized deed (Rep. A-III-21516/91).

PZU is recorded in the Register of Entrepreneurs of the National Court Register at the District Court for the capital city of Warsaw, XII Business Division of the National Court Register, under KRS number 0000009831.

According to Polish NACE (PKD), the core business of the Company includes other personal and property insurance (PKD 65.12) and according to NACE, non-life insurance (EKD 6603). Warsaw Stock Exchange (WSE) classifies the Company in the insurance sector.

Insurance activity concerns other personal and property insurance (Section II of the Appendix to the Act of 22 May 2003 on insurance activity – Dz. U. No. 11 of 2010, item 66 as amended, the "Insurance Act").

#### **1.2. Period covered by the interim separate financial statements**

These interim condensed separate financial statements cover a 6-month period from 1 January to 30 June 2011.

#### **1.3. Going concern**

These interim condensed financial statements have been prepared based on the assumption that PZU will continue as a going concern in the foreseeable future, i.e. over a period of at least 12 months following the end of the reporting period, i.e. after 30 June 2011.

As of the date of signing the interim condensed financial statements, no facts and circumstances indicated a risk to the ability of PZU to continue as a going concern within 12 months of the end of the reporting period due to intended or forced discontinuation or material limitation of its activities.

#### **1.4. Presentation unit**

Unless expressly stated otherwise, all financial data are presented in PLN thousand in these interim condensed financial statements.

#### **1.5. Business combinations**

During the 6-month period from 1 January to 30 June 2011 and in 2010 PZU was not merged with any other business entities.

### **1.6. Discontinued operations**

During the 6-month period from 1 January to 30 June 2011 and in 2010 PZU did not discontinue any of its operations.

### **1.7. Seasonal or cyclical nature of business**

PZU's operations are not of particularly seasonal or cyclical nature.

## **2. Accounting principles (policy)**

Pursuant to Art. 45. 1a of the Accounting Act, financial statements of issuers of securities admitted to trading in a regulated market within the European Economic Area may be prepared in compliance with IFRS and the related Interpretations published in the form of regulations of the European Commission (hereinafter: IFRS).

As the General Meeting of Shareholders of PZU has not taken the decision referred to in Art. 45. 1c of the Accounting Act of 29 September 1994 (*Journal of Laws* No. 152 of 2009, item 1223 as amended – the Accounting Act), regarding preparation of financial statements in accordance with IFRS, these interim condensed separate financial statements of PZU have been prepared in compliance with Polish Accounting Standards (“PAS”) as laid down in the Accounting Act, as well as relevant secondary legislation issued on the basis thereof, including but not limited to:

- Ordinance of the Minister of Finance of 28 December 2009 on special accounting principles for insurance and reinsurance companies (*Journal of Laws* No. 226 of 2009, item 1825), Ordinance on accounting principles for insurers;
- Ordinance of the Minister of Finance of 12 December 2001 on detailed principles of recognition, measurement, disclosure and presentation of financial instruments (*Journal of Laws* No. 149 of 2001, item 1674, as amended).

Other major legal acts applicable to these interim condensed separate financial statements include:

- Ordinance of the Minister of Finance of 28 November 2003 on calculation of the solvency margin and minimum capital and reserves required for insurance sections and classes (*Journal of Laws* No. 211 of 2003, item 2060, Ordinance on the amount of the required solvency margin);
- Act on insurance activities.

All matters not specified in the Accounting Act and the regulations issued on the basis thereof are governed by the Polish Accounting Standards and/or International Financial Reporting Standards (IFRS).

Detailed accounting principles (policy) were presented in the annual separate financial statements of PZU for 2010, prepared in accordance with PAS and signed by the Management Board of PZU on 15 March 2011, on which the certified auditor issued an unqualified opinion on the above date and which were approved by the General Meeting of Shareholders of PZU on 30 June 2011 (“Separate financial statements of PZU for 2010”).

The separate financial statements of PZU for 2010 are available on the PZU website [www.pzu.pl](http://www.pzu.pl) under “PZU Capital Group/Investor Relations/Periodic and current reports/Periodic reports”.

## **3. Changes in the accounting principles (policy)**

In the six-month period ended 30 June 2011, the changes presented below were introduced to the accounting principles (policy) and to the method of presentation of the financial data in the separate financial statements of PZU compared with the separate financial statements of PZU for 2010.

### **3.1. Change in the principles of recognition of the gross written premium**

In accordance with the recommendations of the Polish Financial Supervision Authority, effective from 1 January 2011, a change was introduced as a result of interpretation of the provision of Art. 2.1.15 of the Ordinance on accounting principles of insurers, which consists in recognition of revenue from written premium on the execution date of an insurance agreement instead of the date of commencement of insurance obligation resulting from the insurance agreements executed (presented in liabilities as a provision for unearned premiums). In addition, the same change was made to the date of recognition in the technical account of property and casualty insurance of the costs of commissions in respect of concluded agreements (without any effect on the change in the financial result by the mechanism of presentation in liabilities as a provision for unearned premiums).

The change did not have any impact on the financial profit/loss or net assets of PZU.

### **3.2. ABC allocation**

In 2011, PZU introduced a model for allocation of indirect expenses to individual insurance products using the activity based costing (ABC) account.

In the previous years, indirect expenses were allocated as follows:

- administrative expenses – in proportion to the written premium;
- indirect acquisition costs - in proportion to direct acquisition costs;
- indirect loss adjustment and recourse collection expenses - in proportion to damages paid.

The above classification of expenses was oversimplified in the way it reflected the organisational structure and operating processes. The simplified method for cost allocation in which general keys were used, led to inaccurate allocation of expenses to individual product groups and products (and inaccurate allocation of expenses between corporate and mass clients). This resulted in many complications in the process of cost analysis and as a result hindered the effectiveness of management processes.

The purpose of the allocation of expenses using the ABC account, introduced in 2011 is:

- a more precise determination of the actual costs of products offered by PZU;
- a more precise determination of the actual mark-ups of general expenses (and their allocation principles) charged for individual products.

The allocation of expenses using the ABC account assumes that indirect expenses are divided by products and that the following are excluded from the administrative expenses: costs of acquisition, loss adjustment and recourse collection expenses, expenses of investment activities and other operating costs. The method assumed is based on determination of the following:

- type and amount of allocated resources;
- activities that allow resources to be allocated;
- cost drivers that allow resources to be allocated to activities;
- cost objects to which resources are allocated;
- cost drivers that allow activities to be allocated to cost objects.

Only the following are subject to allocation: indirect acquisition costs, indirect loss adjustment expenses, indirect recourse collection expenses, part of the administrative expenses (described above), costs of maintenance of investment real property, other expenses related to investment activities.

The model is updated on a quarterly basis taking into account the resources and activities; the finance-accounting system (general ledger and individual modules) is the source of costing data.

### **3.3. Impact of changes on comparative data**

The tables below present the impact of the above changes on the financial data for comparable periods. The periods in the profit and loss account are:

- six months from 1 January to 30 June 2010;

- three months from 1 April to 30 June 2010.

The balance sheet discloses balances as at the following dates: 31 December 2010, 30 June 2010 and 31 December 2009.

All changes in respect of comparative data in the balance sheet result from changes in the recognition of the gross written premium.

Powszechny Zakład Ubezpieczeń Spółka Akcyjna  
Interim separate financial statements for a 6-month period ended 30 June 2011

Balance sheet items	31 December 2010 historical data	Change	31 December 2010 comparative data	30 June 2010 historical data	Change	30 June 2010 Comparative data	31 December 2009 historical data	Change	31 December 2009 comparative data
<b>ASSETS</b>									
IV.1.2. Receivables from direct insurance – from other entities	1 053 703	136 725	1 190 428	1 040 247	101 355	1 141 602	971 728	111 229	1 082 957
VI.2. Deferred acquisition costs	424 144	37 914	462 058	431 402	36 692	468 094	394 962	37 140	432 102
VI.4. Other prepayments	206 127	(37 914)	168 213	224 998	(36 692)	188 306	237 009	(37 140)	199 869
<b>LIABILITIES AND EQUITY</b>									
III. Technical provisions	13 623 196	339 814	13 963 010	13 710 042	241 398	13 951 440	12 789 415	343 249	13 132 664
IX.3. Deffered income	218 173	(203 089)	15 084	152 707	(140 043)	12 664	245 132	(232 020)	13 112

Changes to the comparative data in the technical account of property and casualty insurance and general profit and loss account are marked in the tables as follows:

- “premium” – change in the principles of recognition of the gross written premium:
- “ABC” – ABC allocation.

Items of the technical profit and loss account	1 April - 30 June 2010 historical data	<i>Change</i>	1 April - 30 June 2010 comparative data	1 January - 30 June 2010 historical data	<i>Change</i>	1 January - 30 June 2010 comparative data
I.1. Gross written premiums (premiums)	1 775 534	21 165	1 796 699	4 043 702	(101 851)	3 941 851
I.3. Changes in provisions for unearned premiums and unexpired risks (gross) (premiums)	(133 002)	21 165	(111 837)	293 313	(101 851)	191 462
IV.1.1. Gross claims paid (ABC)	1 267 202	17 476	1 284 678	2 620 282	32 886	2 653 168
VII.1. Acquisition costs (ABC) (*)	321 660	27 812	349 472	625 226	46 372	671 598
VII.2. Administrative expenses (ABC)	239 240	(47 170)	192 070	436 843	(82 907)	353 936
X. Technical result on property and casualty insurance	(157 348)	1 882	(155 466)	(216 670)	3 649	(213 021)

(\*) Change in the deferred acquisition costs recognised under this item in H1 2010 was minus 36,439 thousand PLN (data previously reported) and minus 35,992 thousand PLN (comparative data in these financial statements).

Items of the general profit and loss account	1 April - 30 June 2010 historical data	<i>Change</i>	1 April - 30 June 2010 comparative data	1 January - 30 June 2010 historical data	<i>Change</i>	1 January - 30 June 2010 comparative data
I. Technical result on property and casualty insurance	(157 348)	1 882	(155 466)	(216 670)	3 649	(213 021)
V.1. Costs of property maintenance (ABC)	196	992	1 188	440	1 800	2 240
V.2. Other costs of investment activity (ABC)	2 578	890	3 468	4 278	1 849	6 127

#### **4. Adjustments of previous year errors**

In the 6-month period from 1 January to 30 June 2011 no adjustments of previous year errors were made.

#### **5. Information on significant post-balance sheet events not disclosed in the financial statements**

Until the date of publication of these interim condensed financial statements no significant events occurred which have not been disclosed in these interim condensed financial statements.

#### **6. Significant events pertaining to previous years and disclosed in the financial statements for the current reporting period**

Until the date of publication of these interim condensed financial statements significant events pertaining to previous years occurred which have not been disclosed in these interim condensed financial statements.

#### **7. Significant events pertaining to the reporting period and significantly changing the structure of balance sheet items and the financial result**

##### **7.1. Dividend from PZU Życie to PZU**

On 30 June 2011, the Ordinary General Shareholders' Meeting of PZU Życie adopted a resolution on distribution of the profit of PZU Życie for the 2010 financial year of PLN 2,130,255 thousand as follows:

- payment of a dividend of PLN 1,987,282 thousand to the sole shareholder, i.e. PZU;
- reclassification of PLN 142,973 thousand to the supplementary capital.

In accordance with the aforesaid resolution, 19 August 2011 is the dividend payment date.

## INTERIM BALANCE SHEET

PLN '000

Assets	Note	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
I. Intangible assets, including:	1	67 408	63 192	63 526	50 679	49 560
- goodwill		-	-	-	-	-
II. Investments		25 071 092	25 151 224	23 832 035	23 088 346	26 765 773
1. Real property	2.1	591 566	596 132	599 551	600 971	600 110
2. Investments in controlled entities	2.2	5 817 751	7 003 153	6 860 409	5 740 279	7 710 649
- investments in controlled entities measured using the equity method		5 791 415	6 976 796	6 834 051	5 584 333	7 691 903
3. Other financial investments	2.3	18 655 241	17 544 646	16 363 674	16 735 192	18 442 095
4. Deposits with ceding undertakings		6 534	7 293	8 401	11 904	12 919
III. Net unit-linked assets		-	-	-	-	-
IV. Receivables		3 871 584	1 855 374	1 543 565	1 427 538	1 355 331
1. Receivables from direct insurance	3.1	1 286 977	1 253 652	1 190 674	1 141 875	1 083 279
1.1. From controlled entities		101	254	246	273	322
1.2. From other entities		1 286 876	1 253 398	1 190 428	1 141 602	1 082 957
2. Receivables from reinsurance	3.2	78 668	59 463	121 352	60 914	26 174
2.1. From controlled entities		6 663	488	100	11 938	-
2.2. From other entities		72 005	58 975	121 252	48 976	26 174
3. Other receivables	3.3	2 505 939	542 259	231 539	224 749	245 878
3.1. Receivables from the state budget		9 500	9 379	9 268	89	81 704
3.2. Other receivables		2 496 439	532 880	222 271	224 660	164 174
a) from controlled entities		2 025 153	26 406	5 607	99 252	2 923
b) from other entities		471 286	506 474	216 664	125 408	161 251
V. Other assets		282 032	251 988	280 422	272 956	245 572
1. Tangible assets	4.1	96 861	105 182	114 133	116 375	117 772
2. Cash	4.2	185 171	146 806	166 289	156 581	127 800
3. Other assets		-	-	-	-	-
VI. Prepayments		638 920	681 258	630 271	656 400	631 971
1. Deferred tax asset		690	-	-	-	-
2. Deferred acquisition costs		489 629	491 241	462 058	468 094	432 102
3. Recognized interest and rent		-	-	-	-	-
4. Other prepayments	4.3	148 601	190 017	168 213	188 306	199 869
<b>Total assets</b>		<b>29 931 036</b>	<b>28 003 036</b>	<b>26 349 819</b>	<b>25 495 919</b>	<b>29 048 207</b>

## INTERIM BALANCE SHEET (CONT'D)

PLN '000

Liabilities and equity	Note	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
I. Equity		11 191 406	12 409 924	11 902 186	10 489 877	10 411 542
1. Share capital	5	86 352	86 352	86 352	86 352	86 352
2. Called up share capital (negative value)		-	-	-	-	-
3. Treasury shares (negative value)		-	-	-	-	-
4. Supplementary capital		3 331 831	2 060 279	2 060 272	2 060 352	1 252 214
5. Revaluation reserve		5 309 159	6 485 915	6 238 853	5 066 766	7 312 998
6. Other reserve capitals		-	-	-	-	-
7. Previous year profit (loss)		-	3 516 709	-	-	-
8. Net profit (loss)		2 464 064	260 669	3 516 709	3 276 407	2 510 379
9. Appropriations of net profit during the financial year (negative value)		-	-	-	-	(750 401)
II. Subordinated liabilities		-	-	-	-	-
III. Technical provisions	6	14 163 921	14 183 259	13 963 010	13 951 440	13 132 664
IV. Reinsurers' share in technical provisions (negative value)		(748 134)	(773 576)	(786 825)	(1 122 540)	(754 456)
V. Estimated salvages and subrogations (negative value)		(47 403)	(62 855)	(74 577)	(69 161)	(78 996)
1. Estimated salvages and subrogations (gross)		(49 087)	(64 775)	(76 834)	(71 214)	(81 416)
2. Reinsurers' share in estimated salvages and subrogations		1 684	1 920	2 257	2 053	2 420
VI. Other provisions		317 872	343 647	328 726	460 729	542 531
1. Provisions for pension and other statutory employee benefits	7	218 778	217 574	214 018	244 209	229 550
2. Provision for deferred income tax		-	22 621	4 057	33 438	117 652
3. Other provisions	8	99 094	103 452	110 651	183 082	195 329
VII. Liabilities due to reinsurers' deposits		-	-	-	-	-

## INTERIM BALANCE SHEET (CONT'D)

PLN '000

Liabilities and equity	Note	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
VIII. Other liabilities and special funds		4 754 004	1 598 903	674 552	1 537 483	5 478 601
1. Liabilities due to direct insurance	9.1	264 685	277 317	259 626	179 731	154 698
1.1. To controlled entities		746	1 002	2 358	762	819
1.2. To other entities		263 939	276 315	257 268	178 969	153 879
2. Liabilities due to reinsurance	9.2	71 721	61 597	27 969	63 952	17 667
2.1. to controlled entities		6 206	-	2	11 911	-
2.2. to other entities		65 515	61 597	27 967	52 041	17 667
3. Liabilities arising from issue of debt securities and obtained loans		-	-	-	-	-
4. Liabilities to credit institutions	9.3	1 313 668	80 386	122	3	4 748 213
5. Other liabilities		2 960 633	1 032 619	245 071	1 133 803	432 169
5.1. Liabilities to the state budget		67 082	35 232	10 930	56 698	15 435
5.2. Other liabilities		2 893 551	997 387	234 141	1 077 105	416 734
a) to controlled entities		15 026	37 355	36 270	3 625	11 279
b) to other entities		2 878 525	960 032	197 871	1 073 480	405 455
6. Special funds	10	143 297	146 984	141 764	159 994	125 854
IX. Accruals	11	299 370	303 734	342 747	248 091	316 321
1. Accrued expenses		284 302	289 278	327 663	235 427	303 209
2. Negative goodwill		-	-	-	-	-
3. Deferred income		15 068	14 456	15 084	12 664	13 112
<b>Total liabilities and equity</b>		<b>29 931 036</b>	<b>28 003 036</b>	<b>26 349 819</b>	<b>25 495 919</b>	<b>29 048 207</b>

Book value	11 191 406	12 409 924	11 902 186	10 489 877	10 411 542
Number of shares	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300
Book value per share (in PLN)	129,60	143,71	137,83	121,48	120,57
Diluted number of shares	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300
Diluted book value per share (in PLN)	129,60	143,71	137,83	121,48	120,57

## INTERIM STATEMENT OF OFF-BALANCE SHEET ITEMS

PLN '000

Off-balance sheet items	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
1. Contingent receivables, including:	8 764 268	8 410 533	8 155 430	7 697 773	6 895 117
1.1. guarantees and sureties received	5 000	4 528	4 528	3 901	3 699
1.2. other /1	8 759 268	8 406 005	8 150 902	7 693 872	6 891 418
2. Contingent liabilities, including:	60 441	56 979	81 229	57 742	46 239
2.1. guarantees and sureties given	6 469	7 183	8 543	7 291	7 714
2.2. accepted and endorsed promissory notes	-	-	-	-	-
2.3. buy-sell-back assets	-	-	-	-	-
2.4. other liabilities collateralized by the Company's assets or revenue	-	-	-	-	-
2.5. disputed claims not acknowledged by the insurer and brought to court by creditors	53 075	48 862	71 660	49 398	37 443
3. Reinsurance collateral for the insurance company	-	-	-	-	-
4. Reinsurance collateral pledged by the insurance company for cedants	-	-	-	-	-
5. Third-party assets not recognized in the entity's assets	222 709	223 747	227 978	228 618	231 158
6. Other off-balance sheet items	-	-	-	-	-

Own funds	8 841 033	10 407 971	9 593 441	8 230 092	8 261 644
Solvency margin	1 336 216	1 333 798	1 338 798	1 336 216	1 338 798
Surplus (shortage) of own funds to cover the solvency margin	7 504 817	9 074 173	8 254 643	6 893 876	6 922 846
Gross technical provisions/2	14 114 834	14 118 484	13 546 362	13 880 226	13 051 248
Assets to cover technical provisions	18 790 497	18 904 804	17 687 287	18 148 088	14 245 034
Surplus (shortage) of assets to cover technical provisions	4 675 663	4 786 320	3 801 111	4 267 862	1 193 786

/1 This item includes mainly: promissory notes due to insurance guarantees given, other promissory notes, collateral in the form of alienation of the debtor's assets, mortgage on the debtor's assets, other contingent receivables etc.

/2 including gross estimated salvages and subrogations

An increase in the balance of other contingent receivables in 2011 resulted mainly from an increase in the balance of promissory notes due to insurance guarantees given, which was PLN 7.250.380 thousand as of 30 June 2011 (PLN 6.907.440 thousand as of 31 March 2011, PLN 6.650.325 thousand as of 31 December 2010 and PLN 5.574.281 thousand as of 31 December 2009).

## INTERIM TECHNICAL ACCOUNT - PROPERTY AND CASUALTY INSURANCE

PLN '000

Technical account - property and casualty insurance	Note	1 April – 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
I. Premiums	13	1 973 522	3 832 180	1 881 739	3 668 105
1. Gross written premiums		1 956 610	4 213 519	1 796 699	3 941 851
2. Reinsurers' share in written premium		32 150	129 509	18 067	95 627
3. Changes in provisions for unearned premiums and unexpired risks (gross)		(51 952)	286 787	(111 837)	191 462
4. Reinsurers' share in change in provisions for unearned premiums		(2 890)	34 957	(8 730)	13 343
II. Net investment income, taking into account costs, reclassified from the general profit and loss account		66 885	132 492	64 991	127 878
III. Other technical revenue net of reinsurance		11 556	41 589	11 617	43 189
IV. Claims		1 402 422	2 558 747	1 539 810	2 884 973
1. Claims paid net of reinsurance		1 329 781	2 543 581	1 250 820	2 601 299
1.1. Gross claims paid	14	1 390 779	2 659 457	1 284 678	2 653 168
1.2. Reinsurers' share in claims paid		60 998	115 876	33 858	51 869
2. Change in provision for claims outstanding, net of reinsurance:		72 641	15 166	288 990	283 674
2.1. Change in provisions for claims outstanding (gross)		50 325	(57 909)	675 737	638 782
2.2. Reinsurers' share in change in provisions for claims outstanding		(22 316)	(73 075)	386 747	355 108
V. Changes in other technical provisions, net of reinsurance		-	-	-	-
1. Change in other technical provisions (gross)		-	-	-	-
2. Reinsurers' share in change in other technical provisions		-	-	-	-
VI. Bonuses and rebates net of reinsurance, including change in provisions		(271)	1 550	946	(878)
VII. Costs of insurance activity		485 620	967 500	516 190	1 003 557
1. Acquisition costs	16	360 490	713 724	349 472	671 598
- including change in the balance of deferred acquisition costs		1 612	(27 571)	(4 189)	(35 992)
2. Administrative expenses	17	127 411	264 632	192 070	353 936
3. Reinsurers' commissions and share in reinsurers' profit		2 281	10 856	25 352	21 977
VIII. Other technical charges, net of reinsurance		69 935	190 977	56 867	164 541
IX. Changes in equalization provisions		-	-	-	-
<b>X. Technical result on property and casualty insurance</b>		<b>94 257</b>	<b>287 487</b>	<b>(155 466)</b>	<b>(213 021)</b>

## INTERIM GENERAL PROFIT AND LOSS ACCOUNT

PLN '000

General profit and loss account	Note	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
I. Technical result on property and casualty insurance		94 257	287 487	(155 466)	(213 021)
II. Investment income		2 300 231	2 597 422	3 535 494	3 826 190
1. Investment income - real property		1 471	2 999	1 604	3 389
2. Investment income – controlled entities		1 987 282	1 987 282	3 120 000	3 120 000
2.1. on shares		1 987 282	1 987 282	3 120 000	3 120 000
2.2. on loans and debt securities		-	-	-	-
2.3. on other investments		-	-	-	-
3. Investment income – other financial investments		223 944	429 045	277 859	473 719
3.1. on shares, other variable income securities as well as units and investment certificates in investment funds		13 141	13 254	11 812	11 812
3.2. on debt securities and other fixed income securities		206 366	405 236	256 310	447 885
3.3. on term deposits with credit institutions		829	4 754	4 850	6 137
3.4. on other investments		3 608	5 801	4 887	7 885
4. Gain on revaluation of investments		2 282	2 282	58 487	60 666
5. Gain on realization of investments		85 252	175 814	77 544	168 416
III. Unrealized gains on investments		17 070	71 584	(17 124)	32 089
IV. Net investment income, taking into account costs, reclassified from the technical account for life insurance		-	-	-	-
V. Costs of investment activity		49 219	178 115	53 484	77 155
1. Costs of property maintenance		1 255	2 563	1 188	2 240
2. Other costs of investment activity		5 693	10 594	3 468	6 127
3. Loss on revaluation of investments		325	325	8 445	10 569
4. Loss on realization of investments		41 946	164 633	40 383	58 219
VI. Unrealized losses on investments		23 752	50 821	39 317	49 974
VII. Net investment income, taking into account costs, reclassified to the technical account for property and casualty insurance		66 885	132 492	64 991	127 878
VIII. Other operating revenue	18	12 681	29 903	14 621	23 835
IX. Other operating expenses	19	13 228	28 079	29 943	92 492
X. Operating profit (loss)		2 271 155	2 596 889	3 189 790	3 321 594

## INTERIM GENERAL PROFIT AND LOSS ACCOUNT (CONT'D)

General profit and loss account	Note	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
XI. Extraordinary gains		-	-	-	-
XII. Extraordinary losses		-	-	-	-
XIII. Gross profit (loss)		2 271 155	2 596 889	3 189 790	3 321 594
XIV. Income tax		59 587	122 884	15 166	42 225
a) current portion		83 003	133 429	75 189	93 280
b) deferred portion		(23 416)	(10 545)	(60 023)	(51 055)
XV. Other statutory reductions in profit (increases in loss)		-	-	-	-
XVI. Share in net profits (losses) of controlled entities measured using the equity method		(8 173)	(9 941)	1 367	(2 962)
<b>XVI. Net profit (loss)</b>		<b>2 203 395</b>	<b>2 464 064</b>	<b>3 175 991</b>	<b>3 276 407</b>
Net profit (loss)		2 203 395	2 464 064	3 175 991	3 276 407
Weighted average number of ordinary shares		86 352 300	86 352 300	86 352 300	86 352 300
Earnings (loss) per ordinary share (in PLN)		25,52	28,54	36,78	37,94
Weighted average diluted number of ordinary shares		86 352 300	86 352 300	86 352 300	86 352 300
Diluted earnings (loss) per ordinary share (in PLN)		25,52	28,54	36,78	37,94

## INTERIM STATEMENT OF CHANGES IN EQUITY

PLN '000

Statement of changes in equity	1 January – 30 June 2011	1 January – 31 December 2010	1 January – 30 June 2010
I. Opening balance of equity	11 902 186	10 411 542	10 411 542
a) adjustments of fundamental errors	-	-	-
I. a. Opening balance of equity, after adjustments	11 902 186	10 411 542	10 411 542
1. Opening balance of share capital	86 352	86 352	86 352
1.1. Changes in share capital	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
1.2. Closing balance of share capital	86 352	86 352	86 352
2. Opening balance of called up share capital	-	-	-
2.1. Changes in called up share capital	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
2.2. Closing balance of called up share capital	-	-	-
3. Opening balance of treasury shares	-	-	-
3.1. Changes in treasury shares	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
3.2. Closing balance of treasury shares	-	-	-
4. Opening balance of supplementary capital	2 060 272	1 252 214	1 252 214
4.1. Changes in supplementary capital	1 271 559	808 058	808 138
a) increase (due to)	1 271 559	808 058	808 138
- profit distribution (above the statutory minimum value)	1 271 549	807 874	807 874
- from revaluation reserve – sale and liquidation of fixed assets	10	184	264
b) decrease	-	-	-
- increase in reserve capital to finance advance payments towards expected dividend	3 331 831	2 060 272	2 060 352
4.2. Closing balance of supplementary capital	6 238 853	7 312 998	7 312 998
5. Opening balance of revaluation reserve	(929 694)	(1 074 145)	(2 246 232)
5.1. Changes in revaluation reserve	275 330	305 314	82 684
a) increase (due to)	275 330	305 314	82 684
- measurement of financial investments	-	-	-
- reclassification of impairment write-down on investments available for sale	1 205 024	1 379 459	2 328 916
b) decrease (due to)	1 205 014	1 379 275	2 328 652
- measurement of financial investments	10	184	264
- sale and liquidation of fixed assets	5 309 159	6 238 853	5 066 766
5.2. Closing balance of revaluation reserve	-	-	-
6. Opening balance of other reserve capitals	-	-	-
6.1. Changes in other reserve capitals	-	-	-
a) increase (due to)	-	-	-
b) decrease (due to)	-	-	-
6.2. Closing balance of other reserve capitals	-	-	-

## INTERIM STATEMENT OF CHANGES IN EQUITY (CONT'D)

PLN '000

Statement of changes in equity	1 January – 30 June 2011	1 January – 31 December 2010	1 January – 30 June 2010
7. Opening balance of previous year profit (loss)	3 516 709	1 759 978	1 759 978
7.1. Opening balance of previous year profit	3 516 709	1 759 978	1 759 978
a) adjustments of fundamental errors	-	-	-
7.2. Opening balance of previous year profit, after adjustments	3 516 709	1 759 978	1 759 978
a) increase	-	-	-
b) decrease (due to)	3 516 709	1 759 978	1 759 978
- reclassification to supplementary capital	1 271 549	807 874	807 874
- dividend payment	2 245 160	942 104	942 104
- reclassification/appropriations to the Company's Social Benefits Fund	-	10 000	10 000
7.3. Closing balance of previous year profit	-	-	-
7.4. Opening balance of previous year loss	-	-	-
a) changes in the accounting principles (policy)	-	-	-
7.5. Opening balance of previous year loss, after adjustments	-	-	-
7.6. Closing balance of previous year loss	-	-	-
7.7. Closing balance of previous year profit (loss)	-	-	-
8. Net result	2 464 064	3 516 709	3 276 407
a) net profit	2 464 064	3 516 709	3 276 407
b) net loss	-	-	-
c) appropriations of profit	-	-	-
<b>II. Closing balance of equity</b>	<b>11 191 406</b>	<b>11 902 186</b>	<b>10 489 877</b>
III. Equity, including proposed profit distribution (loss coverage)	11 191 406	11 902 186	10 489 877

## INTERIM CASH FLOW STATEMENT

PLN '000

Cash flow statement	1 January – 30 June 2011	1 January – 31 December 2010	1 January – 30 June 2010
<b>A. Net cash flows from operating activities</b>	<b>375 117</b>	<b>(142 469)</b>	<b>(140 205)</b>
<b>I. Inflows</b>	<b>4 846 965</b>	<b>9 122 640</b>	<b>4 297 381</b>
<b>1. Inflows from direct business and outward reinsurance</b>	<b>4 218 071</b>	<b>7 927 693</b>	<b>3 992 497</b>
1.1. Inflows from gross premiums	4 138 705	7 761 844	3 920 195
1.2. Inflows from salvages, subrogations and claim refunds	68 397	103 774	45 862
1.3. Other inflows from direct business	10 969	62 075	26 440
<b>2. Inflows from reinsurance</b>	<b>185 634</b>	<b>479 197</b>	<b>71 341</b>
2.1. Inflows due to reinsurers' share in claims	178 103	463 291	64 334
2.2. Inflows from reinsurance commissions and share in reinsurers' profits	3 316	10 779	2 531
2.3. Other inflows from reinsurance	4 215	5 127	4 476
<b>3. Inflows from other operating activities</b>	<b>443 260</b>	<b>715 750</b>	<b>233 543</b>
3.1. Inflows from loss adjusting services	109 826	142 646	66 178
3.2. Disposal of intangible assets and tangible fixed assets other than investments	307	5 980	3 001
3.3. Other inflows	333 127	567 124	164 364
<b>II. Outflows</b>	<b>4 471 848</b>	<b>9 265 109</b>	<b>4 437 586</b>
<b>1. Outflows for direct business and outward reinsurance</b>	<b>3 792 912</b>	<b>7 799 913</b>	<b>3 831 879</b>
1.1. Return of gross premiums	71 280	133 248	62 982
1.2. Gross claims paid	2 381 493	4 711 020	2 248 954
1.3. Acquisition costs	506 072	965 572	476 993
1.4. Administrative expenses	709 979	1 645 509	837 549
1.5. Outflows due to handling claims and costs of recourses	55 628	189 296	112 498
1.6. Paid commissions and profit sharing due to outward reinsurance	2 537	4 152	1 111
1.7. Other outflows due to direct business and outward reinsurance	65 923	151 116	91 792
<b>2. Outflows due to reinsurance</b>	<b>97 335</b>	<b>198 306</b>	<b>88 448</b>
2.1. Premiums paid due to reinsurance	77 980	126 216	60 002
2.2. Other outflows due to reinsurance	19 355	72 090	28 446
<b>3. Outflows for other operating activities</b>	<b>581 601</b>	<b>1 266 890</b>	<b>517 259</b>
3.1. Outflows for loss adjusting services	216 856	438 963	202 900
3.2. Acquisition of intangible assets and tangible fixed assets other than investments	26 898	88 136	44 315
3.3. Other operating expenses	337 847	739 791	270 044

## INTERIM CASH FLOW STATEMENT (CONT'D)

PLN '000

Cash flow statement	1 January – 30 June 2011	1 January – 31 December 2010	1 January – 30 June 2010
<b>B. Cash flows from investing activities</b>	<b>(1 390 257)</b>	<b>5 908 943</b>	<b>4 979 384</b>
<b>I. Inflows</b>	<b>49 378 214</b>	<b>101 368 721</b>	<b>60 119 005</b>
1. Disposal of real property	-	-	-
2. Disposal of shares in controlled entities	76 457	34	-
3. Disposal of shares in other entities and units and investment certificates in investment funds	645 565	1 113 968	678 113
4. Redemption of debt securities issued by controlled entities and repayment of loans taken out by those entities	-	375	-
5. Redemption of debt securities issued by other entities	18 255 075	21 797 796	7 070 499
6. Withdrawal of term deposits with credit institutions	27 113 904	47 165 846	26 642 655
7. Cash from other investments	3 265 480	28 097 237	22 593 507
8. Inflows from real property	4 372	6 862	3 659
9. Interest received	13 226	49 664	8 369
10. Dividends received	4 135	3 136 939	3 122 203
11. Other inflows from investments	-	-	-
<b>II. Outflows</b>	<b>50 768 471</b>	<b>95 459 778</b>	<b>55 139 621</b>
1. Acquisition of real property	-	-	-
2. Acquisition of shares in controlled entities	-	155 578	141 987
3. Acquisition of shares in other entities and units and investment certificates in investment funds	645 658	980 257	570 666
4. Acquisition of debt securities issued by controlled entities and granting loans to those entities	-	-	-
5. Acquisition of debt securities issued by other entities	18 947 040	18 835 440	5 269 299
6. Term deposits made with credit institutions	28 113 010	46 784 138	26 317 157
7. Acquisition of other investments	3 034 830	28 686 793	22 831 403
8. Outflows for maintenance of property	6 129	7 860	5 592
9. Other outflows for investments	3 704	9 712	3 517
<b>C. Cash flows from financing activities</b>	<b>1 034 022</b>	<b>(5 727 985)</b>	<b>(4 810 398)</b>
<b>I. Inflows</b>	<b>5 119 538</b>	<b>578</b>	<b>205</b>
1. Net inflows from issue of shares and capital contributions	-	-	-
2. Credit facilities, loans and issue of debt securities	5 119 538	578	205
3. Other inflows from financing activities	-	-	-
<b>II. Outflows</b>	<b>4 085 516</b>	<b>5 728 563</b>	<b>4 810 603</b>
1. Dividends	120	921 239	3 533
2. Profit distribution payments other than dividend	-	-	-
3. Acquisition of treasury shares	-	-	-
4. Repayment of credit facilities and loans and redemption of debt securities	4 085 396	4 807 324	4 807 070
5. Interest on credit facilities, loans and issued debt securities	-	-	-
6. Other outflows for financing activities	-	-	-
<b>D. Total net cash flows</b>	<b>18 882</b>	<b>38 489</b>	<b>28 781</b>
<b>E. Change in the balance of cash:</b>	<b>18 882</b>	<b>38 489</b>	<b>28 781</b>
1. including change in cash due to exchange differences	73	402	1 049
<b>F. Opening balance of cash</b>	<b>166 289</b>	<b>127 800</b>	<b>127 800</b>
<b>G. Closing balance of cash</b>	<b>185 171</b>	<b>166 289</b>	<b>156 581</b>
1. including of limited disposability	71 174	69 595	79 642

## NOTES

### 1. Intangible assets

Intangible assets	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) R&D expenditures	-	-	-	-	-
b) goodwill	-	-	-	-	-
c) acquired concessions, patents, licenses and similar items, including:	18 791	21 672	21 945	20 584	16 145
- computer software	16 667	19 160	19 279	17 693	14 140
d) other intangible assets	-	-	-	-	-
e) advance payments for intangible assets	48 617	41 520	41 581	30 095	33 415
<b>Total intangible assets</b>	<b>67 408</b>	<b>63 192</b>	<b>63 526</b>	<b>50 679</b>	<b>49 560</b>

### 2. Investments

#### 2.1. Investments in real property

Investments in real property	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) own land	31 947	31 947	31 964	31 964	31 983
b) land perpetual usufruct right	18 860	19 800	20 723	21 511	23 399
c) buildings and structures	530 030	529 417	533 390	515 035	521 513
d) cooperative ownership of premises	7 145	7 212	6 646	6 804	7 758
e) non-current assets under construction	3 584	7 756	6 828	25 657	15 457
f) advance payments for non-current assets under construction	-	-	-	-	-
<b>Total investments in real property</b>	<b>591 566</b>	<b>596 132</b>	<b>599 551</b>	<b>600 971</b>	<b>600 110</b>

#### 2.2. Investments in controlled entities

Investments in controlled entities	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) shares in subsidiaries	5 817 751	7 003 153	6 860 409	5 603 062	7 702 725
b) shares in co-subsiaries	-	-	-	-	-
c) shares in associates	-	-	-	-	-
d) loans granted to subsidiaries	-	-	-	-	-
e) loans granted to co-subsiaries	-	-	-	-	-
f) loans granted to associates	-	-	-	-	-
g) debt securities of subsidiaries	-	-	-	-	-
h) debt securities of co-subsiaries	-	-	-	-	-
i) debt securities of associates	-	-	-	-	-
j) other investments (by type), including:	-	-	-	137 217	7 924
- not registered payments for shares	-	-	-	137 217	7 924
<b>Total investments in controlled entities</b>	<b>5 817 751</b>	<b>7 003 153</b>	<b>6 860 409</b>	<b>5 740 279</b>	<b>7 710 649</b>

## 2.3. Other financial investments

Other financial investments	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) shares and other variable income securities	1 040 401	1 144 885	1 100 425	926 829	1 048 920
b) units and investment certificates in trust funds	318 737	293 039	208 658	201 002	201 039
c) debt securities and other fixed income securities	16 219 305	15 828 679	14 320 108	15 472 089	16 639 972
d) interests in joint ventures (investments)	-	-	-	-	-
e) mortgage loans, including: - additionally collateralized with policies	34 623 -	17 108 -	17 032 -	17 069 -	- -
f) Other loans, including: - for the insured, with policies as the basic collateral - for the insured, not collateralized with policies	337 358 - -	110 848 - -	498 460 - -	19 014 - -	176 748 - -
g) Term deposits with credit institutions	670 098	130 785	174 666	82 782	373 225
h) Other investments	34 719	19 302	44 325	16 407	2 191
<b>Total other financial investments</b>	<b>18 655 241</b>	<b>17 544 646</b>	<b>16 363 674</b>	<b>16 735 192</b>	<b>18 442 095</b>

Other financial investments in financial instruments	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) issued by the State Treasury or international organizations to which the Republic of Poland belongs	15 257 857	14 865 204	13 653 182	14 806 410	15 835 848
b) guaranteed by the State Treasury or international organizations to which the Republic of Poland belongs	-	-	-	-	-
c) issued by the National Bank of Poland	-	-	-	-	-
d) guaranteed by the National Bank of Poland	-	-	-	-	-
e) issued by local government units or their associations, or by the capital city of Warsaw	-	-	-	23 771	-
f) guaranteed by local government units or their associations, or by the capital city of Warsaw	-	-	-	-	-
g) other	-	-	-	-	-
<b>Total other financial investments in financial instruments</b>	<b>15 257 857</b>	<b>14 865 204</b>	<b>13 653 182</b>	<b>14 830 181</b>	<b>15 835 848</b>

Investments	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) financial assets held for trading	1 050 065	1 053 090	921 714	842 470	763 605
b) financial liabilities held for trading	-	-	-	-	-
c) originated loans and own receivables	1 047 121	258 741	690 158	119 040	549 973
d) financial assets held to maturity	8 038 035	8 087 511	7 471 053	8 378 312	9 018 643
e) financial assets available for sale	8 520 020	8 145 304	7 280 749	7 395 370	8 109 874
<b>Total investments</b>	<b>18 655 241</b>	<b>17 544 646</b>	<b>16 363 674</b>	<b>16 735 192</b>	<b>18 442 095</b>

### 3. Receivables

#### 3.1. Receivables from direct insurance

Receivables from direct insurance	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) receivables from policyholders	1 174 150	1 167 184	1 080 984	1 066 723	1 034 877
b) receivables from insurance intermediaries	55 504	55 578	53 615	42 932	48 258
c) other insurance receivables	57 323	30 890	56 075	32 220	144
<b>Receivables from direct insurance (net)</b>	<b>1 286 977</b>	<b>1 253 652</b>	<b>1 190 674</b>	<b>1 141 875</b>	<b>1 083 279</b>
d) revaluation write-downs	449 301	433 590	393 399	354 620	320 887
Receivables from direct insurance (gross)	1 736 278	1 687 242	1 584 073	1 496 495	1 404 166

#### 3.2. Receivables from reinsurance

Receivables from reinsurance	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) current receivables from outward reinsurance	10 281	8 712	2 802	14 697	675
b) current receivables from reinsurance	68 387	50 451	117 851	46 217	25 499
c) current receivables from retrocession	-	300	699	-	-
d) receivables from reinsurance commission settled over time	-	-	-	-	-
e) receivables from reinsurers' share in claims paid	-	-	-	-	-
<b>Receivables from reinsurance (net)</b>	<b>78 668</b>	<b>59 463</b>	<b>121 352</b>	<b>60 914</b>	<b>26 174</b>
f) revaluation write-downs	5 082	5 034	18 543	19 968	17 593
Receivables from reinsurance (gross)	83 750	64 497	139 895	80 882	43 767

#### 3.3. Other receivables

Other receivables	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) receivables from the state budget	9 500	9 379	9 268	89	81 704
b) receivables from guarantees and letters of credit	-	-	-	-	-
c) other receivables, including:	2 496 439	532 880	222 271	224 660	164 174
Receivables from the Company's Social Benefits Fund	62 240	62 264	61 492	63 056	63 314
Receivables from disposal of securities	384 394	420 010	112 388	32 548	39 765
Receivables from claims adjustment and mediation services	4 359	4 261	23 132	8 594	40 965
Receivables relating to prevention activities	10 746	8 640	11 844	9 108	10 272
Advance payments for suppliers	1 835	4 144	1 320	1 519	3 633
Retained guarantee deposits	3 595	3 579	3 514	2 587	1 700
Receivables due to dividend from PZU Życie SA	1 987 282	-	-	-	-

Receivables from PZU Życie due to returned advances for corporate income tax	31 932	19 939	-	94 751	-
<b>Total other receivables (net)</b>	<b>2 505 939</b>	<b>542 259</b>	<b>231 539</b>	<b>224 749</b>	<b>245 878</b>
d) revaluation write-downs	42 501	42 514	42 540	43 662	43 399
Other receivables (gross)	2 548 440	584 773	274 079	268 411	289 277

## 4. Other assets

### 4.1. Tangible assets

Tangible assets	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) technical equipment and machines	39 246	42 029	42 750	43 136	44 589
b) vehicles	25 135	27 762	30 493	35 884	38 496
c) other fixed assets	25 251	24 949	26 043	12 358	12 402
d) fixed assets under construction	3 907	6 356	10 930	14 271	10 709
e) advance payments for fixed assets under construction	-	-	-	-	-
f) inventory	3 013	3 782	3 588	10 317	11 186
g) claim recoveries	309	304	329	409	390
<b>Total tangible assets</b>	<b>96 861</b>	<b>105 182</b>	<b>114 133</b>	<b>116 375</b>	<b>117 772</b>

### 4.2. Cash

Cash	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) cash in hand and at bank	183 642	145 189	165 173	152 488	126 662
b) other cash	1 529	1 617	1 116	4 093	1 138
<b>Total cash</b>	<b>185 171</b>	<b>146 806</b>	<b>166 289</b>	<b>156 581</b>	<b>127 800</b>

### 4.3. Other prepayments

Other prepayments	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) prepayments relating to reinsurance	113 379	145 152	138 350	140 617	170 089
b) prepayments relating to pension societies	18 878	20 937	23 102	26 149	25 915
c) IT expenses	3 930	6 613	2 012	1 860	1 945
d) other	12 414	17 315	4 749	19 680	1 920
<b>Other prepayments, total</b>	<b>148 601</b>	<b>190 017</b>	<b>168 213</b>	<b>188 306</b>	<b>199 869</b>

## 5. Share capital

Balance as of 30 June 2011:

Series	Face value per share	Share type	Preference	Limitation of rights	Number of shares	Face value of series/issue in PLN	Capital coverage method	Registration date	Cum dividend (as of)
A	PLN 1	registered	none	none	7 602	7 602	cash	23.01.1997	27.12.1991
A	PLN 1	bearer shares	none	none	60 438 718	60 438 718	cash	23.01.1997	27.12.1991
B	PLN 1	bearer shares	none	none	25 905 980	25 905 980	contribution in kind	31.03.1999	01.01.1999
<b>Total</b>					<b>86 352 300</b>	<b>86 352 300</b>			

## 6. Technical provisions

Technical provisions	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) provision for unearned premiums:	4 285 300	4 315 938	4 024 407	4 059 947	3 890 106
- gross provisions	4 389 963	4 423 493	4 094 113	4 143 332	3 960 148
- reinsurers' share	104 663	107 555	69 706	83 385	70 042
b) provision for unexpired risks:	9 611	28 034	18 675	35 169	26 891
- gross provisions	9 611	28 034	18 675	35 169	26 891
- reinsurers' share	-	-	-	-	-
c) life assurance provision:	-	-	-	-	-
- gross provisions	-	-	-	-	-
- reinsurers' share	-	-	-	-	-
d) provisions for claims outstanding:	8 581 645	8 524 457	8 593 653	8 198 251	7 924 412
- gross provisions	9 225 116	9 190 478	9 310 772	9 237 406	8 608 826
- reinsurers' share	643 471	666 021	717 119	1 039 155	684 414
e) provisions for bonuses and rebates for the insured:	4 511	6 534	4 731	2 914	4 180
- gross provisions	4 511	6 534	4 731	2 914	4 180
- reinsurers' share	-	-	-	-	-
f) equalization provisions	534 720	534 720	534 719	532 619	532 619
g) provisions for premium repayment to undertaking members	-	-	-	-	-
h) other technical provisions specified in the Articles of Association	-	-	-	-	-
- gross provisions	-	-	-	-	-
- reinsurers' share	-	-	-	-	-
i) unit-linked reserves	-	-	-	-	-
- gross value	-	-	-	-	-
- reinsurers' share	-	-	-	-	-
<b>Total technical provisions</b>	<b>13 415 787</b>	<b>13 409 683</b>	<b>13 176 185</b>	<b>12 828 900</b>	<b>12 378 208</b>

## 7. Provisions for pension and other statutory employee benefits

Provisions for pension and other statutory employee benefits	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) provisions for pension benefits	65 226	67 352	68 253	75 640	71 049
b) other statutory employee benefits (by basis):	153 552	150 222	145 765	168 569	158 501
provisions for jubilee bonuses	91 200	90 184	89 123	95 321	94 487
provisions for unused paid vacation	31 280	29 429	25 173	36 112	24 600
provisions for death benefits	11 818	11 565	11 318	11 474	12 601
provisions for post-employment benefits	19 254	19 044	20 151	25 662	26 813
<b>Total provisions for pension and other statutory employee benefits</b>	<b>218 778</b>	<b>217 574</b>	<b>214 018</b>	<b>244 209</b>	<b>229 550</b>

## 8. Other provisions

Other provisions	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
Provision for restructuring expenses	41 956	37 992	52 591	108 419	122 667
Provisions for reinsurance settlements	33 453	43 325	36 372	36 350	30 370
Provision for disputed claims and potential liabilities under insurance contracts	6 090	4 494	4 461	20 925	24 936
Provision for penalties imposed by the Office of Competition and Consumer Protection	14 792	14 792	14 792	14 792	14 792
Provisions for potential liabilities relating to CLSiOR investments	916	916	916	916	916
Other provisions	1 887	1 933	1 519	1 680	1 648
<b>Total other provisions</b>	<b>99 094</b>	<b>103 452</b>	<b>110 651</b>	<b>183 082</b>	<b>195 329</b>

## 9. Liabilities

### 9.1. Liabilities due to direct insurance

Liabilities due to direct insurance	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) liabilities to policyholders	95 296	92 160	92 037	81 017	73 672
b) liabilities to insurance intermediaries	85 709	87 905	88 397	82 597	75 323
c) other insurance liabilities	83 680	97 252	79 192	16 117	5 703
<b>Total liabilities due to direct insurance</b>	<b>264 685</b>	<b>277 317</b>	<b>259 626</b>	<b>179 731</b>	<b>154 698</b>

## 9.2. Liabilities due to reinsurance

Liabilities due to reinsurance	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) current liabilities due to outward reinsurance	8 735	6 163	1 149	13 003	365
b) current liabilities due to reinsurance	61 891	53 292	26 108	50 949	17 302
c) liabilities due to retrocession	1 095	2 142	712	-	-
d) liabilities due to reinsurance premiums settled over time	-	-	-	-	-
<b>Total liabilities due to reinsurance</b>	<b>71 721</b>	<b>61 597</b>	<b>27 969</b>	<b>63 952</b>	<b>17 667</b>

## 9.3. Liabilities to credit institutions

As at 30 June 2011, liabilities to credit institutions comprised almost exclusively short-term *sell-buy-back* debt securities transactions with a balance sheet value of PLN 1,313,666 thousand.

## 10. Special funds

Special funds	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) Prevention Fund	24 511	26 885	31 839	37 938	24 721
b) Company's Social Benefits Fund	118 786	120 099	109 925	122 056	101 133
c) Company's Bonus Fund	-	-	-	-	-
<b>Total special funds</b>	<b>143 297</b>	<b>146 984</b>	<b>141 764</b>	<b>159 994</b>	<b>125 854</b>

## 11. Accruals and deferred income

Accruals and deferred income	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
a) accruals, including:	284 302	289 278	327 663	235 427	303 209
- deferred income and accrued expenses relating to reinsurance	71 706	73 317	65 589	37 072	75 421
- accrued employee bonuses	24 587	12 760	54 442	28 244	46 862
- accrued payroll costs	38 569	50 461	58 014	23 865	42 947
- accrued costs of commissions on direct insurance	148 210	151 551	145 824	146 151	137 922
- other accruals	1 230	1 189	3 794	95	57
b) negative goodwill	-	-	-	-	-
a) deferred income, including:	15 068	14 456	15 084	12 664	13 112
- prepaid premiums	-	-	-	-	-
- land perpetual usufruct right received free of charge	6 857	7 169	7 624	8 246	8 883
- deferred reinsurance commissions	8 211	7 287	7 460	4 418	4 229
- other	-	-	-	-	-
<b>Total accruals and deferred income</b>	<b>299 370</b>	<b>303 734</b>	<b>342 747</b>	<b>248 091</b>	<b>316 321</b>

## 12. Changes in impairment write-downs

Asset	Impairment write-downs as of 1 January 2011, charged to:		Recognized write-downs, charged to:		Released write-downs, charged to:		Derecognition of assets from the balance sheet, charged to:		Other changes, charged to:		Impairment write-downs as of 30 June 2011, charged to:	
	financial result	equity	financial result	equity	financial result	equity	financial result	equity	financial result	equity	financial result	equity
I. Intangible assets	6 300	-	-	-	-	-	-	-	-	-	6 300	-
II. Investments	105 685	818	2	-	(5 106)	-	-	-	-	-	100 581	818
1. Real property	77 387	818	-	-	(662)	-	-	-	-	-	76 725	818
2. Investments in controlled entities	5 787	-	2	-	-	-	-	-	-	-	5 789	-
3. Other financial investments	22 511	-	-	-	(4 444)	-	-	-	-	-	18 067	-
a) shares and other variable income securities	21 889	-	-	-	(3 822)	-	-	-	-	-	18 067	-
b) units and investment certificates in investment funds	622	-	-	-	(622)	-	-	-	-	-	-	-
IV. Receivables	454 482	-	64 755	-	(21 509)	-	(844)	-	-	-	496 884	-
1. Receivables from direct insurance	393 399	-	59 429	-	(2 688)	-	(839)	-	-	-	449 301	-
2. Receivables from reinsurance	18 543	-	5 314	-	(18 775)	-	-	-	-	-	5 082	-
3. Other receivables	42 540	-	12	-	(46)	-	(5)	-	-	-	42 501	-
1.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other receivables	42 540	-	12	-	(46)	-	(5)	-	-	-	42 501	-
VII. Prepayments	1 259	-	25 229	-	-	-	-	-	-	-	26 488	-
4. Other prepayments	1 259	-	25 229	-	-	-	-	-	-	-	26 488	-

Asset	Impairment write-downs as of 1 January 2010, charged to:		Recognized write-downs, charged to:		Released write-downs, charged to:		Derecognition of assets from the balance sheet, charged to:		Other changes, charged to:		Impairment write-downs as of 30 June 2010, charged to:	
	financial result	equity	financial result	equity	financial result	equity	financial result	equity	financial result	equity	financial result	equity
I. Intangible assets	22 107	-	-	-	(15 807)	-	-	-	-	-	6 300	-
II. Investments	195 189	818	4 770	-	(77 116)	-	-	-	-	-	122 843	818
1. Real property	76 068	818	-	-	-	-	-	-	-	-	76 068	818
2. Investments in controlled entities	3 881	-	4 770	-	-	-	-	-	-	-	8 651	-
3. Other financial investments	115 240	-	-	-	(77 116)	-	-	-	-	-	38 124	-
a) shares and other variable income securities	104 699	-	-	-	(76 373)	-	-	-	-	-	28 326	-
b) units and investment certificates in investment funds	10 541	-	-	-	(743)	-	-	-	-	-	9 798	-
IV. Receivables	381 879	-	60 835	-	(24 395)	-	-	-	(69)	-	418 250	-
1. Receivables from direct insurance	320 887	-	38 559	-	(4 807)	-	-	-	(19)	-	354 620	-
2. Receivables from reinsurance	17 593	-	21 917	-	(19 542)	-	-	-	-	-	19 968	-
3. Other receivables	43 399	-	359	-	(46)	-	-	-	(50)	-	43 662	-
1.1. Receivables from the state budget	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other receivables	43 399	-	359	-	(46)	-	-	-	(50)	-	43 662	-
VII. Prepayments	3 786	-	-	-	(1 837)	-	-	-	-	-	1 949	0
4. Other prepayments	3 786	-	-	-	(1 837)	-	-	-	-	-	1 949	0

### 13. Premiums – property and casualty insurance

#### 13.1. Gross written premiums – property and casualty insurance

Gross written premiums	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) in direct insurance	1 950 657	4 198 569	1 791 233	3 926 852
b) in indirect insurance	5 953	14 950	5 466	14 999
<b>Total gross written premiums</b>	<b>1 956 610</b>	<b>4 213 519</b>	<b>1 796 699</b>	<b>3 941 851</b>

Gross written premiums – direct insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	88 466	183 337	86 660	181 596
b) TPL motor insurance (class 10)	731 242	1 420 083	629 860	1 262 936
c) other motor insurance (class 3)	574 984	1 156 566	534 828	1 072 624
d) sea, aircraft and transport insurance (class 4, 5, 6, 7)	11 542	26 725	12 961	28 362
e) insurance against fire and other damage to property (classes 8, 9)	356 953	968 913	337 863	937 681
f) TPL insurance (classes 11, 12, 13)	112 347	296 110	110 527	289 330
g) credit insurance and suretyship (classes 14, 15)	13 330	24 917	16 599	31 212
h) assistance (class 18)	50 218	95 290	45 002	85 050
i) legal protection (class 17)	256	558	189	459
j) other (class 16)	11 319	26 070	16 744	37 602
<b>Total gross premiums - direct insurance (by accounting class)</b>	<b>1 950 657</b>	<b>4 198 569</b>	<b>1 791 233</b>	<b>3 926 852</b>

Gross written premiums – indirect insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	1	236	139	450
b) TPL motor insurance (class 10)	2	535	102	350
c) other motor insurance (class 3)	(1)	37	52	257
d) sea, aircraft and transport insurance (class 4, 5, 6, 7)	830	1 018	358	954
e) insurance against fire and other damage to property (classes 8, 9)	4 660	10 795	3 411	9 217
f) TPL insurance (classes 11, 12, 13)	581	2 303	1 245	2 429
g) credit insurance and suretyship (classes 14, 15)	34	133	73	479
h) assistance (class 18)	-	-	-	-
i) legal protection (class 17)	-	-	-	-
j) other (class 16)	(154)	(107)	86	863
<b>Total gross premiums - indirect insurance (by accounting class)</b>	<b>5 953</b>	<b>14 950</b>	<b>5 466</b>	<b>14 999</b>

### 13.2. Gross earned premiums – property and casualty insurance

Gross earned premiums – direct insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	117 691	231 972	117 542	231 530
b) TPL motor insurance (class 10)	676 703	1 303 964	629 512	1 264 756
c) other motor insurance (class 3)	575 985	1 135 940	538 410	1 077 478
d) sea, aircraft and transport insurance (class 4, 5, 6, 7)	11 513	23 161	10 834	20 884
e) insurance against fire and other damage to property (classes 8, 9)	415 676	803 559	399 505	763 477
f) TPL insurance (classes 11, 12, 13)	126 498	248 698	134 264	226 511
g) credit insurance and suretyship (classes 14, 15)	12 572	25 057	12 137	26 664
h) assistance (class 18)	44 457	87 817	32 650	68 256
i) legal protection (class 17)	205	395	180	367
j) other (class 16)	21 647	47 715	25 096	52 689
<b>Total gross earned premiums – direct property and casualty insurance</b>	<b>2 002 947</b>	<b>3 908 278</b>	<b>1 900 130</b>	<b>3 732 612</b>

Gross earned premiums – indirect insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	25	188	199	286
b) TPL motor insurance (class 10)	135	274	123	358
c) other motor insurance (class 3)	22	(8)	86	220
d) sea, aircraft and transport insurance (class 4, 5, 6, 7)	521	868	13	353
e) insurance against fire and other damage to property (classes 8, 9)	5 004	14 959	5 882	11 388
f) TPL insurance (classes 11, 12, 13)	218	1 994	1 835	3 572
g) credit insurance and suretyship (classes 14, 15)	16	75	33	398
h) assistance (class 18)	-	-	-	-
i) legal protection (class 17)	-	-	-	-
j) other (class 16)	(326)	104	235	1 202
<b>Total gross earned premiums – indirect property and casualty insurance</b>	<b>5 615</b>	<b>18 454</b>	<b>8 406</b>	<b>17 777</b>

## 14. Gross claims paid

Gross claims paid	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) from direct insurance, including:	1 389 889	2 654 814	1 282 325	2 646 954
- claims handling costs	122 828	242 567	131 609	256 461
b) from indirect insurance, including:	890	4 643	2 353	6 214
- claims handling costs	-	-	-	-
<b>Total gross claims paid</b>	<b>1 390 779</b>	<b>2 659 457</b>	<b>1 284 678</b>	<b>2 653 168</b>

Gross claims paid – direct insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	42 425	83 589	37 767	75 779
b) TPL motor insurance (class 10)	480 167	973 959	464 597	1 004 033
c) other motor insurance (class 3)	392 990	800 091	379 341	824 019
d) sea, aircraft and transport insurance (class 4, 5, 6, 7)	20 687	48 126	2 431	8 183
e) insurance against fire and other damage to property (classes 8, 9)	315 134	502 212	307 683	564 994
f) TPL insurance (classes 11, 12, 13)	80 656	136 376	58 805	114 270
g) credit insurance and suretyship (classes 14, 15)	1 280	3 631	3 305	3 705
h) assistance (class 18)	32 834	65 346	25 367	43 921
i) legal protection (class 17)	147	270	155	466
j) other (class 16)	23 569	41 214	2 874	7 584
<b>Total gross claims paid - direct insurance (by accounting class)</b>	<b>1 389 889</b>	<b>2 654 814</b>	<b>1 282 325</b>	<b>2 646 954</b>

Gross claims paid – indirect insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	-	-	-	-
b) TPL motor insurance (class 10)	540	1 152	1 227	3 468
c) other motor insurance (class 3)	(38)	(36)	325	923
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	(2)	3	-	(59)
e) insurance against fire and other damage to property (classes 8, 9)	382	2 468	31	444
f) TPL insurance (classes 11, 12, 13)	2	1 008	752	1 415
g) credit insurance and suretyship (classes 14, 15)	6	10	18	23
h) assistance (class 18)	-	-	-	-
i) legal protection (class 17)	-	-	-	-
j) other (class 16)	-	38	-	-
<b>Total gross claims paid - indirect insurance (by accounting class)</b>	<b>890</b>	<b>4 643</b>	<b>2 353</b>	<b>6 214</b>

## 15. Claims handling costs

Claims handling costs – direct insurance	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) accident and sickness insurance (class 1 and 2)	11 990	23 096	8 840	17 905
b) TPL motor insurance (class 10)	45 600	90 788	48 043	97 382
c) other motor insurance (class 3)	23 021	45 123	30 297	57 992
d) sea, aircraft and transport insurance (classes 4, 5, 6, 7)	730	1 626	337	831
e) insurance against fire and other damage to property (classes 8, 9)	25 104	48 415	30 173	55 230
f) TPL insurance (classes 11, 12, 13)	12 680	24 763	12 123	23 714
g) credit insurance and suretyship (classes 14, 15)	76	1 078	73	238
h) assistance (class 18)	3 450	6 615	1 564	2 828
i) legal protection (class 17)	9	15	13	32
j) other (class 16)	168	1 048	146	309
<b>Total claims handling costs – direct insurance (by accounting class)</b>	<b>122 828</b>	<b>242 567</b>	<b>131 609</b>	<b>256 461</b>

## 16. Acquisition costs

Acquisition costs	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) consumption of materials and energy	4 690	9 670	4 522	9 674
b) external services	20 843	42 338	25 887	46 020
c) payroll, insurance and other benefits	82 579	166 632	84 196	163 928
d) commissions	236 200	496 322	222 982	462 891
e) amortization/depreciation	4 875	8 964	4 790	8 749
f) other	9 691	17 369	11 284	16 328
g) change in deferred acquisition costs	1 612	(27 571)	(4 189)	(35 992)
<b>Total acquisition costs</b>	<b>360 490</b>	<b>713 724</b>	<b>349 472</b>	<b>671 598</b>

## 17. Administrative expenses

Administrative expenses	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
a) consumption of materials and energy	4 282	9 027	4 342	11 041
b) external services	26 019	53 984	44 602	83 747
c) payroll, insurance and other benefits	76 257	157 491	113 890	203 301
d) amortization/depreciation	10 446	22 711	12 280	25 537
e) other	10 407	21 419	16 956	30 310
<b>Total administrative expenses</b>	<b>127 411</b>	<b>264 632</b>	<b>192 070</b>	<b>353 936</b>

## 18. Other operating revenue

Other operating revenue	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
Interest income	263	634	173	438
Exchange gains	1 973	3 543	2 304	3 406
Revenue from fixed assets sold and investments in progress	131	192	891	1 347
Revenue from released revaluation write- downs and provisions for future liabilities	67	164	1 902	2 057
Revenue from insurance mediation and claims adjustment	1 546	3 470	1 108	2 527
Revenue from agreements with pension societies	6 308	14 748	5 865	9 218
Recharged expenses	968	3 983	1 367	2 539
Claims received	635	1 352	135	201
Other	790	1 817	876	2 102
<b>Total</b>	<b>12 681</b>	<b>29 903</b>	<b>14 621</b>	<b>23 835</b>

## 19. Other operating expenses

Other operating expenses	1 April - 30 June 2011	1 January – 30 June 2011	1 April - 30 June 2010	1 January – 30 June 2010
Exchange losses	(774)	5 666	2 159	8 251
Default interest on tax liabilities	71	132	93	188
Costs of sell-buy-back agreements	3 164	2 555	11 635	58 654
Other financial expenses	17	42	3	7
Value of fixed assets sold and investments in progress	170	237	1 174	1 208
Donations	60	333	46	297
Receivables written off	3	11	16	25
Recognized revaluation write-downs on receivables	440	452	22	359
Penalties, damages and fines paid	433	467	617	1 522
Costs of agreements with pension societies	5 482	9 809	2 276	7 157
Other operating expenses, including:	4 162	8 375	11 902	14 824
- restructuring expenses	-	-	8 942	8 942
- rechargeable expenses	941	3 931	1 334	2 542
- costs of provisions for potential losses	1 641	2 225	128	613
- costs relating to loss adjusting services	101	206	37	105
<b>Total</b>	<b>13 228</b>	<b>28 079</b>	<b>29 943</b>	<b>92 492</b>

## 20. Solvency margin

The principles of calculation of the solvency margin and the minimum amount of the guarantee fund are specified in the Ordinance on the solvency margin.

I	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
1. Assets of the insurance company	29 931 036	28 003 036	26 349 819	25 495 919	29 048 207
2. Assets allocated to settle all expected liabilities	18 739 630	15 593 112	14 447 633	15 006 042	18 636 665
a) subordinated liabilities	-	-	-	-	-
b) technical provisions	13 368 384	13 346 828	13 101 608	12 759 739	12 299 212
c) technical provisions for life insurance products for unit linked products	-	-	-	-	-
d) other provisions	317 872	343 647	328 726	460 729	542 531
e) liabilities arising from reinsurers' investments	-	-	-	-	-
f) other liabilities and special funds	4 754 004	1 598 903	674 552	1 537 483	5 478 601
g) accruals and deferred income	299 370	303 734	342 747	248 091	316 321
h) any other liabilities of the insurance company not included in items a-g	-	-	-	-	-
3. Intangible assets	67 408	63 192	63 526	50 679	49 560
4. Shares and other deductible assets pursuant to Article 148.2, 2a, 2b of the act including Article 148.2c and 2d of the act	5 552 482	6 741 493	6 599 272	5 495 433	7 463 664
a) shares and other assets used to finance equity of insurance companies in the same insurance capital group, pursuant to Article 148.2 of the act	5 552 482	6 741 493	6 599 272	5 495 433	7 463 664
b) shares or assets used to finance equity of other insurance companies, credit and financial institutions as understood by the banking law and investment companies which are members of a financial conglomerate pursuant to Article 148.2a of the Act (unless included in item 4a))	-	-	-	-	-
c) held by the insurance company with respect to other insurance companies, credit and financial institutions as understood by the banking law and investment companies pursuant to Article 148.2b of the Act	-	-	-	-	-
i) subordinated loans granted by the insurance company which meet the conditions specified in Article 148.4.2 of the act	-	-	-	-	-
ii) accumulated unpaid dividends due to preference shares	-	-	-	-	-
d) total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2c of the act	-	-	-	-	-
e) total amounts in the case of which the supervisory authority agreed not to apply deduction pursuant to Article 148.2d of the act (unless included in item 4d))	-	-	-	-	-
5. Impact of participation of the national insurance company in the insurance capital group on the value of	3 565 444	5 080 265	4 630 089	3 544 807	5 576 452

I	30 June 2011	31 March 2011	31 December 2010	30 June 2010	31 December 2009
equity of the insurance company					
6. Deferred tax asset	295 927	277 533	276 036	258 480	213 126
7. In the case of mutual insurance companies, the value of liabilities to the members of the company, provided that the conditions specified in Article 148.3.2 of the act have been met	-	-	-	-	-
8. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.1 of the act, authorized to be classified as equity	-	-	-	-	-
9. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.2 of the act, authorized to be classified as equity	-	-	-	-	-
10. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.4.3 of the act, authorized to be classified as equity	-	-	-	-	-
11. Total amounts specified in the decisions of the supervisory authority issued based on Article 148.5 of the act, authorized to be classified as equity	-	-	-	-	-
12. Value of deposit referred to in Article 113 of the act	-	-	-	-	-
<b>13. Value of equity</b>	<b>8 841 033</b>	<b>10 407 971</b>	<b>9 593 441</b>	<b>8 230 092</b>	<b>8 261 644</b>
14. Equity to cover guarantee fund pursuant to Article 148a of the act	8 841 033	10 407 971	9 593 441	8 230 092	8 261 644
a) Total values resulting from Article 148.3.1-6 and clause 4.1 and 4.2 of the act including the elements indicated in Article 148.1 2-4 and clause 2a and 2b of the act	8 841 033	10 407 971	9 593 441	8 230 092	8 261 644
15. Required solvency margin	1 336 216	1 333 798	1 338 798	1 336 216	1 338 798
16. Minimum amount of the guarantee fund	13 868	13 868	14 323	14 323	13 351
17. 1/3 of the amount of the required solvency margin	445 405	444 599	446 266	445 405	446 266
18. Surplus/shortage of equity to cover solvency margin	7 504 817	9 074 173	8 254 643	6 893 876	6 922 846
19. Guarantee fund	445 405	444 599	446 266	445 405	446 266
<b>20. Surplus/shortage of equity to cover capital and reserves</b>	<b>8 395 628</b>	<b>9 963 372</b>	<b>9 147 175</b>	<b>7 784 687</b>	<b>7 815 378</b>
a) difference between the amount indicated in 14a and the guarantee capital	8 395 628	9 963 372	9 147 175	7 784 687	7 815 378

## 21. Issues, redemption and repayment of debt and equity securities

During the 6-month period from 1 January to 30 June 2011, PZU did not issue, redeem or repay any debt or equity securities.

## 22. Credit facility/loan collateral or guarantees

During the 6-month period from 1 January to 30 June 2011, PZU did not give credit facility/loan collateral or guarantees - to one entity or a subsidiary of such an entity - if the total value of the existing collateral or guarantees constituted the equivalent of at least 10% of the equity of PZU.

## **23. Receivables and liabilities due to litigious proceedings**

PZU is a party to a number of court and arbitration disputes and administrative proceedings. The typical court disputes are those related to insurance contracts, employment contracts and contractual obligations. The typical administrative proceedings are those held before the President of the Office of Competition and Consumer Protection (UOKiK), before the Polish Financial Supervision Authority and those related to own real property. The proceedings and disputes are typical and repetitive and, usually, individually they are not significant for PZU.

During the 6-month period from 1 January to 30 June 2011 and by the date of submission of the interim statements, PZU did not take part in any proceedings before court, body competent to hear arbitration proceedings or public authority body concerning liabilities or receivables of PZU of the value or the total value of at least 10% of the equity of PZU.

As of 30 June 2011 the total value of all 19,462 cases heard by courts, bodies competent to hear arbitration proceedings or public authority bodies involving PZU was PLN 1,105,889 thousand. The amount includes PLN 947,676 thousand of liabilities and PLN 158,213 thousand of receivables of PZU, which constituted 8,47% and 1,41% of PZU equity calculated in line with PAS, respectively.

## **24. Related party transactions**

During the 6-month period ended 30 June 2011, PZU did not conclude any related party transactions which could be considered significant (individually or jointly) and would be concluded on non-arm's length basis.

### **24.1. Transactions with Members of the Management Board and Supervisory Board of PZU**

As of 30 June 2011, there were no advance payments that would not be settled or loans taken out by Members of the Management Board of PZU or Supervisory Board of PZU.

During the 6 months from 1 January to 30 June 2011, there were no transactions between PZU and Members of the Management Board of PZU, Members of the Supervisory Board of PZU or persons who are their joint householders, spouses, persons related by blood or affinity up to the second degree, adoptees and adopters and persons under their care or guardianship or other persons personally related to Members of the Management Board of PZU or Supervisory Board of PZU, other than those resulting from concluded property and casualty insurance contracts, concluded on an arm's length basis.

During the 6 months from 1 January to 30 June 2011, there were no material transactions between PZU and entities in which Members of the Management Board of PZU or the Supervisory Board of PZU, persons who are their joint householders, spouses, persons related by blood or affinity up to the second degree, adoptees and adopters and persons under their care or guardianship would hold directly or indirectly at least 20% of votes at the general (shareholders') meeting, other than those resulting from concluded property and casualty insurance contracts, concluded on an arm's length basis.

## 24.2. Transactions with subsidiaries

Transactions with subsidiaries	1 January - 30 June 2011	1 January - 31 December 2010	1 January - 30 June 2010
1. Gross written premium, including:	2 148	3 754	2 796
- from UAB DK PZU Lietuva	1 607	2 507	2 309
2. Dividend income, including:	1 987 282	3 120 000	3 120 000
- from PZU Życie	1 987 282	3 120 000	3 120 000
- from PZU Asset Management	-	-	-
3. Other revenue, including:	19 987	33 702	13 521
- from acquisition activities carried out for OFE PZU received from PTE PZU	14 748	24 818	9 398
- from real property due to rents from controlled entities	1 320	3 047	1 656
4. Gross claims paid, including:	7 120	22 245	10 990
- for UAB DK PZU Lietuva	1 550	7 287	4 962
- handling costs arising from services provided by PZU CO	5 326	10 851	3 978
5. Other expenses, including:	14 725	28 936	11 788
- IT services provided by PZU Centrum Operacji SA	7 511	13 333	6 728
- costs of investing activities due to assets management for PZU AM	4 412	6 821	1 945
- regular mass printing services provided by PZU Centrum Operacji SA	1 342	4 000	1 361

Transactions with subsidiaries	30 June 2011	31 December 2010	30 June 2010
1. Receivables - gross value, including:	60 199	16 259	132 566
- from PZU Życie due to returned CIT advance payment	31 932	-	94 751
- from Syta Development due to performance of agreements related to the CLSiOR investment	5 560	5 563	6 549
- from Syta Development due to advance payments for the CLSiOR investment	4 746	4 746	4 746
2. Receivables due to dividends from PZU Życie	1 987 282	-	-
3. Revaluation write-downs on receivables from Syta Development	10 306	10 306	11 291
4. Liabilities, including prepaid premiums	21 978	38 630	16 298
- income tax liabilities to PZU Życie – Tax Capital Group	9 103	30 684	2 929
5. Off-balance sheet receivables - from Syta Development due to security of interest on the originated loan	2 275	2 275	2 275

## 24.3. Transactions with associated entities

Transactions with associated entities	1 January - 30 June 2011	1 January - 31 December 2010	1 January - 30 June 2010
1. Gross written premium	106	12	12
2. Dividend income	-	-	-
3. Other revenue	-	-	-
4. Gross claims paid	4	32	0
5. Other costs	1	-	-

Transactions with associated entities	30 June 2011	31 December 2010	30 June 2010
1. Receivables - gross value, including advance payments for construction investments	47	-	-
2. Revaluation write-downs on receivables	-	-	-
3. Liabilities, including prepaid premiums	-	-	-

The interim separate financial statements of PZU for a 6-month period ended 30 June 2011 was signed by:

Date	Name and surname	Position/Function	
24 August 2011	Andrzej Klesyk	Chairman of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Przemysław Dąbrowski	Member of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Witold Jaworski	Member of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Tomasz Tarkowski	Member of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Marcin Halbersztad	Member of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Bogusław Skuza	Member of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Ryszard Trepczyński	Member of the Management Board of PZU	(-) ..... (signature)
24 August 2011	Piotr Marczyk	Director of the Accounting Office	(-) ..... (signature)

*The above interim separate financial statements together with notes are a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.*