

**POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA
WARSZAWA, AL. JANA PAWŁA II 24**

**FINANCIAL STATEMENTS
FOR THE 2010 FINANCIAL YEAR**

**WITH
AUDITOR'S OPINION
AND
AUDIT REPORT**

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SPÓŁKA AKCYJNA FOR THE 2010 FINANCIAL YEAR**

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**REPORT ON THE ACTIVITIES OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA FOR THE 2010 FINANCIAL YEAR**

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna

We have audited the attached financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna with its registered office in Warsaw, at Al. Jana Pawła II 24, including introduction to the financial statements, balance sheet prepared as of 31 December 2010, technical insurance account-property and personal insurance, general profit and loss account, statement of changes in equity, cash flow statement for the financial year from 1 January 2010 to 31 December 2010 and notes comprising a summary of significant accounting policies and other explanatory information.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company. The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act" and in line with principles determined in the Minister of Finance's Ordinance of 28 December 2009 on special principles of insurance companies' accounting (Journal of Laws of 2009, No. 226, item 1825, as amended).

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as of 31 December 2010 as well as its profit or loss in the financial year from 1 January 2010 to 31 December 2010,
- in accordance with the Company's accounting policy determined by the Accounting Act, the Ordinance and based on properly kept accounting records,
- comply with the provisions of law and the articles of association of the Company which affect the contents of the financial statements.

Without raising any qualifications to the correctness and fairness of the audited financial statements, we would like to emphasize that the presented financial statements are individual financial statements and should be used primarily for statutory purposes. These financial statements cannot constitute sole basis for the evaluation of the financial and economic position of the Company that is a holding company in the Capital Group. In addition to the individual financial statements, the Company also prepares consolidated financial statements of the Powszechny Zakład Ubezpieczeń SA Capital Group in which it acts as the holding company.

The Report on the activities of the Company for the financial year 2010 is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2009, No. 33, item 259, as amended) and consistent with underlying information disclosed in the audited financial statements.

Jacek Marczak
Key certified auditor
conducting the audit
No. 9750

Piotr Sokołowski
Deputy Chairman of the Board
Certified auditor
No. 9752

Dariusz Szkaradek
Member of the Board
Certified auditor
No.9935

.....
represented by

Deloitte Audyt Sp. z o.o.
Al. Jana Pawła II 19
00-754 Warsaw

.....
entity authorized to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 15 March 2011

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF POWSZECHNY ZAKŁAD UBEZPIECZEŃ SPÓŁKA AKCYJNA
FOR THE 2010 FINANCIAL YEAR**

I. GENERAL INFORMATION

1. Details of the audited Company

The Company operates under the business name Powszechny Zakład Ubezpieczeń Spółka Akcyjna. The Company's registered office is located in Warsaw at Al. Jana Pawła II 24.

Powszechny Zakład Ubezpieczeń Spółka Akcyjna ("PZU", "Company") with its registered office at Al. Jana Pawła II 24, was established via transformation of Państwowy Zakład Ubezpieczeń into a state-owned joint-stock company, pursuant to Article 97 of the Act of 28 July 1990 on insurance activity (consolidated text, Journal of Law from 1996, no. 11, item 62 as amended).

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

Currently, the Company is recorded in the register of entrepreneurs kept by the District Court for the capital city of Warsaw, XII Business-Registry Division in Warsaw under number KRS0000009831.

The Company's tax identification number NIP assigned by the Second Tax Office Warszawa-Śródmieście on 4 June 1993 is: 526-025-10-49.

The REGON number assigned by the Statistical Office on 5 July 1993 is: 010001345.

The Company operates based on the provisions of the Code of Commercial Companies.

According to the Statistical Classification of Economic Activities in the Polish Community the Company's core business involves other property and personal insurance (PKD 65.12) and according to European Community, the Company's core business involves property insurance (EKD 6603). Warsaw Stock Exchange ("GPW") classifies the Company to the insurance sector.

As of 31 December 2010, the Company's share capital equaled PLN 86,352,300 and was divided into 86,352,300 ordinary shares with nominal value of PLN 1 each.

As of 10 June 2010 (the date of the last Shareholders' Meeting) the Company's shareholders included:

- State Treasury	-	45.1875% of shares,
- Other shareholders	-	54.8125% of shares.

During the financial year there were no changes in the share capital of the Company.

Changes in the shareholding structure of the Company's share capital during the audit period were described in additional information to the financial statements.

After the balance-sheet date there were no changes in the Company's share capital.

As of 31 December 2010, the Company's equity amounted to PLN 11,902,186 thousand.

The Company's financial year is the calendar year.

The Company has the following related parties:

- | | |
|---|----------------------|
| - PZU Życie SA | - 100% subsidiary, |
| - Powszechne Towarzystwo Emerytalne PZU SA | - 100% subsidiary, |
| - PZU Centrum Operacji SA (poprzednio „Centrum Informatyki Grupy PZU SA”) | - 100% subsidiary, |
| - Tower Inwestycje Sp. z o.o. | - 100% subsidiary, |
| - PrJSC IC PZU Ukraine | - 100% subsidiary, |
| - UAB DK PZU Lietuva | - 99,76% subsidiary, |
| - Ogrodowa-Inwestycje Sp. z o.o. | - 100% subsidiary, |
| - PZU Pomoc SA | - 100% subsidiary, |
| - Ipsilon Sp. z o.o. | - 100% subsidiary, |
| - Syta Development Sp. z o.o. w likwidacji | - 100% subsidiary, |
| - Towarzystwo Funduszy Inwestycyjnych PZU SA | - 100% subsidiary, |
| - Sigma Investments Sp. z o.o. | - 100% subsidiary, |
| - PZU Asset Management SA | - 100% subsidiary, |
| - Międzyzakładowe Pracownicze Towarzystwo Emerytalne SA | - 100% subsidiary, |
| - PrJSC IC PZU Ukraine Life Insurance | - 100% subsidiary, |
| - LLC SOS Services Ukraine | - 100% subsidiary, |
| - Company with Additional Liability Inter-Risk Ukraine | - 100% subsidiary, |
| - UAB PZU Lietuva Gyvybes Draudimas | - 99,34% subsidiary, |
| - Armatura Kraków SA, Grupa Kapitałowa | - 64,63% subsidiary, |
| - ICH Center SA | - 90% subsidiary. |

Composition of the Management Board as of the date of the opinion:

- | | |
|------------------------|-------------------------------------|
| - Andrzej Klesyk | - Chairman of the Management Board, |
| - Witold Jaworski | - Member of the Management Board, |
| - Przemysław Dąbrowski | - Member of the Management Board. |

Changes in the composition of the Management Board during the audited period:

- Rafał Stankiewicz submitted resignation from the position of Member of the Management Board on 27 September 2010.
- On 30 September 2010 Supervisory Board, according to Article 383.1 of the Code of Commercial Companies (Journal of Law from 2000, no. 94, item 1037, as amended), appointed its member Dariusz Filar to the temporary position of Member of the Management Board for the period started from 1 October 2010 until the appointment of a new Management Board's Member, not longer than 31 December 2010.
- On 21 December 2010 Supervisory Board appointed Przemysław Dąbrowski to the position of Member of the Management Board and dismissed Dariusz Filar from the position of Member of the Management Board.

The above changes have been reported and registered at a relevant court register.

2. Information about the financial statements for the prior financial year

The activities of the Company in 2009 resulted in a net profit of PLN 2,510,379 thousand. The financial statements of the Company for 2009 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 7 March 2010 the certified auditor issued an emphasis of matter opinion on those financial statements, stating as follows:

“Without further qualifications as to the true and fair nature of the audited financial statements, we would like to point out that the presented financial statements are individual financial statements and should be used primarily for statutory purposes. These financial statements cannot constitute sole basis for the evaluation of the financial and economic position of the Company that is a holding company in the Capital Group. In addition to the individual financial statements, the Company also prepares consolidated financial statements of the Powszechny Zakład Ubezpieczeń SA Capital Group in which it acts as the holding company.”

The General Shareholders' Meeting which approved the financial statements for the 2009 financial year was held on 10 June 2010. The General Shareholders' Meeting decided on the following distribution of the net profit for 2009:

– dividends to shareholders	–	PLN 1,692,505 thousand,
– increase in the Company Social Benefits Fund	–	PLN 10,000 thousand,
– supplementary capital	–	PLN 807,875 thousand.

In accordance with applicable laws, the financial statements for the 2009 financial year were submitted to the National Court Register (KRS) on 18 June 2010 and filed for publication in Monitor Polski B on 18 June 2010. Financial statements were not published in Monitor Polski B as at the date of auditor's opinion.

3. Details of the authorized entity and the key certified auditor acting on its behalf

The audit of the financial statements was performed based on the agreement of 30 November 2010 concluded between Powszechny Zakład Ubezpieczeń SA and Deloitte Audyt Sp. z o.o. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Jacek Marczak, key certified auditor, (No. 9750), in the registered office of the Company and in its branches from 13 November 2010 to 17 November 2010 and from 17 January 2011 to 25 February 2011 and offsite the Company's premises from 26 February 2011 to 15 March 2011.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 12 May 2010, based on authorization included in Article 22, clause 2, point 10 of the Company's By-Laws.

Deloitte Audyt Sp. z o.o. and Jacek Marczak, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649) to express an unbiased and independent opinion on the financial statements of Powszechny Zakład Ubezpieczeń SA.

4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations, were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 15 March 2011.

II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items from the balance sheet, technical insurance account – property and personal insurance and general income statement as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

<u>Main balance sheet items (in PLN '000)</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
Intangible assets	63,526	49,560
Investments	23,832,035	26,765,773
Receivables	1,406,840	1,244,102
Other assets	280,422	245,572
Prepayments	630,271	631,971
Total assets	26,213,094	28,936,978
Equity	11,902,186	10,411,542
Technical provisions	13,623,196	12,789,415
Reinsurer's share in provisions	(786,825)	(754,456)
Expected recoveries and recourses	(74,577)	(78,996)
Other provisions	328,726	542,531
Liabilities due to reinsurers' deposits	-	-
Other liabilities and special funds	674,552	5,478,601
Accruals	545,836	548,341
Total liabilities	26,213,094	28,936,978
 <u>Main items from the technical account of property and personal insurance (PLN '000)</u>	 <u>31.12.2010</u>	 <u>31.12.2009</u>
Premiums	7,490,079	7,938,984
Net investment income including costs, reclassified from the general profit and loss account	262,630	248,700
Other technical revenues net of reinsurance	58,328	76,084
Claims	5,543,113	5,480,170
Changes in other technical provisions – net of reinsurance	-	-
Bonuses and rebates combined with the change in provisions net of reinsurance	1,909	5,051
Costs of insurance activity	2,226,609	2,220,299
Other technical charges – net of reinsurance	289,320	369,115
Technical result on property and personal insurance	(252,014)	166,308
 <u>Main items from the general profit and loss account (in PLN '000)</u>	 <u>31.12.2010</u>	 <u>31.12.2009</u>
Technical result on property and personal insurance	(252,014)	166,308
Investment income	4,345,007	3,035,222
Unrealized gains on investments	131,420	104,869
Costs of investment activity	164,805	243,358
Unrealized losses on investments	25,394	59,350
Net investment income, including costs, reclassified to the technical account for property and personal insurance	262,630	248,700
Other operating revenue	70,887	177,755
Other operating expenses	171,723	234,007
Income tax	109,161	188,360
Share in net profits (losses) of controlled entities measured using the equity method	(44,878)	(35,329)
Net profit (loss)	3,516,709	2,510,379

Profitability ratios

– profit ratio on the basis of gross premium written (net profit / gross written premium)	45.9%	31.1%
– profit ratio net of reinsurers' share (net profit / written premium net of reinsurance)	47.0%	31.6%

Claims ratios

– Claims ratio on the basis of gross premium written ((Gross claims paid +/- Change in provisions for claims outstanding (gross)/ gross earned premium)	79.7%	68.5%
– claim ratio net of reinsurance (Claims paid net of reinsurance +/- change in the gross provisions for claims net of reinsurance) / premium earned net of reinsurance	74.0%	69.0%

Operating costs ratio

– total operating costs ratio (Insurance activity costs / gross written premium) ¹	28.9%	28.1%
– administrative expenses ratio (administrative expenses / gross written premium)	11.6%	12.2%
– acquisition costs ratio (acquisition costs / gross written premium)	17.3%	16.0%

Return on investment and equity ratios:

– level of investment (average investment amount / average equity plus technical provisions net of reinsurance)	96.3%	119.2%
– return on investment (net investment income / average investment amount in the reporting period) ²	16.8%	9.9%
– return on equity (net profit / average equity) ³	31.5%	17.0%

Solvency and funds security ratios

– invested reserves ratio (investments / technical provisions net of reinsurance)	185.7%	222.4%
– solvency margin (in PLN '000)	1,338,798	1,338,798
– own funds to cover the solvency margin	9,593,441	8,261,644
– margin coverage ratio (own funds surplus)	8,254,643	6,922,846
– solvency margin coverage ratio (own funds / solvency margin)	716.6%	617.1%
– value of assets covering technical provisions	17,687,287	14,245,034
– surplus (shortage) of assets to cover technical provisions	4,140,925	1,537,035

¹ Costs of insurance activity without reinsurers' commissions and reinsurers' share in profit.

² Average calculated as the arithmetic average of opening and closing investment balance.

³ Average calculated as the arithmetic average of opening and closing equity balance.

An analysis of the above figures and ratios indicated the following trends in 2010:

- an increase in profitability ratio on the basis of gross premium from 31.1% in 2009 to 45.9% in 2010,
- an increase in profitability ratio net of reinsurance from 31.6% in 2009 to 47.0% in 2010,
- an increase in claims ratio on the basis of gross premium from 68.5% in 2009 to 79.7% in 2010,
- an increase in claims ratio net of reinsurance from 69.0% in 2009 to 74.0% in 2010,
- an increase in operating costs ratio from 28.1% in 2009 to 28.9% in 2010,
- a decrease in investment level ratio from 119.2% at the end of 2009 to 96.3% at the end of 2010,
- an increase in return on equity from 17.0% in 2009 to 31.5% in 2010,
- a decrease in provision allocation ratio from 222.4% at the end of 2009 to 185.7% at the end of 2010,
- an increase in solvency margin coverage from 617.1% at the end of 2009 to 716.6% at the end of 2010.

III. DETAILED INFORMATION

1. Evaluation of the accounting system

The Company has valid documentation required by Article 10 of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act", referring in particular to: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and approved for use by a resolution of the Management Board No. UZ/75/2009 of 26 February 2009. Changes in the accounting policy arising from amended accounting and tax regulations have been introduced by separate resolutions of the Company's Management Board.

Accounting principles accepted by the Company comply with the Accounting Act. The introduction gives a description of valuation principles regarding assets and liabilities, as well as principles of measuring the financial result.

Accounting principles selected at the Company's discretion pursuant to Section 4 of the Accounting Act have been selected in a manner that correctly reflects specifics of its business operations, its financial standing and performance. The accounting principles have been applied in a continuous manner and unchanged compared to those applied to the accounting records and financial statements in the preceding financial year.

The Company uses computerized accounting systems, Oracle Financials and FKX by Asseco and Insurer by Asseco product system, in which all business transactions are recorded. The systems are password protected against unauthorized access and have functional access controls. The description of the IT system complies with the requirements of Article 10.1.3c of the Accounting Act.

The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

In the part we have audited, documentation of business transactions, accounting records and the relationships between accounting entries, documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and evidence, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences have been recorded and settled in the accounting records for the audited period.

2. Information about the audited financial statements

The audited financial statements were prepared as of 31 December 2010 and include:

- introduction to the financial statements;
- balance sheet prepared as of 31 December 2010, with total assets and liabilities plus equity of PLN 26,213,094 thousand;
- technical insurance account – property and personal insurance for the financial year from 1 January 2010 to 31 December 2010, showing a negative technical result on property and personal insurance to be transferred to the general profit and loss account in the amount of PLN 252,014 thousand;
- general profit and loss account for the period from 1 January 2010 to 31 December 2010, disclosing a net profit of PLN 3,516,709 thousand;
- statement of changes in equity for the period from 1 January 2010 to 31 December 2010, disclosing an increase in equity of PLN 1,490,644 thousand;
- cash flow statement for the period from 1 January 2010 to 31 December 2010, showing a net cash inflow of PLN 38,489 thousand;
- additional information and explanations.

The structure of assets and liabilities plus equity as well as items affecting the financial result has been presented in the financial statements.

3. Information about selected material items of the financial statements

Investments

The structure of investments was correctly presented in the respective explanatory note.

Technical provisions

The structure of technical provisions was correctly presented in the respective explanatory notes.

As at 31 December 2010, technical provisions were created pursuant to “Principles of creating technical provision in PZU SA” accepted by the Management Board of 9 February 2009 and principles determined in the Ordinance of the Minister of Finance of 28 December 2009 on special principles of insurance companies’ accounting (Journal of Law from 2008, no. 226, item 1825 as amended).

As of 31 December 2010, the Company created the following technical provisions:

- provision for unearned premiums;
- provision for unexpired risks;
- provision for claims outstanding;
- equalization provision.

The provision for unearned premiums is created as written premium for future reporting periods, in proportion to the period which the written premium covered. The provision for unearned premiums is determined using the individual method, accurate to one day, at the end of each reporting period. In the case of insurance classes with uneven spread of risk over time, the provision for unearned premiums is created in the amount corresponding to the spread of the risk over time.

The provision for unexpired risks complements the provision for unearned premiums and covers future claims and costs relating to insurance contracts which do not expire on the last day

of the reporting period. The provision for unexpired risks is determined for all insurance classes (types) with claims ratio for the financial year exceeding 100%, as the difference between the product of provision for unearned premiums and claims ratio of a given financial year and the provision for unearned premiums – for the same insurance period. The final amount of provision for unexpired risks is determined after a premium adequacy test.

The provision for outstanding claims includes the provision for outstanding claims incurred and reported, provision for claims incurred but not reported, provision for loss adjustment expenses and provision for capitalized annuity.

The equalization provision is created at the amount ensuring equalization of future fluctuations in the claims ratio, net of reinsurance, in accordance with the Ordinance on special principles of insurance companies' accounting.

Based on the work performed we came to the conclusion that the level of technical reserves net of reinsurers' share presented in the balance sheet as of 31 December 2010 appears to be sufficient in light of the materiality concept, requirements of the Minister of Finance's ordinance of 28 December 2009 on special principles of insurance companies' accounting and including limitations caused by natural uncertainty related to the necessity of estimating when determining the amount of provisions so that the Company is able to meet its future obligations resulting from insurance contracts concluded by 31 December 2010.

Structure of receivables

The ageing analysis of receivables and their structure by repayment date were correctly presented in the respective explanatory note.

Liabilities

The ageing analysis of receivables and their structure by repayment date were correctly presented in the respective explanatory note.

Prepayments and accruals

The structure of prepayments and accruals is correctly described in the respective notes. Expense and revenue recognized over time have been correctly classified in relation to the audited financial period. These items are recognized completely and correctly in all material respects in relation to the financial statements as a whole.

4. Correctness of calculation of the solvency margin and guarantee fund and determination of own funds to cover the solvency margin

As of 31 December 2010, the Company created technical provisions in line with principles determined in the Ordinance of the Minister of Finance on special principles of insurance companies' accounting in the amount ensuring full meeting of its current and future obligations imposed by concluded insurance contracts. The provisions are secured with investments.

The Company calculated the solvency margin as of 31 December 2010 and determined the required guarantee fund in line with the Minister of Finance's ordinance of 28 November 2003 on calculation methods and amount of solvency margin and the minimum guarantee fund for insurance departments and groups (Journal of Law from 2003, no. 211, item 2060, "the ordinance on solvency margin").

The Company calculated the amount of own funds covering the solvency margin in line with principles defined in the Act on insurance activity. During audit, we did not detect any

irregularities in calculation of the solvency margin, guarantee fund and own funds that cover them, which could significantly influence the above figures.

5. Completeness and correctness of drawing up the introduction to the financial statements, additional information and explanations and the report on the activities of the Company

The introduction to the financial statements includes all information required under Attachment 1 to the Accounting Act. The Company confirmed the validity of the going concern basis in preparation of the financial statements. The introduction gives a correct and complete description of measurement principles regarding assets, liabilities, financial result and principles of preparation of the financial statements.

The Company prepared notes in the form of tables to individual balance sheet and profit and loss account items as well as narrative descriptions.

Notes describing tangible fixed assets, intangible assets, investments, liabilities and provisions correctly present increases and decreases as well as their basis during the financial year. Limitations imposed on individual assets disclosed in the balance sheet arising from security granted to creditors have been described.

The notes to the financial statements give a correct and complete description of the reporting items and clearly present other information required under the Ordinance of the Minister of Finance of 18 October 2005 on information disclosed in the financial statements and consolidated financial statements required in the prospectus for issuers headquartered in Poland bound by Polish accounting principles (Journal of Laws of 2005, No. 209, item 1743, as amended) and under the Ordinance of the Minister of Finance of 28 December 2009 on special principles of insurance companies' accounting (Journal of Law from 2009, no. 226, item 1825).

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the 2010 financial year. The report contains information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

IV. CLOSING COMMENTS

Management Board's Representation

Deloitte Audyt Sp. z o.o. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

Jacek Marczak
Key certified auditor
conducting the audit
No. 9750

Piotr Sokołowski
Deputy Chairman of the Board
Certified auditor
No. 9752

Dariusz Szkaradek
Member of the Board
Certified auditor
No.9935

.....
represented by

Deloitte Audyt Sp. z o.o.
Al. Jana Pawła II 19
00-754 Warsaw

.....
entity authorized to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 15 March 2011