

**INTERIM CONSOLIDATED REPORT OF THE
CAPITAL GROUP OF
POWSZECHNY ZAKŁAD UBEZPIECZEŃ
SPÓŁKA AKCYJNA
FOR A 6-MONTH PERIOD
ENDED 30 JUNE 2011**



Warsaw, August 2011

Interim consolidated report of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for a 6-month period ended 30 June 2011 contains:

1. Selected items from financial statements contains:
 - Selected items from consolidated financial statements of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the International Financial Reporting Standards);
 - Selected items from financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards);
 - Selected items from financial statements of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards).
2. Report on the activities of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for a 6-month period ended 30 June 2011.
3. Interim consolidated financial statements of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for a 6-month period ended 30 June 2011 (prepared in accordance with the International Financial Reporting Standards).
4. Deloitte Audyt Sp. z o.o. (entity authorised to audit the financial statements) report on the review of the condensed interim consolidated financial statements of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for a 6-month period ended 30 June 2011.
5. Interim financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for a 6-month period ended 30 June 2011 (prepared in accordance with the Polish Accounting Standards).
6. Deloitte Audyt Sp. z o.o. (entity authorised to audit the financial statements) report on the review of the condensed interim separate financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for a 6-month period ended 30 June 2011.

SELECTED ITEMS FROM FINANCIAL STATEMENTS

1. Selected items from the consolidated financial statements of The Capital Group of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the International Financial Reporting Standards)

Items from consolidated statement of financial position	PLN '000 30 June 2011	PLN '000 31 December 2010	PLN '000 30 June 2010	PLN '000 31 December 2009	EUR '000 30 June 2011	EUR '000 31 December 2010	EUR '000 30 June 2010	EUR '000 31 December 2009
Assets	57 301 278	50 670 557	47 575 661	53 287 438	14 373 471	12 794 626	11 475 629	12 970 994
Share capital	86 352	86 352	86 352	86 352	21 661	21 804	20 829	21 019
Equity and provisions attributable to equity holders of the parent entity	12 146 354	12 799 800	11 338 653	11 266 746	3 046 795	3 232 028	2 734 973	2 742 502
Minority interest	84 344	126	128	133	21 157	32	31	32
Total equity	12 230 698	12 799 926	11 338 781	11 266 879	3 067 952	3 232 060	2 735 004	2 742 534
Weighted average basic and diluted number of ordinary shares	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300
Book value per share (in PLN/EUR)	140,66	148,23	131,31	130,47	35,28	37,43	31,67	31,76

Items from consolidated income statement	PLN '000 1 January – 30 June 2011	PLN '000 1 January – 30 June 2010	EUR '000 1 January – 30 June 2011	EUR '000 1 January – 30 June 2010
Gross written premiums	7 673 262	7 291 854	1 932 860	1 821 051
Net earned premiums	7 269 699	7 002 918	1 831 205	1 748 893
Revenue from commissions and fees	156 227	130 090	39 353	32 488
Net profit or loss on investment activities	1 079 059	1 262 140	271 810	315 204
Net insurance claims	(5 018 297)	(5 120 912)	(1 264 087)	(1 278 885)
Gross profit (loss)	1 896 588	1 441 441	477 742	359 982
Net profit (loss) attributable to equity holders of the parent entity	1 553 963	1 169 839	391 436	292 153
Minority profit (loss)	(1 559)	(5)	(393)	(1)
Weighted average basic and diluted number of ordinary shares	86 352 300	86 352 300	86 352 300	86 352 300
Basic and diluted profit (loss) per ordinary share (in PLN/EUR)	18,00	13,55	4,53	3,38

Items from consolidated statements of cash flows	PLN '000 1 January – 30 June 2011	PLN '000 1 January – 30 June 2010	EUR '000 1 January – 30 June 2011	EUR '000 1 January – 30 June 2010
Net cash flows generated by operating activities	942 722	(1 752 344)	237 467	(437 626)
Net cash used in/generated by investment activities	(3 095 288)	6 599 621	(779 689)	1 648 175
Net cash used in financing activities	2 050 667	(4 810 398)	516 554	(1 201 338)
Total net cash flows	(101 899)	36 879	(25 668)	9 211

2. Selected items from financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards)

Items from statement of financial position	PLN '000 30 June 2011	PLN '000 31 December 2010	PLN '000 30 June 2010	PLN '000 31 December 2009	EUR '000 30 June 2011	EUR '000 31 December 2010	EUR '000 30 June 2010	EUR '000 31 December 2009
Assets	29 931 036	26 349 819	25 495 919	29 048 207	7 507 911	6 653 491	6 149 819	7 070 787
Total equity	11 191 406	11 902 186	10 489 877	10 411 542	2 807 256	3 005 375	2 530 242	2 534 332
Weighted average basic and diluted number of ordinary shares	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300	86 352 300
Book value per share	129,60	137,83	121,48	120,57	32,51	34,80	29,30	29,35

Items from technical account – property and personal insurance and general profit and loss account	PLN '000 1 January – 30 June 2011	PLN '000 1 January – 30 June 2010	EUR '000 1 January – 30 June 2011	EUR '000 1 January – 30 June 2010
Gross written premiums	4 213 519	3 941 851	1 061 367	984 429
Technical result on property and personal insurance	287 487	(213 021)	72 417	(53 199)
Net profit or loss on investment activities	2 440 070	3 731 150	614 643	931 809
Net profit (loss)	2 464 064	3 276 407	620 687	818 243
Weighted average basic and diluted number of ordinary shares	86 352 300	86 352 300	86 352 300	86 352 300
Basic and diluted profit (loss) per ordinary share	28,54	37,94	7,19	9,48

3. Selected items from financial statements of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna (prepared in accordance with the Polish Accounting Standards)

Items from statement of financial position	PLN '000 30 June 2011	PLN '000 31 December 2010	PLN '000 30 June 2010	PLN '000 31 December 2009	EUR '000 30 June 2011	EUR '000 31 December 2010	EUR '000 30 June 2010	EUR '000 31 December 2009
Assets	33 576 758	29 761 380	26 172 498	30 467 809	8 422 405	7 514 931	6 313 015	7 416 340
Total equity	5 459 284	6 414 677	5 270 748	7 375 769	1 369 409	1 619 745	1 271 346	1 795 377

Items from technical account – life insurance and general profit and loss account	PLN '000 1 January – 30 June 2011	PLN '000 1 January – 30 June 2010	EUR '000 1 January – 30 June 2011	EUR '000 1 January – 30 June 2010
Gross written premiums	5 268 554	3 722 309	1 327 125	929 601
Technical result on life insurance	1 062 949	1 126 440	267 752	281 315
Net profit or loss on investment activities	762 524	763 761	192 076	190 740
Net profit (loss)	990 304	1 050 798	249 453	262 424

The following exchange rates have been applied to translate data of foreign controlled entities and to present selected financial data in the interim consolidated financial statements:

Currency	1 January – 30 June 2011	30 June 2011	31 March 2011	1 January – 31 December 2010	31 December 2010	1 January – 30 June 2010	30 June 2010	31 December 2009
LTL	1,1498	1,1546	1,1619	1,1597	1,1469	1,1597	1,2007	1,1898
UAH	0,3512	0,3444	0,3562	0,3830	0,3722	0,3850	0,4293	0,3558
EUR	3,9699	3,9866	4,0119	4,0044	3,9603	4,0042	4,1458	4,1082

The rates are:

- average rates of the National Bank of Poland ruling as of the balance sheet date – for the statement of financial position;
- rates determined as the arithmetic mean of the rates published by the National Bank of Poland, ruling as of the last day of each month of a given period - for the income statement, statement of comprehensive income and statement of cash flows.