

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
OF PZU CAPITAL GROUP
FOR THE FIRST QUARTER 2010**



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INTRODUCTION

These consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group (the PZU Group) have been prepared in line with International Financial Reporting Standards (“IFRS”) as endorsed by the European Commission as at 31 March 2010, including IAS 34 Interim Financial Reporting, and in line with requirements of the Ordinance of the Minister of Finance of 19 February 2009 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Dz. U. NO. 33 of 2009 item 259 “Ordinance on current and periodic information”).

Pursuant to Article 83 clause 1 of the Ordinance on current and periodic information, the quarterly separate data of Powszechny Zakład Ubezpieczeń SA (“PZU”, “the Company”, “the parent”) is included in the interim consolidated financial statements.

Pursuant to the requirements of Article 45 clause 1a of the Accounting Act of 29 September 1994 (Dz.U. from 2009 No. 152, item 1223 with subsequent amendments) financial statements of issuers of securities traded on a regulated market within the European Economic Area may be prepared in line with IFRS.

Since the General Shareholders Meeting of PZU did not make the decision referred to in Article 45.1.c of the Accounting Act regarding preparation of financial statements in line with IFRS, separate financial statements of PZU are prepared in line with Polish Accounting Standards (PAS) as determined in the Accounting Act and its secondary legislation, among others::

- Ordinance of the Minister of Finance of 28 December 2009 on specific accounting principles of insurance and reinsurance companies (Dz. U. No. 226 of 2009, item 1825);
- Ordinance of the Minister of Finance of 12 December 2001 on detailed principles of recognition, measurement, disclosure and presentation of financial instruments (Dz. U. No 149 of 2001, item 1674 with subsequent amendments).

All matters not specified in the Accounting Act and secondary legislation are governed by the Polish Accounting Standards and/or International Financial Reporting Standards (IFRS).

Until the date of submission of the interim financial statements, General Shareholders Meeting of PZU did not take place in order to approve the consolidated financial statements of the PZU Group for 2009 and separate financial statements of PZU for 2009. On 13 May 2010 the Meeting was called for 10 June 2010.

SELECTED FINANCIAL RESULTS**1. Selected financial results of PZU Group**

Results from consolidated statement of financial position	PLN '000 31 March 2010	PLN '000 31 December 2009	PLN '000 31 March 2009	EUR '000 31 March 2010	EUR '000 31 December 2009	EUR '000 31 March 2009
Assets	52 507 801	53 176 209	58 834 318	13 595 309	12 943 919	12 514 479
Share capital	86 352	86 352	86 352	22 358	21 019	18 368
Issued capital and reserves attributable to equity holders of the parent company	12 053 128	11 266 746	21 018 108	3 120 793	2 742 502	4 470 701
Minority interest	121	133	187	31	32	40
Total equity	12 053 249	11 266 879	21 018 295	3 120 825	2 742 534	4 470 741
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
Accounting value per ordinary share (in PLN/EUR)	139.58	130.47	243.40	36.14	31.76	51.77

Results from consolidated statement of comprehensive income	PLN '000 1 January – 31 March 2010	PLN '000 1 January – 31 March 2009	EUR '000 1 January – 31 March 2010	EUR '000 1 January – 31 March 2009
Gross written premiums	3 927 789	3 992 173	990 141	867 977
Net written premiums	3 444 564	3 614 264	868 326	785 812
Fee and commissions income	62 632	79 885	15 789	17 369
Net result from investment activities	911 414	416 719	229 755	90 603
Net claims and benefits paid out and change in technical provisions	(2 459 124)	(1 693 394)	(619 911)	(368 177)
Gross profit (loss)	982 148	1 433 347	247 586	311 638
Net profit (loss)	807 415	1 144 648	203 538	248 869
Minority gains (losses)	(3)	(2)	(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)	9.35	13.26	2.36	2.88

Results from consolidated statement of cash flows	PLN '000 1 January – 31 March 2010	PLN '000 1 January – 31 March 2009	EUR '000 1 January – 31 March 2010	EUR '000 1 January – 31 March 2009
Net cash flows generated by operating activities	(1 254 041)	(623 098)	(316 126)	(135 474)
Net cash flows used in/generated by investment activities	1 177 277	478 214	296 775	103 973
Net cash flows used in financing activities	(2 393)	(16)	(603)	(3)
Total net cash flows	(79 157)	(144 900)	(19 954)	(31 504)

2. Selected separate financial data of (according to PAS)

Results from statement of financial position	PLN '000 31 March 2010	PLN '000 31 December 2009	PLN '000 31 March 2009	EUR '000 31 March 2010	EUR '000 31 December 2009	EUR '000 31 March 2009
Assets	29 571 284	28 936 978	33 300 718	7 656 591	7 043 712	7 083 300
Total equity	10 895 053	10 411 542	19 779 361	2 820 945	2 534 332	4 207 211
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
Accounting value per ordinary share (in PLN/ EUR)	126.17	120.57	229.05	32.67	29.35	48.72

Results from Technical account of property and personal insurance and general income statement	PLN '000 1 January – 31 March 2010	PLN '000 1 January – 31 March 2009	EUR '000 1 January – 31 March 2010	EUR '000 1 January – 31 March 2009
	Gross written premiums	2 268 168	2 380 216	571 773
Property and casualty insurance underwriting result	(59 322)	316 424	(14 954)	68 797
Net result from investment activities	303 019	310 430	76 387	67 494
Net profit (loss)	100 416	452 696	25 313	98 425
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)	1.16	5.24	0.29	1.14

3. Selected separate financial data of Powszechny Zakład Ubezpieczeń na Życie Spółka Akcyjna (PAS)

Results from statement of financial position	PLN '000 31 March 2010	PLN '000 31 December 2009	PLN '000 31 March 2009	EUR '000 31 March 2010	EUR '000 31 December 2009	EUR '000 31 March 2009
Assets	29 607 501	30 467 809	30 732 601	7 665 968	7 416 340	6 537 043
Total equity	8 073 769	7 375 769	6 672 735	2 090 459	1 795 377	1 419 338

Data from technical account of life insurance and general income statement	PLN '000 1 January – 31 March 2010	PLN '000 1 January – 31 March 2009	EUR '000 1 January – 31 March 2010	EUR '000 1 January – 31 March 2009
Gross written premiums	1 836 828	2 004 955	463 039	435 917
Life insurance underwriting result	683 884	970 734	172 398	211 057
Net result from investment activities	589 995	114 301	148 729	24 851
Net profit (loss)	655 555	713 740	165 256	155 181

4. Summary of consolidated financial results

The financial results of the PZU Group for the three months ended March 31, 2010 were affected by the following factors:

- implementation of the PZU Group strategy with respect to:
 - retaining the dominant position in group life insurance while retaining stable profitability of this business segment;
 - restructuring the property insurance portfolio for corporate clients resulting in lower written premiums in the property and casualty insurance segment;
 - implementation of restructuring processes to reduce administration expenses.
- lower releases of technical provisions compared to the same period in the preceding year were the result of fewer conversions of long-term policies into one-year policies in the life insurance segment.
- significantly lower value of investment portfolio following the payment of the interim dividend of approximately PLN 12 750 million in November 2009.
- a long winter with heavy snowfall resulted in significantly increased claims in TPL and agricultural insurance products, thereby reducing the profitability of the property and casualty insurance segment.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS**1. Interim consolidated statement of financial position**

In PLN '000

Assets	Note	31 March 2010	31 December 2009	31 December 2009
Intangible assets		92 154	85 069	62 462
Goodwill		19 676	19 631	22 411
Property, plant and equipment		1 025 038	1 043 811	1 080 703
Investment property		390 518	346 552	283 839
Entities measured using the equity method		-	-	-
Financial assets	7.1, 7.4			
Financial instruments held to maturity	7.1.1	21 982 409	23 327 568	24 707 440
Financial instruments available for sale	7.1.2	8 732 300	10 027 845	12 458 705
Financial instruments measured at fair value through profit or loss	7.1.3	8 940 641	10 213 631	10 191 762
Loans	7.1.4	7 754 173	4 668 549	6 483 383
Receivables, including receivables from insurance contracts	7.2; 7.4	1 601 963	1 383 978	1 446 693
Reinsurers' share in technical provisions	7.3; 7.4	732 036	748 313	897 905
Estimated recoveries and recourses		75 285	82 330	50 457
Deferred tax assets		24 075	24 913	7 198
Current income tax receivables		89 351	87 599	306
Deferred acquisition costs		516 066	481 139	483 897
Prepayments	7.5	230 461	252 944	258 221
Other assets		17 094	15 781	10 838
Cash and cash equivalents		284 561	366 556	388 098
Assets used in continuing operations		52 507 801	53 176 209	58 834 318
Non-current assets held for sale and disposal groups		-	-	-
Total assets		52 507 801	53 176 209	58 834 318

Interim consolidated statement of financial position (cont.)

in PLN '000

Equity and liabilities	Note	31 March 2010	31 December 2009	31 December 2008
Equity				
Issued share capital and other equity attributable to the shareholders of the parent				
Share capital	20	86 352	86 352	86 352
Other capitals		5 781 577	5 802 568	14 415 838
Supplementary capital		5 485 051	5 485 014	14 478 569
Revaluation reserve		323 077	340 970	(55 221)
Exchange differences from translation of controlled entities		(26 551)	(23 416)	(7 510)
Undistributed profit / uncovered loss		6 185 199	5 377 826	6 515 918
Previous year profit (loss)		5 377 784	2 365 282	5 371 270
Net profit (loss)		807 415	3 762 945	1 144 648
Appropriations on net profit during the financial year		-	(750 401)	-
Minority interest		121	133	187
Total equity		12 053 249	11 266 879	21 018 295
Liabilities				
Technical provisions	7.6			
Provision for unearned premiums and for unexpired risks		4 265 606	3 846 600	4 468 393
Life insurance provision		14 523 344	14 582 590	14 780 338
Provisions for outstanding claims		4 367 088	4 456 464	4 150 982
Provision for capitalized value of annuity claims		4 904 855	4 874 653	4 612 442
Provisions for bonuses and rebates for the insured		3 252	5 071	2 236
Other technical provisions		669 411	698 918	701 518
Unit linked technical provisions		2 117 703	2 017 501	1 686 696
Investment contracts	7.7			
- with guaranteed and fixed terms and conditions		1 148 407	2 632 054	4 140 416
- for the client and at the client's risk		1 179 236	1 094 475	879 869
Provisions for employee benefits		253 999	260 946	264 340
Other provisions	7.8	311 497	314 595	239 857
Provision for deferred income tax		528 742	444 053	263 848
Current income tax liabilities		2 223	3 056	104 085
Derivatives		5 692	3 533	21 442
Other liabilities	0	5 635 644	5 974 052	961 372
Accruals and deferred income	0			
Cost accruals		383 922	464 126	348 424
Deferred income		153 931	236 643	189 765
Liabilities related to continuing operations		40 454 552	41 909 330	37 816 023
Liabilities directly related to non-current assets classified as held for sale		-	-	-
Total liabilities		40 454 552	41 909 330	37 816 023
Total equity and liabilities		52 507 801	53 176 209	58 834 318

2. Interim consolidated income statement

in PLN '000

Consolidated income statement	Note	1 January – 31 March 2010	1 January – 31 March 2009
Gross written premiums	7.11	3 927 789	3 992 173
Reinsurer's share in the written premium		(86 852)	(75 971)
Net written premium		3 840 937	3 916 202
Change in net provision for unearned premium		(396 373)	(301 938)
Net earned premiums		3 444 564	3 614 264
Revenue from commissions and fees	0	62 632	79 885
Net investment income	7.13	442 309	678 427
Net profit or loss on realization and impairment loss on investments	0	135 274	(108 614)
Net change in the fair value of assets and liabilities plus equity measured at fair value	0	333 831	(153 094)
Other operating revenue	0	25 894	75 758
Claims and change in technical provisions		(2 436 952)	(1 723 654)
Reinsurers' share in claims and change in technical provisions		(22 172)	30 260
Net insurance claims	0	(2 459 124)	(1 693 394)
Claims and change in measurement of investment contracts	0	(62 188)	(55 455)
Acquisition expense	7.19	(433 329)	(424 981)
Administrative expense	7.19 Błąd! Nie można odnaleźć źródła odwołania.	(390 292)	(442 967)
Other operating expense	0	(70 404)	(136 482)
Operating profit (loss)		1 029 167	1 433 347
Financial expense	7.21	(47 019)	-
Share in net profit (loss) of entities measured using the equity method		-	-
Gross profit (loss)		982 148	1 433 347
Income tax			
- current portion		(96 703)	(197 333)
- deferred portion		(78 033)	(91 368)
Net profit (loss), including:		807 412	1 144 646
- profit (loss) attributable to equity holders of the parent		807 415	1 144 648
- minority profits (loss)		(3)	(2)
Net profit (loss) from continuing operations		807 412	1 144 646
Net profit (loss) from discontinued operations		-	-
Weighted average basic and diluted number of ordinary shares		86 352 300	86 352 300
Basic and diluted profit (loss) on continuing operations per ordinary share (in PLN)		9.35	13.26
Basic and diluted profit (loss) on discontinued operations per ordinary share (in PLN)		-	-
Basic and diluted profit (loss) per ordinary share (in PLN)		9.35	13.26

3. Consolidated interim statement of comprehensive income

in PLN '000

Consolidated statement of comprehensive income	1 January – 31 March 2010	1 January – 31 March 2009
Net profit (loss)	807 412	1 144 646
Other comprehensive income:	(21 037)	(178 745)
Financial assets available for sale	(28 351)	(194 535)
Exchange differences from translation of controlled entities	(3 144)	15 790
Real property reclassified from property, plant and equipment to investment	10 458	-
Net comprehensive income total	786 375	965 901
- comprehensive income attributable to holders of the parent's equity	786 387	965 882
- comprehensive income attributable to equity under discretionary participation	-	-
- comprehensive income attributable to minority interest	(12)	19

4. Interim statement of changes in consolidated equity

in PLN '000

Statement of changes in consolidated Equity	Equity and provisions attributable to owners of the parent's share capital							Minority interest	Total equity	
	Other capitals				Undistributed profit / uncovered loss					
	Share capital	Supple- mentary capital	Revaluatio n reserve	Exchange differences from translation	Previous year profit (loss)	Net profit (loss)	Appropriations of net profit during the financial year (negative value)			Total
Balance as at 1 January 2010	86 352	5 485 014	340 970	(23 416)	5 377 826	-	-	11 266 746	133	11 266 879
Change in measurement of AFS financial assets	-	-	(28 351)	-	-	-	-	(28 351)	-	(28 351)
Exchange differences from translation	-	-	-	(3 135)	-	-	-	(3 135)	(9)	(3 144)
Real property reclassified from property, plant and equipment to investment property	-	-	10 458	-	-	-	-	10 458	-	10 458
Total increases (decreases) recognized directly in net capital (including income tax)	-	-	(17 893)	(3 135)	-	-	-	(21 028)	(9)	(21 037)
Net profit (loss) for the financial year	-	-	-	-	-	807 415	-	807 415	(3)	807 412
Total increases (decreases)	-	-	(17 893)	(3 135)	-	807 415	-	786 387	(12)	786 375
Other changes,	-	37	-	-	(42)	-	-	(5)	-	(5)
Balance as at 31 March 2010	86 352	5 485 051	323 077	(26 551)	5 377 784	807 415	-	12 053 128	121	12 053 249

Interim statement of changes in consolidated equity (cont.)

in PLN '000

Statement of changes in consolidated Equity	Equity and provisions attributable to owners of the parent's equity							Minority interest	Total equity	
	Other capitals				Undistributed profit / uncovered loss					
	Share capital	Supple- mentary capital	Revaluation reserve	Exchange differences from translation	Previous year profit (loss)	Net profit (loss)	Total			Share capital
Balance at 1 January 2009	86 352	14 478 547	139 314	(23 279)	5 371 288	-	-	20 052 222	168	20 052 390
Change in measurement of AFS financial assets	-	-	184 693	-	-	-	-	184 693	-	184 693
Exchange differences from translation	-	-	-	(137)	-	-	-	(137)	(1)	(138)
Real property reclassified from property, plant and equipment to investment property	-	-	16 963	-	-	-	-	16 963	-	16 963
Total increases (decreases) recognized directly in net capital (including income tax)	-	-	201 656	(137)	-	-	-	201 519	(1)	201 518
Net profit (loss) for the financial year	-	-	-	-	-	3 762 945	-	3 762 945	(34)	3 762 911
Total increases (decreases)	-	-	201 656	(137)	-	3 762 945	-	3 964 464	(35)	3 964 429
Other changes, including:	-	(8 993 533)	-	-	(3 006 006)	-	(750 401)	(12 749 940)	-	(12 749 940)
Distribution of the financial profit/loss to Supplementary capital	-	3 005 798	-	-	(3 005 798)	-	-	-	-	-
Advance payment for dividend	-	(11 999 516)	-	-	-	-	(750 401)	(12 749 917)	-	(12 749 917)
Other	-	185	-	-	(208)	-	-	(23)	-	(23)
Balance at 31 December 2009	86 352	5 485 014	340 970	(23 416)	2 365 282	3 762 945	(750 401)	11 266 746	133	11 266 879

Interim statement of changes in consolidated equity (cont.)

in PLN '000

Statement of changes in consolidated equity	Equity and provisions attributable to owners of the parent's equity						Total	Minority interest	Total equity
	Other capitals			Undistributed profit / uncovered loss					
	Share capital	Supplementary capital	Revaluation reserve	Exchange differences from translation	Previous year profit (loss)	Net profit (loss)			
Balance at 1 January 2008	86 352	14 478 547	139 314	(23 279)	5 371 288	-	20 052 222	168	20 052 390
Change in measurement of AFS financial assets	-	-	(194 535)	-	-	-	(194 535)	-	(194 535)
Exchange differences from translation	-	-	-	15 769	-	-	(15 769)	21	15 790
Real property reclassified from property, plant and equipment to investment property	-	-	-	-	-	-	-	-	-
Total increases (decreases) recognized directly in net capital (including income tax)	-	-	(194 535)	15 769	-	-	(178 766)	21	(178 745)
Net profit (loss) for the financial year	-	-	-	-	-	1 144 648	1 144 648	(2)	1 144 646
Total increases (decreases)	-	-	(194 535)	15 769	-	1 144 648	965 882	19	965 901
Other changes	-	22	-	-	(18)	-	4	-	4
Balance at 31 March 2009	86 352	14 478 569	(55 221)	(7 510)	5 371 270	1 144 648	21 018 108	187	21 018 295

5. Consolidated interim statement of cash flows

in PLN '000

Consolidated statement of cash flows	1 January – 31 March 2010	1 January – 31 March 2009
Cash flows from operating activities		
Inflows	4 224 440	4 744 372
- gross inflows from insurance premiums	3 758 772	3 908 809
- inflows from investment contracts	231 359	456 937
- inflows from reinsurance commissions and share in reinsurers' profits	580	480
- reinsurers' payments due to share in claims	46 777	33 108
- other inflows from operating activities	186 952	345 038
Outflows	(5 478 481)	(5 367 470)
- insurance premiums paid due to reinsurance	(54 081)	(48 955)
- paid commissions and profit sharing due to outward reinsurance	(130)	(861)
- gross claims paid	(2 284 731)	(2 243 792)
- claims paid due to investment contracts	(1 689 439)	(1 353 103)
- outflows due to acquisition	(332 192)	(329 705)
- administrative outflows	(559 562)	(590 656)
- interest payments	(50)	(3)
- income tax payments	(100 612)	(183 236)
- other operating outflows	(457 684)	(617 159)
Net cash flows generated by operating activities	(1 254 041)	(623 098)
Cash flows from investment activities		
Inflows	86 385 791	88 268 099
- inflows from investment property	1 675	2 403
- disposal of intangible assets and property, plant and equipment	1 712	501
- disposal of shares	1 581 728	637 311
- redemption of debt securities	6 775 843	6 168 579
- withdrawal of term deposits at credit institutions	36 045 346	45 318 894
- cash from other investments	41 866 853	35 940 009
- interest received	112 634	200 394
- dividends received	-	8
Outflows	(85 208 514)	(87 789 885)
- acquisition of investment property	(317)	-
- payments for maintenance of investment property	(4 461)	(2 854)
- acquisition of intangible assets and property, plant and equipment	(49 047)	(29 847)
- acquisition of shares	(1 581 012)	(584 738)
- decrease in cash balance due to discontinued investment funds consolidation	-	(43 784)
- acquisition of debt securities	(2 449 938)	(7 568 393)
- acquisition of term deposits at credit institutions	(35 015 122)	(43 625 295)
- acquisition of other investments	(46 101 746)	(35 926 609)
- other payments for investments	(6 871)	(8 365)
Net cash used in/generated by investment activities	1 177 277	478 214
Cash flows from financing activities		
Inflows	11	27
- loans and borrowings and issues of debt securities	11	27
Outflows	(2 404)	(43)
- dividends paid to holders of the parent's equity	(2 349)	(3)
- repayment of loans and borrowings and redemption of debt securities	(55)	(40)
Net cash used in financing activities	(2 393)	(16)
Total net cash flows	(79 157)	(144 900)
Cash and cash equivalents at the beginning of the financial year	366 556	533 206
Change in cash due to exchange differences	(2 838)	(208)
Cash and cash equivalents at the end of the financial year, including:	284 561	388 098
- of limited disposability	23 323	61 229

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Structure of the Capital Group

1.1. Powszechny Zakład Ubezpieczeń Spółka Akcyjna (“PZU”, „the parent”)

The Group’s parent company is PZU, a joint stock company with its registered office in Warsaw at Al. Jana Pawła II 24. It was established as a result of transforming Państwowy Zakład Ubezpieczeń into a joint stock company wholly owned by the State Treasury pursuant to Article 97 of the Act on insurance activity of 28 July 1990 (consolidated text: Dz.U. No. 11 of 1996 item 62 with subsequent amendments).

PZU is entered to the register of entrepreneurs of the National Court Register kept by the District Court for the Capital City of Warsaw, XII Business Division, under number KRS 0000009831.

Based on NACE classification, the core business of PZU includes property and personal insurance (NACE 66.03).

1.2. PZU Group companies

In the period of 3 months ended March 31, 2010 no significant changes in organization of PZU Group were identified.

No.	Entity's name	Registered office	Date of commencing control/significant impact	% of share capital directly or indirectly held by PZU		% of votes directly or indirectly held by PZU		Business activity
				31 March 2010	31 December 2009	31 March 2010	31 December 2009	
Entities included in consolidation								
1	Powszechny Zakład Ubezpieczeń SA	Warsaw	n/a	n/a	n/a	n/a	n/a	Property and personal insurance
2	Powszechny Zakład Ubezpieczeń na Życie SA („PZU Życie”)	Warsaw	18.12.1991	100.00%	100.00%	100,00%	100.00%	Life insurance
3	Powszechne Towarzystwo Emerytalne PZU SA („PTE PZU”)	Warsaw	08.12.1998	100.00%	100.00%	100,00%	100.00%	Pension fund management.
4	PZU Centrum Operacji SA („PZU CO”)	Warsaw	30.11.2001	100.00%	100.00%	100,00%	100.00%	Auxiliary activity related to insurance and pension funds
5	PZU Tower Sp. z o.o. („PZU Tower”)	Warsaw	27.08.1998	100.00%	100.00%	100,00%	100.00%	Acquisition, operation, lease and disposal of real property
6	PrJSC IC PZU Ukraine („PZU Ukraine”)	Kiev (Ukraine)	01.07.2005	100.00%	100.00%	100,00%	100.00%	Property insurance
7	UAB DK PZU Lietuva („PZU Lietuva”)	Vilnius (Lithuania)	26.04.2002	99.76%	99.76%	99,76%	99.76%	Property insurance
8	Ogrodowa-Inwestycje Sp. z o.o.	Warsaw	15.09.2004	100.00%	100.00%	100,00%	100.00%	Acquisition, operation, lease and disposal of real property.
9	PZU Fundusz Inwestycyjny Otwarty Papierów Dłużnych Polonez	Warsaw	11.10.1999	50.75%	50.71%	n/a	n/a	Investing funds collected from members of the fund

No.	Entity's name	Registered office	Date of commencing control/significant impact	% of share capital directly or indirectly held by PZU		% of votes directly or indirectly held by PZU		Business activity
				31 March 2010	31 December 2009	31 March 2010	31 December 2009	
Non-consolidated subsidiaries								
10	PZU Pomoc SA	Warsaw	18.03.2009	100.00%	100.00%	100.00%	100.00%	Assistance services
11	Ipsilon Sp. z o.o.	Warsaw	02.04.2009	100.00%	100.00%	100.00%	100.00%	Assistance and medical services
12	Syta Development Sp. z o.o. in liquidation	Warsaw	29.04.1996	100.00%	100.00%	100.00%	100.00%	Acquisition and disposal of real property, trade agency and administration of real property
13	Towarzystwo Funduszy Inwestycyjnych PZU SA („TFI PZU”)	Warsaw	30.04.1999	100.00%	100.00%	100.00%	100.00%	Creation, representing and management of investment funds
14	Sigma Investments Sp. z o.o.	Warsaw	28.12.1999	100.00%	100.00%	100.00%	100.00%	Investment activity Acquisition and disposal of shares in public companies, bonds and other listed securities.
15	PZU Asset Management SA („PZU AM”)	Warsaw	12.07.2001	100.00%	100.00%	100.00%	100.00%	Management of securities portfolios for the account of third parties
16	Międzyzakładowe Pracownicze Towarzystwo Emerytalne PZU SA („MPTE PZU SA”)	Warsaw	13.08.2004	100.00%	100.00%	100.00%	100.00%	Management of employee pension fund
17	PrJSC IC PZU Ukraine Life Insurance	Kiev (Ukraine)	01.07.2005	100.00%	100.00%	100.00%	100.00%	Life insurance
18	LLC SOS Services Ukraine	Kiev (Ukraine)	01.07.2005	100.00%	100.00%	100.00%	100.00%	Assistance services
19	Company with Additional Liability Inter-Risk Ukraine	Kiev (Ukraine)	01.07.2005	100.00%	100.00%	100.00%	100.00%	Legal services
20	UAB PZU Lietuva Gyvybes Draudimas	Vilnius (Lithuania)	26.04.2002	99.34%	99.34%	99.34%	99.34%	Life insurance
21	Armatura Kraków SA	Kraków	07.10.1999	64.63%	64.63%	64.63%	64.63%	Production of kitchen and bathroom mixing faucets
22	Armatoora SA	Nisko	10.12.2008	64.63%	64.63%	64.63%	64.63%	Production of radiators and aluminum casts
23	Armatoora SA i wspólnik sp. k.	Kraków	10.02.2009	64.63%	64.63%	64.63%	64.63%	Use of free funds, development investments.
24	Armagor Sp. z o.o.	Gorzów Śląski	06.09.2009	64.08%	63.20%	64.08%	63.20%	Production of valves, tooling services
25	ICH Center SA	Warsaw	31.01.1996	90.00%	90.00%	90.00%	90.00%	Green Card claims handling

Affiliates

No.	Entity's name	Registered office	Date of commencing control/significant impact	% of share capital directly or indirectly held by PZU		% of votes directly or indirectly held by PZU		Business activity
				31 March 2010	31 December 2009	31 March 2010	31 December 2009	
26	Kolej Gondolowa Jaworzyna Krynicka SA	Krynica	17.08.1998	37.53%	37.53%	36.71%	36.71%	Operation of ski hoists
27	Nadwiślańska Agencja Ubezpieczeniowa SA	Tychy	08.06.1999	30.00%	30.00%	30.00%	30.00%	Insurance activities

2. Compliance with the International Financial Reporting Standards

These interim consolidated financial statements of PZU Capital Group have been prepared in line with International Financial Reporting Standards as endorsed by the European Commission ("Commission") as at 31 March 2010 including IAS 34 Interim Financial Reporting and in line with requirements defined in the Ordinance on current and periodic information.

The consolidated financial statements of the Capital Group cover the three-month period from 1 January to 31 March 2010.

2.1. Introduction of new IFRS

2.1.1. *Standards and interpretations as well as amended standards effective from 1 January 2010*

The following Standards and Interpretations, as well as amended Standards effective from 1 January 2010 have been first time adopted in these consolidated financial statements.

Standard/Interpretation	Date of entry into force for periods beginning on	Commission Regulation endorsing a standard or interpretation
Revised IFRS 2 Cash-settled share-based payment transactions	1 January 2010	244/2010
Improvements to IFRS resulting from the 2009 annual review	1 July 2009 / 1 January 2010	243/2010
IFRIC 18 Transfer of Assets from Customers	1 July 2009	1164/2009
IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009	1142/2009
Revised IFRS 1 First-time Adoption of IFRS	1 July 2009	1136/2009
Revised IAS 39: Financial Instruments: Recognition and Measurement	1 July 2009	839/2009
Revised IFRS 3 Business Combinations	1 July 2009	495/2009
Revised IAS 27 Consolidated and Separate Financial Statements	1 July 2009	494/2009

The above Standards and Interpretations do not affect accounting principles in relation to comprehensive income or equity of the PZU Group as presented in these consolidated interim financial statements.

2.1.2. *Standards, Interpretations and amended Standards issued but not effective as at the financial statements date*

Standards, Interpretations and amended Standards issued but not effective as at the financial statements date:

- approved by Commission Regulations:

Standard/Interpretation	Date of entry into force for periods beginning on	Commission Regulation endorsing a standard or interpretation
Revised IAS 32 – Classification of rights issues	1 February 2010	1293/2009

The PZU Group did not take the opportunity of earlier application of the above Standards, Interpretations and amended Standards.

- not approved by Commission:

Standard/Interpretation	Date of entry into force for periods beginning on
IFRS 9: Financial Instruments	1 January 2013
Revised IFRIC 14 Minimum Funding Requirements	1 January 2011

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised IFRS 1 First-time Adoption of IFRS; additional exemptions for first-time adopters	1 January 2010
Revised IAS 24 Related Party Disclosures	1 January 2011
Revised IFRS 1 First-time Adoption of IFRS: exemption from additional disclosures to IFRS 7	1 July 2010

Application of the above Standards and amended Standards should not materially affect the financial profit/loss and equity of the PZU Group, except IFRS 9, for which, in light of a remote effective date, expected further revisions regarding financial instruments, related among others to the current work involving replacement of IAS 39 with new regulations, no estimates of effects of IFRS 9 on the total income and equity of the PZU Group has been performed.

3. Key accounting principles (policy)

Detailed accounting principles (policy) have been presented in the annual consolidated financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna Capital Group for 2009 signed by the Management Board of PZU on 7 March 2010, on which the certified auditor issued an unqualified opinion (“the consolidated financial statements of PZU Group for 2009”).

The financial statements constitute a part of the PZU Prospectus published on 16 April 2010 and available at the PZU website www.pzu.pl under “Public offering of shares/Issue Prospectus”.

4. Changes in accounting principles (policy) during the financial year and comparability of data

In the three-month period ended 31 March 2010, no changes in the accounting principles or presentation of financial data in the consolidated financial statements have been introduced compared to the annual consolidated financial statements for 2009 with the exception that the presented financial statements are condensed ones as defined in IAS 34.

5. Key assumptions underlying accounting estimations and judgments used when selecting and applying accounting principles (policy)

Key assumptions underlying the accounting estimates and judgments used in selecting and applying accounting principles (policy) were presented in the consolidated financial statements of the Group for 2009.

In the three-month period ended 31 March 2010, no changes in these assumptions and judgments have been made.

6. Other information regarding preparation of the interim condensed consolidated financial statements

6.1. Functional and presentation currency

The Polish zloty (PLN) is the PZU Group’s functional and presentation currency. Unless expressly stated otherwise, all financial data presented in the consolidated financial statements are expressed in PLN thousand.

6.2. Going concern

The consolidated interim financial statements have been prepared based on the assumption that the PZU Group entities will operate as a going concern during the period of at least 12 months following the balance sheet date. As at the date of signing the consolidated financial statements, no facts and

circumstances indicate a risk to the Group entities' ability to operate as a going concern during 12 months after the balance sheet date due to the intended or forced discontinuation or material limitation of their activities.

6.3. Discontinue activity

In the period of 3 months ended March 31, 2010, PZU Group entities did not discontinue any activity.

6.4. Seasonal or cyclic nature of activity

Operations of the PZU Group are not of seasonal or cyclic nature to the degree that would justify application of suggestions included in IAS 34.21.

6.5. Currency exchange rates

In the interim consolidated financial statements, the following exchange rates have been applied to translate data of foreign subsidiaries and present selected financial data:

Currency	1 January – 31 March 2010	31 March 2010	1 January – 31 December 2009	31 December 2009	1 January – 31 March 2009	31 March 2009
LTL	1.1489	1.1186	1.2571	1.1898	1.3321	1.3616
UAH	0.3640	0.3630	0.3897	0.3558	0.4395	0.4307
EUR	3.9669	3.8622	4.3406	4.1082	4.5994	4.7013

The rates applied are:

- average rates of NBP as at the balance sheet date for the statement of financial position items;
- rates calculated as the arithmetic average of NBP rates as at the last day of each month include in the given period for income statement, statement of comprehensive income and statement of cash flows items.

7. Notes to the condensed interim consolidated financial statements**7.1. Financial assets****7.1.1. Financial instruments held to maturity**

Financial instruments held to maturity	31 March 2010	31 December 2009	31 March 2009
Instruments for which fair value may be determined	21 982 409	23 327 568	24 707 440
Debt securities	21 982 409	23 327 568	24 707 440
Government securities	21 378 470	22 724 017	24 240 449
Fixed rate	21 378 470	22 407 507	23 966 701
Floating rate	-	316 510	273 748
Other securities	603 939	603 551	466 991
Listed on regulated market	435 519	428 328	416 288
Fixed rate	435 519	428 328	416 288
Not listed on regular market	168 420	175 223	50 703
Fixed rate	50 707	79 998	50 703
Floating rate	117 713	95 225	-
Total financial instruments held to maturity	21 982 409	23 327 568	24 707 440

7.1.2. Financial instruments available for sale

Financial instruments available for sale	31 March 2010	31 December 2009	31 March 2009
Instruments for which fair value may be determined	8 631 159	9 926 704	12 365 834
Equity instruments	1 202 396	1 324 807	880 889
- listed on a regulated market	796 655*	909 525*	496 077*
- not listed on a regulated market	405 741	415 282	384 812
Debt securities	7 428 763	8 601 897	11 484 945
- government securities	7 365 027	8 537 465	11 417 803
Fixed rate	7 036 071	8 208 297	11 098 208
Floating rate	328 956	329 168	319 595
Other securities	63 736	64 432	67 142
Listed on a regulated market	15 301	15 067	15 496
Floating rate	15 301	15 067	15 496
Not listed on regulated market	48 435	49 365	51 646
Floating rate	48 435	49 365	51 646
Instruments for which fair value may not be determined	101 141	101 141	92 871
Equity instruments	101 141	101 141	92 871
- not listed on a regulated market**	101 141	101 141	92 871
Total financial instruments available for sale	8 732 300	10 027 845	12 458 705

* The item includes shares in a subsidiary excluded from consolidation, whose value as at 31 March 2010 amounted to: carrying amount – PLN 42, 952 thousand, fair value – PLN 153,031 thousand (as at 31 December 2009: carrying amount – PLN 42,952 thousand, fair value – PLN 142,175 thousand, as at 31 March 2009: carrying amount PLN - 42,645 thousand; fair value - PLN 86,688 thousand).

**the item includes shares in controlled entities not included in consolidation, whose carrying amount equaled PLN 98,001 thousand as at 31 March 2010 (as at 31 December 2009: PLN 98,001 thousand, as at 31 March 2009: PLN 89,839 thousand).

7.1.3. Financial instruments measured at fair value through profit or loss

Financial instruments measured at fair value through profit or loss – classified as such upon initial recognition	31 March 2010	31 December 2009	31 March 2009
Instruments for which fair value may be determined	3 787 958	5 498 886	6 140 626
Equity instruments	359 212	340 009	294 906
Listed on a regulated market	8 590	6 887	7 020
Not listed on a regulated market	350 622	333 122	287 886
Debt securities	3 428 746	5 158 877	5 845 720
Government securities	3 364 693	5 094 085	5 775 972
Fixed rate	3 364 693	4 852 891	5 478 305
Floating rate	-	241 194	297 667
Other securities	64 053	64 792	69 748
Listed on a regulated market	15 618	15 427	18 102
Fixed rate	317	288	2 610
Floating rate	15 301	15 139	15 492
Not listed on a regulated market	48 435	49 365	51 646
Floating rate	48 435	49 365	51 646
Total financial instruments measured at fair value through profit or loss - classified as such upon initial recognition	3 787 958	5 498 886	6 140 626

Financial instruments measured at fair value through profit or loss – held for trading	31 March 2010	31 December 2009	31 March 2009
Instruments for which fair value may be determined	5 152 683	4 714 745	4 051 136
Equity instruments	3 314 879	3 001 885	1 942 804
Listed on a regulated market	1 973 839	1 795 234	1 080 913
Not listed on a regulated market	1 341 040	1 206 651	861 891
Debt securities	1 811 645	1 699 137	2 075 055
Government securities	1 760 083	1 649 374	2 028 970
Fixed rate	1 752 576	1 641 849	2 011 238
Floating rate	7 507	7 525	17 732
Other securities	51 562	49 763	46 085
Listed on a regulated market	8 199	7 683	3 650
Fixed rate	5 199	7 683	650
Floating rate	3 000	-	3 000
Not listed on a regulated market	43 363	42 080	42 435
Fixed rate	7 039	2 952	2 918
Floating rate	36 324	39 128	39 517
Other, including:	26 159	13 723	33 277
- derivatives	26 159	13 723	33 277
Total financial instruments measured at fair value through profit or loss – held for trading	5 152 683	4 714 745	4 051 136

7.1.4. Loans

Loans	31 March 2010	31 December 2009	31 March 2009
Debt securities	-	-	-
Other, including:	7 754 173	4 668 549	6 483 383
- reverse repo transactions	4 443 508	345 789	304 036
- term deposits with credit institutions	3 266 698	4 297 184	6 161 420
- deposits with ceding undertakings	1 832	1 542	14 430
- loans	42 135	24 034	3 497
Total loans	7 754 173	4 668 549	6 483 383

7.2. Receivables, including under insurance contracts

Receivables, including under insurance contracts – carrying amount	31 March 2010	31 December 2009	31 March 2009
Receivables from direct insurance, including:	1 178 068	1 073 599	1 209 784
- receivables from policyholders	1 106 491	1 011 631	1 160 066
- receivables from insurance intermediaries	63 745	51 616	25 154
- other receivables	7 832	10 352	24 564
Receivables from reinsurance	32 468	26 334	75 742
Other receivables	391 427	284 045	161 167
Net receivables, including under insurance contracts	1 601 963	1 383 978	1 446 693

7.2.1. Other receivables

Other receivables	31 March 2010	31 December 2009	31 March 2009
Receivables from Metro Projekt sp. z o.o. claimed at court	90 863	89 831	74 299
Receivables relating to prevention activities	21 896	24 593	18 507
Receivables from loss adjusting services	26 921	41 568	20 760
Receivables from disposal of securities	211 814	93 537	25 818
Other	39 933	34 516	21 783
Total other receivables	391 427	284 045	161 167

7.3. Reinsurers' share in technical provisions

Reinsurers' share in technical provisions – property and personal insurance	31 March 2010	31 December 2009	31 March 2009
Provision for unearned premiums	101 214	75 096	87 607
Provision for unexpired risks	-	-	25
Provisions for claims outstanding, including:	160 721	191 210	299 928
- for claims reported	131 285	156 106	203 133
- for claims incurred but not reported (IBNR)	15 000	19 056	68 183
- for claims handling costs	14 436	16 048	28 612
Provision for capitalized value of annuity claims	470 101	482 007	510 345
Reinsurers' share in technical provisions (net)	732 036	748 313	897 905

7.4. Impairment of financial assets and receivables

Changes in impairment losses on financial assets in first quarter ended 31 March 2010	Impairment losses – opening balance	Impairment losses recognized in the income statement	Release of impairment losses recognized in the income statement	Derecognition of impairment losses from the accounting records (not recognized in the income statement)	Change in the balance of the class	Exchange differences	Other changes in impairment losses
Financial assets available for sale	303 779	8 753	-	(18 071)	33	-	294 494
- equity instruments	303 779	8 753	-	(18 071)	33	-	294 494
Loans	19 124	-	-	-	(8)	-	19 116
Loans	19 124	-	-	-	(8)	-	19 116
Receivables, including under insurance	432 507	47 469	(27 520)	-	4	(1 881)	450 579
Receivables from direct insurance	347 079	29 824	(5 079)	-	40	(1 928)	369 936
Receivables from reinsurance	17 824	17 309	(21 379)	-	(14)	-	13 740
Other receivables	67 604	336	(1 062)	-	(22)	47	66 903
Reinsurers' share in technical provisions	30 370	-	-	-	-	-	30 370
Total	785 780	56 222	(27 520)	(18 071)	29	(1 881)	794 559

Changes in impairment losses on financial assets in the year ended 31 December 2009	Impairment losses – opening balance	Impairment losses recognized in the income statement	Release of impairment losses recognized in the income statement	Derecognition of impairment losses from the accounting records (not recognized in the income statement)	Change in the balance of the class	Exchange differences	Other changes in impairment losses
Financial assets available for sale	263 724	75 267	(294)	(34 836)	(82)	-	303 779
- equity instruments	263 724	75 267	(294)	(34 836)	(82)	-	303 779
Loans	51 911	-	(1)	(32 783)	(3)	-	19 124
Loans	51 911	-	(1)	(32 783)	(3)	-	19 124
Receivables, including under insurance contracts	421 494	77 908	(60 710)	(6 541)	(380)	736	432 507
Receivables from direct insurance	319 217	51 026	(21 567)	(1 168)	(262)	(167)	347 079
Receivables from reinsurance	20 365	21 463	(21 399)	(2 618)	(7)	20	17 824
Other receivables	81 912	5 419	(17 744)	(2 755)	(111)	883	67 604
Reinsurers' share in technical provisions	20 303	14 882	(4 815)	-	-	-	30 370

Total	757 432	168 057	(65 820)	(74 160)	(465)	736	785 780
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Changes in impairment losses on financial assets in first quarter ended 31 March 2009	Impairment losses – opening balance	Impairment losses recognized in the income statement	Release of impairment losses recognized in the income statement	Derecognition of impairment losses from the accounting records (not recognized in the income statement)	Change in the balance of the class	Exchange differences	Other changes in impairment losses
Financial assets available for sale	263 724	75 114	(294)	(11 515)	261	-	327 290
- equity instruments	263 724	75 114	(294)	(11 515)	261	-	327 290
Loans	51 911	-	-	(31 682)	17	-	20 246
Loans	51 911	-	-	(31 682)	17	-	20 246
Receivables, including under insurance contracts	421 494	44 719	(6 668)	-	948	1 860	462 353
Receivables from direct insurance	319 217	40 040	(4 172)	-	890	2 134	358 109
Receivables from reinsurance	20 365	4 513	-	-	17	-	24 895
Other receivables	81 912	166	(2 496)	-	41	(274)	79 349
Reinsurers' share in technical provisions	20 303	4 960	(8)	-	-	-	25 255
Total	757 432	124 793	(6 970)	(43 197)	1 226	1 860	835 144

7.5. Prepayments

Prepayments	31 March 2010	31 December 2009	31 March 2009
IT expenses	2 665	3 338	8 284
Deferred acquisition costs relating to OFE PZU	47 074	38 154	25 472
Prepayments relating to reinsurance	130 230	164 228	110 629
Settlements of payments to the National Health Fund	-	-	64 737
Commissions on prepaid premiums	31 231	37 140	27 112
Other	19 261	10 084	21 987
Total prepayments	230 461	252 944	258 221

7.6. Technical provisions**7.6.1. Technical provisions – property and personal insurance**

Technical provisions - property and personal insurance	31 March 2010	31 December 2009	31 March 2009
Provision for unearned premiums	4 102 709	3 704 128	4 320 774
Provision for unexpired risks	59 424	37 167	42 434
Provisions for claims outstanding	3 749 444	3 837 211	3 590 810
Provision for capitalized value of annuity claims	4 904 855	4 874 653	4 612 442
Provisions for bonuses and rebates for the insured	2 113	4 180	-
Total technical provisions	12 818 545	12 457 339	12 566 460

7.6.2. Technical provisions –life insurance

Technical provisions - life insurance	31 March 2010	31 December 2009	31 March 2009
Provision for unearned premiums	103 473	105 305	105 185
Life insurance provision	14 523 344	14 582 590	14 780 338
Provisions for claims outstanding	617 644	619 253	560 172
Provisions for bonuses and rebates for the insured	1 139	891	2 236
Other technical provisions	669 411	698 918	701 518
Unit-linked reserve	2 117 703	2 017 501	1 686 696
Total technical provisions	18 032 714	18 024 458	17 836 145

7.7. Investment contracts

Investment contracts – carrying amount	31 March 2010	31 December 2009	31 March 2009
Investment contracts with guaranteed and fixed terms and conditions	1 148 407	2 632 054	4 140 416
- measured at amortized cost	1 147 724	2 631 567	4 124 605
- measured at fair value	683	487	15 811
Unit linked investment contracts	1 179 236	1 094 475	879 869
Total investment contracts	2 327 643	3 726 529	5 020 285

7.8. Other provisions

Other provisions	31 March 2010	31 December 2009	31 March 2009
Provisions created for potential liabilities relating to CLSiOR investments	916	916	1 283
Provision for disputed claims and potential liabilities under insurance contracts	24 936	24 936	131 078
Provision for restructuring and reorganization expenses	158 763	158 763	-
Provision for the Office of Competition and Consumer Protection	65 176	65 176	50 384
Provision for exit costs of the GraphTalk project	43 104	48 632	19 539
Provision for PTE's reimbursement of undue fees to the Social Insurance Institution	12 460	12 858	13 399
Other	6 142	3 314	24 174
Total other provisions	311 497	314 595	239 857

7.9. Other liabilities

Liabilities - carrying amount	31 March 2010	31 December 2009	31 March 2009
Liabilities due to reinsurers' deposits	-	-	56
Liabilities due to direct insurance	422 505	371 199	419 312
Liabilities due to reinsurance	60 606	26 959	53 753
Liabilities to credit institutions	4 795 201	4 780 108	7 401
Other liabilities	375 332	795 786	480 850
Total liabilities	5 635 644	5 974 052	961 372

Liabilities to credit institutions include mainly liabilities due to sell-buy-back transactions entered into with the objective to finance the advance dividend payment described in point 19. Key information on the aforementioned transaction has been presented in the table below:

Creditor	Currency	Debt as at 31 March 2010	Debt as at 31 December 2009	Outstanding amount	Maturity	Fair value of collateral as at 31 March 2010	Fair value of collateral as at 31 December 2009	Collateral
Bank Gospodarstwa Krajowego	PLN	3 628 693	3 593 295	3 637 452	22 April 2010	4 128 629	4 070 034	Treasury bonds
Bank Gospodarstwa Krajowego	PLN	175 964	174 247	176 388	22 April 2010	197 037	194 567	Treasury bills
Bank Handlowy w Warszawie SA	PLN	990 529	980 625	992 981	22 April 2010	1 078 004	1 067 010	Treasury bonds
Total		4 795 186	4 748 167	4 806 821		5 403 670	5 331 611	

The above liabilities were paid on the maturity date, i.e. 22 April 2010 and the settlement amounts were equal to those presented in „Debt amount payable until maturity”.

Other liabilities	31 March 2010	31 December 2009	31 March 2009
Liabilities to the State Budget, other than corporate income tax (CIT)	13 555	23 288	12 857
Regulatory liabilities – to the Social Insurance Institution, PFRON, the Company's Social Benefits Fund etc	40 506	45 200	35 958
Due to acquired securities	14 536	436 533	294 131
Investment fund liabilities	105 611	40 719	7 828

Liabilities due to loss adjusting services	19 634	30 941	13 715
Estimated non-insurance liabilities	76 853	145 321	47 638
Other	86 637	73 784	68 723
Total other liabilities	357 332	795 786	480 850

7.10. Accruals and deferred income

Accruals and deferred income	31 March 2010	31 December 2009	31 March 2009
Accrued expenses, including:	383 922	464 126	348 424
- accrued costs of agency commissions	182 864	174 814	107 425
- accrued payroll costs	41 846	94 916	64 987
- accrued costs and revenue from reinsurance	64 107	74 847	65 406
- remuneration of intermediaries in companies	20 718	19 523	20 660
- provision for paid vacation	47 278	38 633	42 945
- accrued employee bonuses	17 260	50 966	15 858
- other	9 849	10 427	31 143
Deferred income, including:	153 931	236 643	189 765
- prepaid premiums	150 795	232 414	185 239
- other	3 136	4 229	4 526
Total accruals and deferred income	537 853	700 769	538 189

7.11. Gross written premiums

Gross written premiums	1 January – 31 March 2010	1 January – 31 March 2009
Gross written premiums – property and personal insurance	2 322 320	2 444 838
In direct insurance	2 314 627	2 435 565
In indirect insurance	7 693	9 273
Gross written premiums – life insurance	1 605 469	1 547 335
Individual premiums	564 320	557 978
In direct insurance	564 320	557 978
In indirect insurance	-	-
Group insurance premiums	1 041 149	989 357
In direct insurance	1 041 149	989 357
In indirect insurance	-	-
Gross written premiums	3 927 789	3 992 173

Gross written premiums in direct property and personal insurance (by classes specified in section II of the appendix to the Act on insurance activity)	1 January – 31 March 2010	1 January – 31 March 2009
Accident and sickness insurance (class 1 and 2)	113 763	113 227
TPL motor insurance (class 10)	707 011	780 805
Other motor insurance (class 3)	549 572	595 053
Sea, aircraft and transport insurance (classes 4, 5, 6, 7)	16 641	20 894
Insurance against fire and other damage to property (classes 8, 9)	638 337	652 473
TPL insurance (classes 11, 12, 13)	209 794	202 427
Credit insurance and surety ship (classes 14, 15)	16 463	14 547
Assistance (class 18)	40 010	33 966
Legal protection (class 17)	270	316
Other (class 16)	22 766	21 857
Gross written premiums in direct property and personal insurance (by classes specified in section II of the appendix to the Act on insurance activity)	2 314 627	2 435 565

7.12. Revenue from commissions and fees

Revenue from commissions and fees	1 January – 31 March 2010	1 January – 31 March 2009
Pension insurance	54 942	73 115
Commission on handling fees	22 216	49 030
Commission on asset management for open pension fund	32 715	24 083
Commission on transfer payments	11	2
Investment contracts	4 255	3 523
Revenue from unit-linked investment contract fees	4 255	3 523
Other	3 435	3 247
Revenue and payments received from funds and investment fund management companies	3 435	3 247
Total revenue from commissions and fees	62 632	79 885

7.13. Net investment income

Net investment income	1 January – 31 March 2010	1 January – 31 March 2009
Interest income, including:	449 229	651 598
- financial assets available for sale	86 384	158 329
- financial assets held to maturity	324 698	364 925
- loans	37 829	127 850
- cash and cash equivalents	318	494
Dividend income, including:	-	8
- financial assets held for trading	-	8
Income from property investments	5 980	6 332
Exchange differences, including:	(7 832)	25 047
- loans	(2 644)	1 579
- receivables, including under insurance contracts	(5 188)	23 468
Other, including:	(5 068)	(4 558)
- costs of investing activities	(2 138)	(2 735)
- investment property maintenance costs	(2 930)	(1 823)
Total net investment income	442 309	678 427

7.14. Net profit/loss on realization and impairment loss on investments

Net profit/loss on realization and impairment loss on investments	1 January – 31 March 2010	1 January – 31 March 2009
Net profit/loss on realization of investments	163 976	4 257
Financial assets measured at fair value through profit or loss – classified as such upon initial recognition, including:	20 657	1 362
- equity instruments	(2)	135
- debt securities	20 659	1 227
Financial assets held for trading, including:	24 314	(9 657)
- equity instruments	32 767	(22 191)
- debt securities	4 980	3 933
- other	(13 433)	8 601
Financial assets available for sale, including:	126 367	14 983
- equity instruments	78 829	27 008
- debt securities	47 538	(12 025)
Financial assets held to maturity, including:	(67)	6 028
- debt securities held to maturity	(67)	6 028
Loans	5 738	4 271
Receivables, including under insurance contracts	(13 033)	(12 730)
Impairment losses	(28 702)	(112 871)
Financial assets available for sale, including:	(8 753)	(74 820)
- equity instruments	(8 753)	(74 820)
Receivables, including under insurance contracts	(19 949)	(38 051)
Total net profit/loss on realization and impairment loss on investments	135 274	(108 614)

7.15. Net change in the fair value of assets and liabilities measured at fair value

Net change in the fair value of assets and liabilities measured to fair value	1 January – 31 March 2010	1 January – 31 March 2009
Financial instruments measured at fair value through profit or loss – classified as such upon initial recognition, including:	112 852	(21 333)
- equity instruments	20 584	(20 053)
- debt securities	92 268	(1 280)
Financial instruments held for trading, including:	225 125	(131 819)

- equity instruments	165 178	(141 824)
- debt securities	45 809	11 584
- derivatives	17 207	4 794
- financial liabilities	(3 069)	(6 373)
Investment property	(4 146)	58
Net change in the fair value of assets and liabilities measured to fair value	333 831	(153 094)

7.16. Other operating revenue

Other operating revenue	1 January – 31 March 2010	1 January – 31 March 2009
Released impairment losses on non-financial assets	11 291	7 982
Reinsurers' commissions and share in reinsurers' profit	(3 035)	46 706
Other	17 638	21 070
Total other operating revenue	25 894	75 758

7.17. Insurance claims

Insurance claims	1 January – 31 March 2010	1 January – 31 March 2009
Claims and change in technical provisions - property and personal insurance	1 341 041	1 202 765
Reinsurers' share in claims and change in technical provisions - property and personal insurance	22 172	(30 260)
Claims and change in technical provisions - life insurance	1 095 911	520 889
Reinsurers' share in claims and change in technical provisions - life insurance	-	-
Total insurance claims	2 459 124	1 693 394

7.18. Claims and change in measurement of investment contracts

Claims and change in measurement of investment contracts	1 January – 31 March 2010	1 January – 31 March 2009
Resulting from investment contracts with discretionary participation features	21 815	59 221
Resulting from investment contracts with guaranteed and fixed terms and conditions	21 573	60 094
- interest expenses included in the effective interest rate	242	(873)
- embedded options	40 373	(3 766)
Resulting from unit-linked investment contracts	62 188	55 455

7.19. Administration, acquisition and loss adjustment expenses by type

Administration, acquisition and loss adjustment expenses by type	1 January – 31 March 2010	1 January – 31 March 2009
Consumption of materials and energy	24 320	25 600
External services	141 658	146 715
Taxes and charges	24 656	30 050
Employee expenses	375 773	414 922
Depreciation of property, plant and equipment	30 716	33 275
Amortization of intangible assets	11 277	12 083
Other (by type), including:	363 944	374 959
- direct business commission	305 834	288 024
- advertisement	11 166	12 353
- change in capitalized acquisition costs	(35 465)	(32 045)

- indirect business commission	724	2 892
- remuneration of intermediaries in companies	53 195	53 341
- other	28 490	50 394
Administration, acquisition and loss adjustment expenses total	972 344	1 037 604

7.20. Other operating expenses

Other operating expenses	1 January – 31 March 2010	1 January – 31 March 2009
Insurance Guarantee Fund	5 003	5 454
National Headquarters of the State Fire Service and Volunteer Fire Service Association	23 841	23 829
Compulsory payments to the insurance market institutions	17 721	20 187
Expenses due to prevention activities	8 650	14 700
Payments to the National Health Fund	-	54 644
Other	15 189	17 668
Total other operating expenses	70 404	136 482

7.21. Financial expenses

Financial expenses concern costs incurred in relation to the transaction specified in point 7.9 concluded to finance the advance payment against dividend for 2009, incurred against Bank Gospodarstwa Krajowego and Bank Handlowy w Warszawie SA, in the amount of PLN 37.115 thousand and PLN 9.904 thousand, respectively.

8. Contingent assets and liabilities

Contingent assets and liabilities	31 March 2010	31 December 2009	31 March 2009
Contingent assets, including:	3 399	3 699	3 799
Guarantees and sureties received	3 399	3 699	3 799
Contingent liabilities	77 548	1 000 074 157	1 000 079 339
Guarantees and sureties issued	6 158	7 714	6 836
Disputable claims related to insurance	47 741	1 000 045 496	1 000 040 370
Other disputable claims	22 585	19 865	31 564
Other	1 064	1 082	569

Change in the balance of disputable claims results mainly from the court decision in the case against PZU Życie regarding compensation for unpaid performance arising from additional accident insurance agreement of PLN 1 trillion regarding one individual.

In 2005, a final judgment in the case was issued by courts of two instances and the claim was dismissed. In 2008 the claim against PZU Życie was filed again and on 23 March 2009 the court of first instance dismissed the case. The plaintiff appealed against the decision. On 9 July 2009 the appeal was dismissed by the Court of Appeal in Kraków. On 2 November 2009, a cassation appeal was filed. On 9 March 2010, the Supreme Court denied examination of the cassation appeal.

9. Comment to the interim consolidated financial statements

9.1. Summary

The financial results of the PZU Group for the three months ended March 31, 2010 were affected by the following factors:

- implementation of the PZU Group strategy with respect to:
 - retaining the dominant position in group life insurance while retaining stable profitability of this business segment;
 - restructuring the property insurance portfolio for corporate clients resulting in lower written premiums in the property and casualty insurance segment;
 - implementation of restructuring processes to reduce administration expenses.
- lower releases of technical provisions compared to the same period in the preceding year were the result of fewer conversions of long-term policies into one-year policies in the life insurance segment.
- significantly lower value of investment portfolio following the payment of the interim dividend of approximately PLN 12 750 million in November 2009.
- a long winter with heavy snowfall resulted in significantly increased claims in TPL and agricultural insurance products, thereby reducing the profitability of the property and casualty insurance segment.

9.2. Comment

Gross written premiums for Q1 2010 amounted to PLN 3,927.8 million (PLN 3,992.2 million a year before). The decrease by PLN 64.4 million (1.6%) resulted with a lower written premium in the property and personal insurance segment, which was partly compensated for with increased sales in the life insurance segment. The gross premium decrease was the key reason of a drop in the earned premium net of reinsurance.

A decrease in net investment income by PLN 236.1 million for Q1 2010 compared to the previous year resulted mainly by decrease of interest income due to lower balance of investments caused by payment of advance for 2009 dividend (in November 2009).

Net profit/loss on realization of investments and impairment loss on investments in Q1 2010 were higher by PLN 243.9 million compared to Q1 2009 similarly as the change in net fair value of assets and liabilities (an increase by PLN 486.9 million) mainly as a result of equity instruments value increase in Q1 2010 compared to their value decrease in Q1 2009.

A rise in net claims by PLN 765.7 million (45.2%) results mainly from a lower level of conversion of multi-year policies to one-year ones (lower mathematical provision released) in the life insurance segment and partly from a rise in loss due to heavy snowfall in property and personal insurance segment.

In Q1 2010 costs of acquisition rose by PLN 8.3 million (2.0%) compared to Q1 2009. The rise was caused mainly by changes in the area in the property and personal insurance segment.

A decrease in administrative expenses in the discussed period by PLN 52,7 thousand (11.9%) resulted mainly from restructuring activities performed in PZU Group companies, including among others employment restructuring in PZU and PZU Życie Head Office carried out in mid-2009.

A change in the balance of other operating income and expenses in Q1 2010 amounted to PLN 16.2 million, which constituted an increase from PLN -60.7 million incurred in Q1 2010 to PLN -44.5 million. Reasons of the change have been presented in the section devoted to profit/loss by segment.

Operating profit in Q1 2010 amounted to PLN 1,029.2 million, respectively and was PLN 404.1 million (28.2%) lower year-on-year due to an increase in net compensation and performances paid in the current year and lower release of technical provisions in the life insurance segment. A decrease in the operating profit translated directly to a drop in net profit by PLN 337.2 million (29.5%).

As at 31 March 2010, consolidated equity amounted to 12,053.3 million, in accordance with IFRS, compared to 21,018.3 million at the end of Q1 2009. A decrease in equity resulted from the advance dividend for 2009 paid in November 2009 (based on the provisions of the Agreement of 1 October 2009 between the State Treasury, Eureko, PZU and Kappa SA. "Settlement and Divestment Agreement", and shareholders and Management Board decision in October 2009). The lower equity translated in an increase in ROE, which amounted to 28.7% at the end of Q1 2010 compared to 22.8% at the end of Q1 2009.

The financial assets at the end of Q1 2010 amounted to PLN 47,409.5 million compared to PLN 53,841.3 million at the end of Q1 2009. A decrease in financial assets by PLN 6,431.8 million resulted mainly in a reduction in debt securities portfolio following the payment of advance for 2009 dividend.

As at 31 March 2010 and 31 March 2009, the remaining liabilities amounted to PLN 9,603.3 million and PLN 7,413.4 million, respectively. An increase by PLN 2,189.9 million resulted mainly from a rise in liabilities related to a repo transaction.

10. Solvency

The principles for calculation of the required solvency margin and the minimum value of the guarantee fund have been laid down in the Ordinance of 28 November 2003 on the manner of calculation of the solvency margin and the minimum amount of the guarantee fund for insurance sections and classes (Dz. U. No. 211 of 2003, item 2060, the "Solvency Margin Ordinance").

Detailed information regarding solvency calculation has been presented in Consolidated financial statements of the PZU Group for 2009.

The financial data relied upon in calculation of the value of own funds and the required solvency margin have been determined based on Polish Accounting Standards.

Presented below is the calculation of own funds covering the required solvency margin of PZU.

Calculation of own funds to cover the required solvency margin	31 March 2010	31 December 2009	31 March 2009
PZU equity	10 895 053	10 411 542	19 779 361
Intangible assets	(51 713)	(49 560)	(33 323)
Value of shares in insurance companies operating within the insurance capital group of PZU	(7 838 738)	(7 463 664)	(6 422 057)
Deferred tax asset	(208 609)	(213 126)	(300 293)
Effect of other insurance companies operating within the insurance capital group of PZU on the value of PZU's own funds:	6 353 698	5 576 452	4 735 371
PZU Życie (100.00%)	6 368 093	5 584 807	4 709 183
Own funds	7 951 069	7 223 775	6 395 315
Required solvency margin	1 582 976	1 638 968	1 686 132
Surplus of own funds to cover the required solvency margin	6 368 093	5 584 807	4 709 183
UAB DK PZU Lietuva (99.76%)	4 598	6 792	10 996
Own funds	35 474	39 638	48 217
Required solvency margin	30 865	32 830	37 196
Surplus of own funds to cover the required solvency margin	4 609	6 808	11 022
OJSC IC PZU Ukraine (100.00%)	(10 852)	(11 654)	9 811
Own funds	3 471	1 697	23 162
Required solvency margin	14 323	13 351	13 351
Surplus of own funds to cover the required solvency margin	(10 852)	(11 654)	9 811
Other insurance companies	(8 141)	(3 493)	5 381
Own funds of PZU	9 149 691	8 261 644	17 759 059
Required solvency margin of PZU	1 333 798	1 338 798	1 333 798
Guarantee fund of PZU	444 599	446 266	444 599
Surplus of own funds to cover the required solvency margin	7 815 893	6 922 846	16 425 261
Surplus of own funds to cover the guarantee fund	8 705 092	7 815 378	17 314 460

11. Segment reporting

IFRS 8 requires that operating segments are identified on the basis of internal reports regularly reviewed for bodies in charge of allocating resources to individual segments and evaluating their performance.

Based on the criterion of products and services offered by PZU Group companies included in consolidation, the following operating segments have been identified:

- Property and personal insurance
- Life insurance
- Pension insurance.

Due to their individual specifics, no segments have been combined.

Accounting principles used for the purpose of the above segments are the same as described in point 3.

Financial data of the pension insurance segment have not reached the limit values defined in IFRS 8.13, but they have been separated for their specific nature and the internal reporting system applied by the PZU Group.

The Group applies an additional geographical segmentation based on which the following segments have been defined:

- Poland
- Lithuania
- Ukraine.

All business transactions concluded both among operating and geographical segments are arms-length based.

In PLN '000

Statement of comprehensive income for 1 January – 31 March 2010	Property and personal insurance	Life insurance	Pension insurance	Unallocated (consolidation eliminations and other)	Consolidated value
Gross written premiums - external	2 322 320	1 605 469	-	-	3 927 789
Gross written premiums - cross-segment	566	-	-	(566)	-
Reinsurer's share in gross written premium	(86 315)	(537)	-	-	(86 852)
Net written premium including:	2 236 571	1 604 932	-	(566)	3 840 937
Net written premium - external	2 236 005	1 604 932	-	-	3 840 937
Net written premium - cross-segment	566	-	-	(566)	-
Change in net provision for unearned premium	(398 210)	1 832	-	5	(396 373)
Net earned premiums	1 838 361	1 606 764	-	(561)	3 444 564
Revenue from commissions and fees	-	-	54 942	7 690	62 632
Net investment income (external transactions)	190 801	223 018	5 060	23 430	442 309
Net investment income (cross-segment transactions)	364	(243)	-	(121)	-
Net profit or loss on realization and impairment loss on investments	39 458	63 105	-	32 711	135 274
Net change in the fair value of assets and liabilities measured at fair value	43 073	239 213	-	51 545	333 831
Other operating revenue	11 557	23 437	403	(9 503)	25 894
Claims and change in technical provisions	(1 340 984)	(1 095 946)	-	(22)	(2 436 952)
Reinsurers' share in claims and change in technical provisions	(22 172)	-	-	-	(22 172)
Net insurance claims	(1 363 156)	(1 095 946)	-	(22)	(2 459 124)
Claims and change in measurement of investment contracts	-	-	-	(62 188)	(62 188)
Acquisition expense	(317 063)	(87 672)	(12 234)	(16 360)	(433 329)
Administrative expense	(210 321)	(160 155)	(20 963)	1 147	(390 292)
Other operating expense	(59 268)	(32 634)	(39)	21 537	(70 404)
Operating profit (loss)	173 806	778 887	27 169	49 305	1 029 167
Financial expense	(47 019)	-	-	-	(47 019)
Gross profit (loss)	126 787	778 887	27 169	49 305	982 148
Income tax	(27 000)	(143 742)	(5 131)	1 137	(174 736)
Net profit (loss)	99 787	635 145	22 038	50 442	807 412

Statement of comprehensive income for 1 January – 31 March 2009	Property and personal insurance	Life insurance	Pension insurance	Unallocated (consolidation eliminations and other)	Consolidated value
Gross written premiums - external	2 444 838	1 547 335	-	-	3 992 173
Gross written premiums - cross-segment	718	-	-	(718)	-
Reinsurer's share in gross written premium	(75 321)	(650)	-	-	(75 971)
Net written premium including:	2 370 235	1 546 685	-	(718)	3 916 202
Net written premium - external	2 369 517	1 546 685	-	-	3 916 202
Net written premium - cross-segment	718	-	-	(718)	-
Change in net provision for unearned premium	(303 421)	1 206	-	277	(301 938)
Net earned premiums	2 066 814	1 547 891	-	(441)	3 614 264
Revenue from commissions and fees	-	-	73 115	6 770	79 885
Net investment income (external transactions)	385 338	217 240	4 783	71 066	678 427
Net investment income (cross-segment transactions)	374	(352)	-	(22)	-
Net profit or loss on realization and impairment loss on investments	(80 422)	(28 481)	-	289	(108 614)
Net change in the fair value of assets and liabilities measured at fair value	(31 329)	(115 053)	-	(6 712)	(153 094)
Other operating revenue	60 349	24 262	154	(9 007)	75 758
Claims and change in technical provisions	(1 202 619)	(520 922)	-	(113)	(1 723 654)
Reinsurers' share in claims and change in technical provisions	30 260	-	-	-	30 260
Net insurance claims	(1 172 359)	(520 922)	-	(113)	(1 693 394)
Claims and change in measurement of investment contracts	-	-	-	(55 455)	(55 455)
Acquisition expense	(317 624)	(90 807)	(13 030)	(3 520)	(424 981)
Administrative expense	(246 495)	(156 629)	(26 765)	(13 078)	(442 967)
Other operating expense	(123 402)	(24 727)	(67)	11 714	(136 482)
Operating profit (loss)	541 244	852 422	38 190	1 491	1 433 347
Gross profit (loss)	541 244	852 422	38 190	1 491	1 433 347
Income tax	(114 338)	(166 725)	(7 309)	(329)	(288 701)
Net profit (loss)	426 906	685 697	30 881	1 162	1 144 646

31 March 2010	Property and personal insurance	Life insurance	Pension insurance	Unallocated (consolidation eliminations and other)	Consolidated value
Segment assets, including:	23 112 413	27 280 525	381 486	1 733 377	52 507 801
Deferred tax assets	749	-	4 090	19 236	24 075
Entities measured using the equity method	-	-	-	-	-
Liabilities	19 116 384	18 927 614	36 806	2 373 748	40 454 552
Investment outlays in the period*	29 091	32 452	2	7 977	69 522
Depreciation for the period*	(21 851)	(16 138)	(139)	(4 995)	(43 123)
Impairment loss on assets*	(827)	-	-	-	(827)
Reversal of impairment loss on assets *	566	7 804	-	-	8 370

* include intangible assets and property, plant and equipment

31 December 2009	Property and personal insurance	Life insurance	Pension insurance	Unallocated (consolidation eliminations and other)	Consolidated value
Segment assets, including:	22 920 818	26 816 242	363 404	3 075 745	53 176 209
Deferred tax assets	734	-	4 811	19 368	24 913
Entities measured using the equity method	-	-	-	-	-
Liabilities	19 031 239	19 070 259	40 972	3 766 860	41 909 330
Investment outlays in the period*	115 913	50 070	72	9 535	175 590
Depreciation for the period*	(94 607)	(60 415)	(721)	(20 011)	(175 754)
Impairment loss on assets*	(8 631)	(5 507)	-	-	(14 138)
Reversal of impairment loss on assets *	118	12 748	-	-	12 866

* include intangible assets and property, plant and equipment

31 March 2009	Property and personal insurance	Life insurance	Pension insurance	Unallocated (consolidation eliminations and other)	Consolidated value
Segment assets, including:	28 468 395	25 692 939	378 599	4 294 385	58 834 318
Deferred tax assets	557	-	2 290	4 351	7 198
Entities measured using the equity method	-	-	-	-	-
Liabilities	14 135 058	18 660 835	35 283	4 984 847	37 816 023
Investment outlays in the period*	24 187	10 111	21	2 483	36 802

Depreciation for the period*	(25 293)	(15 079)	(198)	(5 140)	(45 710)
Impairment loss on assets*	-	-	-	-	-
Reversal of impairment loss on assets *	-	6 878	-	-	6 878

* include intangible assets and property, plant and equipment

in PLN '000

1 January - 31 March 2010	Poland	Lithuania	Ukraine	Unallocated (consolidation eliminations and other)	Consolidated value
Gross written premiums - external	3 871 231	35 178	21 380	-	3 927 789
Gross written premiums - cross-segment	1 840	-	-	(1 840)	-
Revenue from commissions and fees	62 632	-	-	-	62 632
Net investment income	438 087	2 871	1 351	-	442 309
Net profit or loss on realization and impairment loss on investments	135 203	71	-	-	135 274
Net change in the fair value of assets and liabilities measured at fair value	332 692	1 139	-	-	333 831
Non-current assets other than financial instruments*	1 152 509	9 347	7 606	(52 270)	1 117 192
Deferred tax assets	25 303	-	749	(1 977)	24 075
Assets	52 520 483	244 875	77 963	(335 520)	52 507 801

* include intangible assets and property, plant and equipment

31 December 2009	Poland	Lithuania	Ukraine	Unallocated (consolidation eliminations and other)	Consolidated value
Non-current assets other than financial instruments*	1 158 090	11 281	8 606	(49 097)	1 128 880
Deferred tax assets	25 899	-	734	(1 720)	24 913
Assets	53 162 159	275 721	73 847	(335 518)	53 176 209

* include intangible assets and property, plant and equipment

1 January - 31 March 2009	Poland	Lithuania	Ukraine	Unallocated (consolidation eliminations and other)	Consolidated value
Gross written premiums - external	3 927 241	46 372	18 560	-	3 992 173
Gross written premiums - cross-segment	(497)	-	-	497	-
Revenue from commissions and fees	79 885	-	-	-	79 885
Net investment income	673 635	2 687	2 105	-	678 427
Net profit or loss on realization and impairment loss on investments	(108 832)	218	-	-	(108 614)
Net change in the fair value of assets and liabilities measured at fair value	(153 275)	181	-	-	(153 094)
Non-current assets other than financial instruments*	1 156 297	14 077	11 869	(39 078)	1 143 165
Deferred tax assets	6 401	-	557	240	7 198
Assets	58 706 266	367 246	93 229	(332 423)	58 834 318

* include intangible assets and property, plant and equipment

12. Comments to segment reporting

12.1. Property and personal insurance

Gross written premium by product group	1 January – 31 March 2010	1 January – 31 March 2009
TPL motor insurance, including:	688 971	757 212
- individual*	565 723	611 259
- corporate	113 589	132 704
- shared products	9 659	13 249
Comprehensive car insurance, including:	537 095	578 434
- individual*	353 274	339 785
- corporate	181 144	236 148
- shared products	2 677	2 501
Motor insurance total	1 226 066	1 335 646
Insurance against fire and other damage to property	635 600	649 650
Other civil liability insurance (class 11, 12, 13)	206 665	199 004
Accident and other insurance**	199 838	195 827
Total property and personal insurance net of motor insurance	1 042 102	1 044 481
Total PZU	2 268 168	2 380 127
Foreign entities	54 718	65 429
Total property insurance segment	2 322 886	2 445 556

* Including SME.

** The item includes credit guarantees and other financial insurance, assistance, tourist, sea, rail and air insurance.

Gross written premium in the property and personal insurance segment for Q1 2010 and for Q1 2009 amounted to PLN 2,322.9 million and PLN 2,445.6 million, respectively. A drop by PLN 122.7 million, i.e. 5.0%, resulted mainly from declining sales of motor insurance products. The sales of motor insurance products for mass clients decreased by 3.4.% while to corporate clients by 20.1% (the total written premium on motor insurance dropped by 8.2%) following the portfolio restructuring and a decline in the lease market. The decrease was partly compensated for with an increase in the written premium in other civil liability insurance products (by 3.8%), accident and assistance products (by 2.0%). The decline in earned premium in Q1 2010 by PLN 228.4 million (11.1%) compared to the previous year resulted mainly from declining sales and increasing costs of changes in premium provisions (additional provisions created for unexpired risks).

An increase in claims in the property insurance segment by PLN 190.8 million (16.3%) resulted from a rise in gross claims and creation of loss provisions - mainly due to snowfall damages (in Q1 2010, the total of PLN 161.2 million was paid or provisioned for in relation to "snowfall loss", compared to PLN 5.2 million year-on-year). The snowfall losses related mainly to agricultural insurance (buildings) and property insurance (fire and other natural disasters). A lower reinsurance share in claims related to the closure of reinsurance contracts in Q1 2009 also impacted the amount of net claims in Q1 2010 (a one-off improvement in the 2009 performance by PLN 27 million).

In Q1 2010, a decrease in net investment income took place compared to data for Q1 2009 by PLN 194.6 million due to lower interest income. The decline resulted from a reduced value of debt securities portfolio following payment of advance for the 2009 dividend. At the same time, the net profit/loss on investment improved by PLN 119.9 million (including revaluation write-down) and the value of assets measured at fair value rose by PLN 74.4 million as a result of an increase in the amount of equity instruments (versus its decrease in the previous year).

Acquisition costs in the property and personal insurance segment for Q1 2010 and for Q1 2009 amounted to PLN 317.1 million and PLN 317.6 million, respectively. The cost level was similar in both periods despite the written premium decrease in Q1 2010. On the one hand, it resulted from the product structure change (increased share of products with a higher commission rate), and on the other hand, an increase in commissions and introduction of additional pro-efficiency bonuses for agents linking their pay to performance.

In Q1 2010 administrative costs decreased by PLN 36.2 million (14.7%), mainly due to employment restructuring in PZU Head Office carried out in the second half of 2009. The cost reduction was achieved despite the PLN 6.7 million increase (to PLN 17.6 million) in costs of development and modernization activities (so-called project activity) in PZU.

An improvement in the balance of other operating income and expenses by PLN 15.4 million resulted mainly from canceling the duty to pay NFZ (National Health Fund) premiums (PLN 54.6 million in Q1 2009) accompanied with a reduction in reinsurance commissions and interest in profit in 2010 (in Q1 2009, according to outward reinsurance procedures, revaluation of previous years' commissions approximating to PLN 50 million was recorded).

Operating profit in the property and personal insurance segment for Q1 2010 and for Q1 2009 amounted to PLN 173.8 million and PLN 541.2 million, respectively. The PLN 367.4 million decline (67.9%) resulted from the above factors, in particular the increase in claims and the decrease in earned premium.

12.1.1. Effect of one-off events on operating performance

Both in Q1 2010 and Q1 2009, one-off events occurred that impacted the Company's operating performance. The key ones pertaining to Q1 2010 include mass snowfall claims (the PLN 156.0 million increase compared to the previous year). In Q1 2009 such events included: a fee to NFZ ("Religa's tax" reducing net result by PLN 54.6 million), a provision released in relation to settlement of a large claim pertaining to the nineties (increasing net result by PLN 20 million) and effects of reinsurance settlement regarding previous years' contracts (increasing net result by PLN 109 million).

12.1.2. New products

In Q1 2010 PZU extended its offer by "obligatory insurance of a person preparing energy certificates for housing buildings or apartments". Further, the existing specialist civil liability products were modified.

12.2. Life insurance

Written premium by product group	1 January - 31 March 2010	1 January - 31 March 2009
Group insurance	1 041 149	989 357
Individual insurance, including:	564 320	557 978
- continued on individual basis	447 182	437 789
- other individual insurance	117 138	120 189
Total	1 605 469	1 547 335

Written premium by payment type	1 January - 31 March 2010	1 January - 31 March 2009
Regular premium	1 584 487	1 543 664
Single premium	20 982	3 671
Total	1 605 469	1 547 335

An increase in gross written premium by PLN 58.2 million (3.8%) resulted mainly from development of group insurance products, a growing number of the insured and a higher average group cover product premium and an increase endowment products with a single premium distributed through the bancassurance channel. Further, the premium in individually continued products grew, mainly due to additional sale of additional insurance products, including "assistant in case of damage to health". In individual products, the premium slightly dropped as a result of expiry of endowment products. The decrease was partly compensated for with a launch of a new savings and investment product with a cover element.

A slight decrease in payments with a slight increase in provisions in Q1 2010, as compared to a significant decrease in Q1 2009 contributed to an increase in the net claim payments item and change in the technical provisions by PLN 575.0 million (110.4%). Claims decreased by PLN 40.7 million (3.6%) mainly due to reduced payments of funds from individual and group investment products and lower claims in the continued policies. The decrease was partly netted off by a slight increase in the amount of claims in cover group products. The total amount of claims in group insurance products remained close to the 2009 level. The PLN 615.6 million change in a movement of technical provisions resulted mainly from:

- a slowdown in conversion of multi-year to one-year renewable policies in group cover products (in Q1 2010 PLN 223.2 million provisions were released, compared to PLN 686.1 million year-on-year);
- an increase in individual and group provisions for investment insurance, resulting mainly from an improvement in financial markets.

Net investment income in Q1 2010 increased by PLN 5.9 million, mainly due to growing interest income. The increase in net profit/loss on investment (including impairment write-downs) by PLN 91.6 million and a growth in assets measured at fair value by PLN 354.3 million resulted from the same factors as in property and personal insurance segment (an increase in the value of equity instruments versus its drop in the previous year).

Acquisition costs in the life insurance segment in Q1 2010 and 2009 amounted to PLN 87.7 million and 90.8 million, respectively. A decrease by PLN 3.1 million (3.4%) resulted mainly from a reduction in indirect acquisition costs, partly netted off by an increase in commissions paid for cover group insurance products following the increased interest of the broker channel in gross written premium.

Administrative costs in the life insurance segment grew by PLN 3.6 million (2.3%) as a result of PLN 5.0 million having been appropriated to the Social Benefits Fund. Except of the one-off appropriation, administrative expenses decreased by approx. PLN 1.4 million (i.e. 0.9%) year on year as a result of cost savings activities (among others, headcount reduction in PZU Head Office in 2009). The effect took place despite PLN 3.4 million growth in outlays for development and modernization costs in PZU Życie (to PLN 5.0 million).

Other operating income and expenses in the life insurance segment in Q1 2010 and 2009 amounted to PLN -9.2 million and -0.5 million, respectively. Change in other net operating income and expenses by PLN 8.7 million resulted mainly from temporary growing acquisition costs of OFE PZU following a change in the distribution agreement, including principle changes concerning settlements between PZU Życie SA and PTE PZU

Operating profit in the life insurance segment in Q1 2010 decreased by PLN 73.5 million (8.6%), mainly following a reduced release of technical provisions in group cover insurance (among others, conversion of long-term contracts to one-year renewable ones), which was partly compensated by increased investment income.

12.2.1. Effect of one-off events on operating performance

Both in Q1 2010 and Q1 2009, no one-off events occurred in the life insurance segment that impacted the Company's operating performance.

12.2.2. New products

Since beginning of 2010, PZU Życie has extended its health insurance offer by two new products. The first one is a group hospital insurance (offered in three scopes), a group equivalent of the individual hospital insurance. Group assistance products (offered in three scopes) is the other new one, constituting an optional addition to the group hospital insurance and allowing access to various types of assistance services.

Further, since 1 January 2010, PZU Życie has offered a new savings and investment product with a cover element ("Plan na Życie"), allowing long-term, regular savings of funds accompanied with insurance cover on the level adjusted to individual needs and abilities of the insured.

12.3. Investment contracts

Investment contracts concluded by PZU Życie are recognized under "Unallocated (consolidation exclusions and other)". Investment contract accounting is based on the deposit method. In consequence, investment contract volumes are not classified as revenue in accordance with IFRS.

Investment contract volume by product group	1 January - 31 March 2010	1 January - 31 March 2009
Group	148 943	227 560
Individual, including:	82 416	229 377
- continued on individual basis	-	-
- other individual	82 416	229 377
Total	231 359	456 937

Volumes obtained from investment contracts	1 January - 31 March 2010	1 January - 31 March 2009
Regular payments	1 831	2 451
One-off payment	229 528	454 486
Total	231 359	456 937

Volumes obtained from investment contracts in Q1 2010 and 2009 amounted to PLN 231.4 million and 456.9 million, respectively. The PLN 225.5 million (49.4%) decrease resulted mostly from withdrawal of a unit-linked individual product with one-off premium called Fundusz Gotówka and reduced sales of endowment investment contracts sold through the banking channel. The decrease is partly compensated by a growth in the sales of unit-linked products distributed by the bancassurance channel and an increase in gross written premium from "Pewny Zysk" endowment product.

12.4. Open pension fund activity

Revenue from fees and commissions in the pension products segment for Q1 2010 and Q1 2009 amounted to PLN 54.9 million and 73.1 million, respectively. The decrease by PLN 18.2 million (24.9%) resulted mainly from statutory limitation of the fee charged by PTE PZU on premiums transferred by ZUS to the pension fund. The fee was reduced from, 7% to 3.5% as at 1 January 2010.

The PLN 0.8 million (6.2%) decrease in the acquisition costs resulted mainly from a change in the sales network structure and reduced costs of motivation plans and training courses for the sales network. In Q1 2010, administrative expenses of PTE PZU declined by PLN 5.8 million (21.6%), mainly as a result of reduced transfer agent costs (as at January 2010, the monthly account maintenance rate was reduced), lower PR and marketing costs and sales integration in the PZU Group (employee transfer to other companies in the PZU Group companies and headcount reduction). Operating profit decreased by PLN 11.0 million (28.9%) and corresponded to a drop in revenue from fees and commissions, partly netted off with a cost decrease.

At the end of Q1 2010, the market share of OFE PZU measured as the number of members amounted to 14.8% (the 0.3 p.p. increase compared to Q1 2009). OFE PZU was the third largest open pension fund in Poland in terms of number of members. During the period, the number of individuals concluding the first contract with the pension fund decreased by 31% (due to negative demographic and labor market situation) with OFE PZU incurring a lower reduction than the market (-18%). Also, in the first transfer session of 2010, 11% more people than in 2009 decided to change the fund (compared to the first transfer session of 2009). OFE PZU was in the group of six market players with a positive transfer balance.

At the end of Q1 2010, the total net assets of all funds amounted to PLN 191,739.27 million and increased by 39.75% year-on-year. During this period, assets of OFE PZU increased by nearly 43% to

PLN 26,683.91 million. The market share of OFE PZU measured in net asset value at the end of Q1 2010 amounted to 13.9% (an increase by 0.32 p.p.).

13. Macroeconomic environment

The economic situation in Poland improved in Q1 2010 despite the adverse impact of winter, which resulted in a considerable decrease in construction and assembly output (-17.8% YoY average monthly data in a quarter) and reduced sales growth in the retail sector. The sales in the industry sector grew considerably (ca 10% YoY average monthly data in a quarter), also due to a better situation in the global markets. Thanks to a considerable increase in value added in the industry, the GDP growth in Q1 2010 is likely to be only slightly lower than that reported in Q4 2009 (3.1% YoY) – despite adverse effects of winter. Insufficient demand remains the largest problem mentioned by enterprises, which was reflected in low utilization of production capacities. In such conditions private enterprises did not report increased investment activities.

In Q1 2010, the first symptoms of improvement could be seen in the labor market. Average employment in the enterprise sector increased by 38.8 thousand persons, while the same time in 2009 it had dropped by 27.7 thousand. Still, at the end of March 2010 it remained lower than in the prior year by 0.6% YoY. The registered unemployment rate was still growing and in February it reached 13%, which was a seasonal phenomenon also related to severe winter. In March the registered unemployment rate decreased by 12.9%. Based on the analysis of the economic situation, the enterprises are not likely to plan lay-offs and they are increasingly willing to grow headcount. The enterprise sector reported a slight growth in gross average salaries of 2.8% YoY in Q1 2010. Taking inflation into account, the salaries per annum dropped insignificantly. Average pension and annuity per annum grew considerably (average monthly increase of 7.4% YoY in Q1 2010). Considering the adverse impact of winter on retail sale and construction and assembly output, consumption and investments growth is likely to deteriorate slightly in Q1 2010. Consumer sentiment index improved in this period and so did the assessments of the labor market condition. GDP growth in Q1 2010 is likely to be affected by the change in inventory and it is likely to be supported by net exports (although to a lesser extent than in the preceding quarter).

CPI dropped from 3.5% YoY at the end of 2009 to 2.6% YoY in March 2010. Baseline inflation YoY dropped even further. It resulted from the fact that the rate was calculated comparing to high price growth in the prior year, strong zloty, weakened demand pressure and the situation in the labor market with unemployment growth in 2010 and a slight rate of salaries growth accompanied with considerably higher work efficiency.

In Q1 2010 the NBP reference rate amounted to 3.5%. At the same time, the yield on Polish Treasury bonds dropped considerably (by 70-78 b.p.). Parallel down shift in the yield curve reflects quite a low bond yield in base markets and improved demand from foreign investors, which appreciated the stability of the Polish economy as compared to the problems experienced by Greece and other euro zone peripheral states. Expectations concerning tight monetary policy in Poland have lowered, which was related to strengthening zloty. EUR rate dropped by 6.1% from the end of 2009 to the end of March 2010, and the USD rate decreased by 0.4%. Although a shakeout was observed in the WSE in late January and early February, it turned out a temporary phenomenon and at the end of February the prices of shares started to grow. Consequently, from the end of 2009 to the end of March 2010 WIG index grew by 6.2% and WIG20 - by 4.5%.

14. Management Board position concerning previous performance projections

PZU did not publish or disclose any projections concerning separate or consolidated financial information.

15. Factors, which may affect the financial performance in consecutive quarters

15.1. Property and personal insurance

Due to amendments to the regulations on the principles of measuring provision for capitalized value of annuity in property and personal insurance, which are expected before the end of 2010, the prudence standards may need to be increased in measuring provisions for capitalized value of annuity. It may also result in higher provisions.

In the case of TPL motor insurance, it is possible that provisions for claims will have to be increased by the end of 2010 due to higher average cost of personal losses related to increasing share of private healthcare and the principle of compensation for a relative's death which has been in force since August 2008 (Article 446 § 4 of Act from 23 April 1964 Civil Code, Dz.U. No. 16 from 1964, item 93).

15.2. Life insurance

A considerable slowdown in conversion of multi-year to one-year renewable policies in group cover products in Q1 2010 versus the same time last year was the key event affecting operating performance in the life insurance segment. This trend may continue in future.

16. Significant events after the end of the reporting period

16.1. Key information about the IPO process following approval of the prospectus

On 13 April 2010, the Polish Financial Supervision Authority (KNF) approved the prospectus of PZU which was published on 16 April 2010.

Shares were subscribed for between: 20 and 26 April 2010 in the case of authorized persons, 20 and 28 April 2010 in the case of individual investors and 30 April and 5 May 2010 in the case of institutional investors.

On 29 April 2010, an information including data required pursuant to Article 54 clause 3 of the Act on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies of 29 July 2005 (Dz. U. 185 of 2009, item. 1439):

- the price of shares for individual investors, authorized persons and institutional investors at PLN 312.50 per share;
- the final number of shares sold during the offering at 25,819,337 shares (29.9% of the total number of issued shares); the final number of sold shares and their share in the total number of issued shares was: Kappa SA - 12,866,492 (14.9%), Eureko - 8,635,230 (10.0%) and the State Treasury - 4,317,615 (5.0%);
- the number of shares sold to individual investors at 7,058,582, authorized persons at 73,938 and institutional investors at 18,686,817.

The Management Board of the National Depository for Securities (KDPW) adopted Resolutions No. 212/2010 on 16 April 2010 and No. 252/2010, 253/2010 and 254/2010 on 6 May 2010 whereby it granted PZU the status of participant of KDPW (ISSUER by Resolution No. 212/2010) and decided to register 86,324,317 shares of PZU (including 60,418,337 A series and 25,905,980 B series shares) and assign a code PLPZU0000011. The shares subject to the IPO were registered in the National Depository for Securities on 26 April 2010 and the remaining ones were registered on 10 May 2010

On 6 May 2010 PZU applied to WSE for admission and introduction to trading on the primary market of WSE of 60,418,337 A series shares and 25,905,980 B series shares.

On 7 May 2010 the Management Board of WSE adopted Resolution No. 425/1020 whereby as of 12 May 2010 it introduced to trading on the primary market 60,418,337 A series shares and 25,905,980 B series shares. The resolution was conditional and the triggers were met on 10 May 2010.

12 May 2010 PZU shares were first traded on WSE. The price per share at the opening of the first trading session was PLN 349.0 per share and at the closing was PLN 360.0 per share.

PZU shares are continuously traded under the abbreviated name "PZU" and designation "PZU".

16.2. Repayment of liabilities related to financing of the advance payment towards dividend for 2009

On 22 April 2010, which was the maturity date, PZU repaid liabilities related to financing of the advance payment towards dividend for 2009. The issue has been described in more detail in point 0.

16.3. Agreement concerning stabilization of the market price of PZU shares

On 16 April 2010, Credit Suisse Securities (Europe) Limited, the stabilization manager, and PZU concluded a stabilization agreement („Stabilization Agreement”) whereby during the period of 30 days after the first quotation of PZU shares on the primary market of WSE, the stabilization manager may acquire PZU shares on such market to support the market price of PZU shares at a level which would be higher than the one without such transactions. Pursuant to the Stabilization Agreement, due to the steps which may be taken by the stabilization manager, PZU provided the stabilization manager with the put option for PZU shares ("Put Option"). Based on the Put Option, the stabilization manager will be entitled to sell to PZU not more than 2,590,569 PZU shares, however, not more than 15% of PZU shares sold in the initial public offering, for the price per one share equal to the price paid by the stabilization manager at WSE for shares under the Put Option, which cannot exceed the price of shares for institutional investors in the initial public offering, with the reservation that the total price which PZU pays for shares under the Put Option increased by the total fee of the stabilization manager does not exceed PLN 683,340 thousand.

The authorization to acquire own shares by PZU under stabilization transactions has been concluded in the resolution of the Extraordinary Meeting of PZU of 16 March 2010 adopted based on Article 362.1.5 of the Code of Commercial Companies of 15 September 2000 (Dz. U. No. 94 of 2000, item 1037 as amended, "Code of Commercial Companies") and Article 8 of the Articles of Association of PZU. In the resolution, the Extraordinary Meeting of PZU authorized the Management Board of PZU to acquire not more than 2,590,569 PZU shares from investor or investors carrying out stabilization activities, with the view to their redemption; the price of shares may not exceed the price of shares in the initial public offering of PZU shares to institutional investors. Pursuant to the resolution, PZU shares will be acquired to be redeemed, however, such acquisition may take place only to the extent the remuneration of a shareholder (the price of PZU shares) is paid from the amount which in line with Article 348.1 of the Code of commercial companies may be allocated for distribution between shareholders.

16.4. Increase in the share capitals of insurance companies in the PZU Group in Ukraine

On 10 March 2010, PZU Ukraine and on 21 April 2010, PrJSC IC PZU Ukraine Life Insurance received protocols concerning a breach of the license requirements for relevant level of net assets from the Ukrainian insurance supervision consisting in mismatch of net assets to the regulatory requirements, based on which net assets of an insurance company cannot be lower than its share capital. In the case of PZU Ukraine the deadline for adjustment of the activities to the regulatory requirements is the end of June 2010 and in the case of PrJSC IC PZU Ukraine Life – the end of September 2010.

The following subscriptions for shares are planned:

- up to 100,000 shares of PZU Ukraine of the face value of UAH 10 each and the issue price of UAH 3,000 each, for the total amount of up to UAH 300,000 thousand;
- up to 5,000 shares of PrJSC IC PZU Ukraine Life Insurance of the face value of UAH 100 each and the issue price of UAH 10,400 each, for the total amount of up to UAH 52,000 thousand;

Successful increase in the shares capitals of both companies will facilitate satisfaction of the regulatory requirements.

16.5. Key dividends paid between the PZU Group companies

16.5.1. Dividend from PZU Życie to PZU

On 15 April 2010, PZU Życie paid a dividend to PZU in the total amount of PLN 3,120.0 million (PLN 2,743.1 million from net profit for 2009 and PLN 376.9 from the supplementary capital created from previous year profits).

The operation has no influence on the profit/loss of the PZU Group, but on the presentation of the results of individual segments.

16.5.2. Dividend from PTE PZU to PZU Życie

On 13 April 2010, PTE PZU paid a dividend to PZU Życie of PLN 116.9 million (total net profit for 2009).

The operation has no influence of the profit/loss of the PZU Group, but on the presentation of the results of individual segments.

17. Issues, redemption and repayment of debt and equity securities

17.1. PZU

During the 3-month period ended 31 March 2010, PZU did not issue, redeem or repay any debt or equity securities.

Information about the agreement concerning stabilization of the market price of PZU and resulting Put Option granted by PZU have been described in point 16.3.

18. Loan or borrowing collateral or guarantee granted by PZU or subsidiaries

During the 3-month period ended 31 March 2010, neither PZU nor the subsidiaries granted loan or borrowing collaterals or guarantees - to one entity or a subsidiary of such entity - if the total value of the existing collaterals or guarantees would constitute the equivalent of at least 10% of the equity of PZU.

19. Dividends

As regards the profit for 2009 and the preceding years, only the profit disclosed in the separate financial statements of the parent company, drawn up in accordance with the Polish Accounting Standards, is subject to distribution.

On 26 March 2010, the Management Board of PZU adopted a resolution concerning the proposed distribution of profit for 2009 of PLN 2,510,380 thousand:

- PLN 1,692,505 thousand to dividends, subject to making an advance payment towards dividend expected at the end of the 2009 financial year, described below;
- PLN 10,000 thousand to appropriations to the Company's Social Benefits Fund;
- PLN 807,875 thousand to reclassification to the supplementary capital.

Moreover the Management Board recommended in mentioned resolution additional amount of PLN 11,999,516 thousand from the reserve capital as payment of dividend for 2009, to finance advance payments against expected dividend at the disposal of the Management Board, subject to making an advance payment towards dividend expected at the end of the 2009 financial year, described below.

As a result of the advance payment towards dividend expected at the end of the 2009 financial year of PLN 12,749,917 thousand made on 26 November 2009 comprising:

- PLN 750,401 thousand from the net profit for the first half of 2009 recognized in the audited financial statements of PZU prepared as of 30 June 2009;

- PLN 11,999,516 thousand from the reserve capital to finance advance payments towards expected dividend at the disposal of the Management Board,
- the dividend still to be paid for the year ended 31 December 2009 is PLN 942,104 thousand, i.e. PLN 10.91 per share.

Until the date of submission of these interim financial statements, the General Shareholders' Meeting to adopt a resolution concerning distribution of profit for 2009 had not taken place. On 13 May 2010 the Meeting has been scheduled to take place on 10 June 2010.

20. Information about the shareholders of PZU

20.1. PZU shareholders with at least 5% of votes at the General Meeting

List of shareholders with at least 5% of votes at the General Meeting of PZU as of the date of submission of these interim statements:

No.	Shareholder's name	Number of shares and votes	Percentage of shares and votes at the Shareholders' Meeting
1	State Treasury	39 020 483	45.1875
2	Eureko B.V.	11 225 798 *	12.9999*
3	Other shareholders	36 106 019	41.8126
Total		86 352 300	100,0000%

*Eureko BV has not been entered into the Share Register of PZU (4 060 shares in PZU) due to protests of previous owners. Excluding protested shares, Eureko BV has the right to 11 221 738 shares in the General Shareholders' Meeting, i.e. to 12.9953% in the total number of votes.

20.2. Changes in the ownership structure of material block of shares of the issuer

During the period from publication of the Prospectus of PZU on 16 April 2010 to submission of these interim statements the ownership structure of material blocks of shares of PZU underwent significant changes consisting in:

- reduction of the number of PZU shares held by the State Treasury from 43,338,098 to 39,020,483 and reduction of the State Treasury stake in the share capital and the total number of votes at the General Shareholders' Meeting of PZU from 50.1875% to 45.1875 %;
- reduction of the number of PZU shares held by Eureko B.V. from 19,856,968 to 11,225,798 (including 4,060 shares hold by Eureko BV which have not been entered into the Share Register of PZU due to protests of previous owners) and reduction of Eureko B.V. stake in the share capital from 22.9953% to 12.9999% and in the share in the total number of votes at the General Shareholders' Meeting of PZU from 22.9953% to 12.9953 %;
- reduction of the number of PZU shares held by Kappa SA from 12,866,492 to zero and reduction of the Kappa SA stake in the share capital and the share in the total number of votes at the General Shareholders' Meeting of PZU from 14.8999% to 0%.

20.3. Shares or allotment certificates held by managing and supervising persons at PZU

No.	Body/ Name and surname	Number of shares and allotment certificates as of date of submission of interim report	Number of shares and allotment certificates as of the date of publication of the Prospectus of PZU	Change between the dates
Management Board				
1	Andrzej Klesyk	-	-	-
2	Witold Jaworski	-	-	-
3	Rafał Stankiewicz	-	-	-

Directors in the Group			
1	Przemysław Dąbrowski	-	-
2	Rafał Grodzicki	-	-
3	Dariusz Krzewina	-	-
4	Mariusz J. Sarnowski	-	-
Supervisory Board			
1	Tomasz Gruszecki *	30	30
2	Marcin Majeranowski	-	-
3	Marzena Piszczek	-	-
4	Waldemar Maj	-	-
5	Piotr Kamiński	-	-
6	Grażyna Piotrowska-Oliwa	-	-
7	Jurgen Stegman	-	-
Total		30	30

* In line with the representation filed on 14 May 2010 and as of the date of submitting these interim financial statements, Tomasz Gruszecki, Chairman of the Supervisory Board of PZU and will hold 30 shares in PZU SA.

21. Receivables and liabilities due to litigious proceedings

The entities in the PZU Group are parties in 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, before the Polish Financial Supervision Authority and those related to own real property. The proceedings and disputes in question are typical and repetitive and such individual cases are not significant for the PZU Group. Most disputes the PZU Group companies are the parties to, pertain to two companies: PZU and PZU Życie.

During the 3-month period ended 31 March 2010 and by the date of submission of the interim statements, the PZU Group 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 or its direct or indirect subsidiary of the value or the total value of at least 10% of the equity of PZU, except for the case (ended as of the date of submission of these interim report) against PZU Życie concerning a claim for PLN 1 trillion described in point 8.

As of 31 March 2010 there were 20,033 cases pending before common courts of law, competent arbitration and public administration bodies which have been brought by or against the PZU Group for the total amount of PLN 1,160,784 thousand. The amount includes PLN 832,863 thousand of claimed liabilities and PLN 327,921 thousand of claimed receivables of the PZU Group entities, which constituted 7.64% and 3.01% of PZU equity calculated in line with PAS, respectively.

21.1. Claim for amicable settlement against PZU and discontinuance of the proceedings

On 19 April 2010 the Court provided PZU with a claim for amicable settlement filed against PZU by an individual. The person in question claimed payment of PLN 228,226 thousand from PZU as compensation for severe health disorder caused by "civil and criminal actions" against the person and the company (in which the person in question is the sole owner and the President of the Management Board) instigated by PZU and for causing the company's falling out of the market.

Moreover, irrespective of claims specified therein, PZU is a party to disputes with the aforementioned company for the total amount exceeding PLN 21 million. The cases are heard at the Regional Court in Warsaw. PZU considers the underlying claims groundless. PZU did not consent to amicable settlement and on 7 May 2010 the court discontinued the proceedings.

22. Other information

22.1. Assessment of the PZU Group companies by credit rating agencies

PZU and PZU Życie are subject to assessment by credit rating agencies on a regular basis. The rating assigned to PZU and PZU Życie results from an analysis of the financial information, competitive position, management and corporate strategy. It also includes a rating outlook, i.e. an assessment of the future position of the Company in the event specific circumstances occur.

The table below presents the ratings assigned to the PZU Group companies by Standard&Poor's, together with the previous year ratings. The rating assigned in 2009 was maintained in the statement of the agency of 2 October 2009 concerning lack of influence of the decision concerning the advance payment towards dividend for 2009 on the rating.

The ratings assigned in 2009 are valid as at the date of signing these interim financial statements

Company name	Rating and outlook	Assignment date	Rating and outlook	Assignment date
PZU				
Financial strength rating	A /stable/	16 July 2009	A- /stable/	10 July 2008
Credit rating	A /stable/	16 July 2009	A- /stable/	10 July 2008
PZU Życie				
Financial strength rating	A /stable/	16 July 2009	A- /stable/	10 July 2008
Credit rating	A /stable/	16 July 2009	A- /stable/	10 July 2008

22.2. Changes in the composition of management and supervisory bodies of PZU

22.2.1. Management Board of PZU

During the 3-month period ended 31 March 2009 and by the date of submission of these interim statements, the Management Board of PZU did not undergo any changes and was composed of:

- Andrzej Klesyk - Chairman of the Board;
- Witold Jaworski - Member of the Board;
- Rafał Stankiewicz - Member of the Board.

22.2.2. Supervisory Board of PZU

Composition of the Supervisory Board as of 31 December 2009:

- Tomasz Gruszecki Chairman;
- Marcin Majeranowski Vice-Chairman;
- Alfred Bieć Member;
- Tomasz Przesławski Member;
- Marzena Piszczek Member;
- Marco Vet Member;
- Waldemar Maj Member.

On 5 January 2010, the Ministry of Treasury dismissed Alfred Bieć and Tomasz Przesławski from the Supervisory Board and appointed Piotr Kamiński and Grażyna Piotrowska-Oliwa as Members of the Supervisory Board.

On 12 January 2010, the consortium comprising Eureka B.V. and Bank Millennium SA dismissed Marco Vet from the Supervisory Board and appointed Jurgen B. J. Stegmann.

Composition of the Supervisory Board from 12 January 2010 to the date of submission of these interim statements:

- Tomasz Gruszecki Chairman;
- Marcin Majeranowski Vice-Chairman;
- Marzena Piszczek Member;
- Waldemar Maj Member;
- Piotr Kamiński Member;
- Grażyna Piotrowska-Oliwa Member;
- Jurgen Stegmann Member.

22.2.3. Establishment of Directors positions in the Group

In January 2010, as part of implementation of the new management model of the PZU Group, the following positions have been established:

- Director in the PZU Group for Management of the Group Branches in PZU head office (appointment of Dariusz Krzewina on 1 February 2010);
- Director in the PZU Group for Development of the Group Offices in PZU head office (appointment of Rafał Grodzicki on 1 February 2010);
- Director in the PZU Group for Finance in PZU head office (appointment of Przemysław Dąbrowski on 30 January);
- Director in the PZU Group for Operations in PZU head office (appointment of Mariusz J. Sarnowski on 30 January);

The persons are also Members of the Management Board of PZU Życie.

23. Related party transactions

23.1. Significant transactions concluded by PZU or its subsidiaries with the related parties on non-arm's length terms and conditions

During the 3-month period ended 31 March 2010, PZU or its subsidiaries did not conclude any related party transactions which could be considered significant (individually or jointly) and concluded on non-arm's length terms and conditions.

23.2. Related party transactions

Pursuant to IAS 24 the PZU Group is required to present transactions with related parties and due to the fact that the State Treasury held interest in PZU's share capital exceeding 50% during a 3-month period ended 31 March 2010 - with entities related to the State Treasury.

For the purposes of this item:

- "entities controlled by the State Treasury" denote only commercial companies and State Treasury controlled state entities, whose lists are published on the website of the Ministry of Treasury. Carrying out its statutory activities, the PZU Group entities entered into transactions with entities controlled by the State Treasury other than commercial companies and state entities, whose business names are published on the website of the Ministry of Treasury. Considering a substantial number of such entities and transactions concluded, limitations of the reporting system implemented by the PZU Group as well as immateriality of the impact of such transactions on the performance of the PZU Group, PZU believes that their disclosure is not important for ensuring a reliable presentation of the financial position of the Group;
- "other related parties" denote entities directly or indirectly controlled by PZU and associated companies, whose complete list is included in 1.2.

Information concerning the balances and turnovers related to commercial transactions of the PZU Group companies with related parties, as defined in IAS 24 has been presented in the tables below. Consequently, the transactions with entities controlled by the State Treasury are mainly property and personal insurance contracts, life insurance contracts and investment contracts (items presented in the table are premiums written and investment contracts, other income – mainly recharged expenses, court fees, fees for certifications and other documents, revenues from reversing or adjusting revaluation write-downs on receivables, expenses – mainly costs of claims paid and receivables – mainly due to insurance premiums), concluded and settled on terms and conditions which could be obtained in transactions with unrelated parties.

Balances and turnovers of transactions between the PZU Group and related parties for first quarter 2010 and as at 31 March 2010	Gross written premium					Receivables			Liabilities	Contingent assets	Contingent liabilities
	property and casualty insurance	life insurance	Other revenue	Expenses	write-downs on receivables created in the current period	gross value	revaluation write-downs	net			
Major investor (Eureko B.V.) 1/	-	-	14	-	-	90	-	90	-	-	-
Key members of the management of consolidated entities 3/	-	-	-	-	-	-	-	-	-	-	-
Other subsidiaries of the State Treasury	31 874	10 230	3 388	32 320	164	75 760	(484)	75 276	11 497	-	-
Other related parties	178	-	2 644	4 020	-	12 371	(11 291)	1 080	2 342	-	-

Balances and turnovers of transactions between the PZU Group and related parties in 2009 and as at 31 December 2009	Gross written premium					Receivables			Liabilities	Contingent assets	Contingent liabilities
	property and casualty insurance	life insurance	Other revenue	Expenses	write-downs on receivables created in the current period	gross value	revaluation write-downs	net			
Major investor (Eureko B.V.) 1/	-	-	91	-	-	75	-	75	-	-	-
Key members of the management of consolidated entities 3/	-	-	-	-	-	-	-	-	-	-	-
Other subsidiaries of the State Treasury	176 198	2 191 837	4 423	160 449	76	79 420	(365)	79 055	7 000	-	1 623
Other related parties	1 132	-	23 009	30 692	815	13 569	(12 319)	1 250	2 274	-	-

Balances and turnovers of transactions between the PZU Group and related parties for first quarter 2009 and as at 31 March 2009	Gross written premium					Receivables					
	property and casualty insurance	life insurance	Other revenue	Expense s	write-downs on receivables created in the current period	gross value	revaluation write-downs	net	Liabilities	Contingent assets	property and casualty insurance
Major investor (Eureko B.V.) 1/	-	-	16	-	-	-	-	-	-	-	-
Key members of the management of consolidated entities 3/	-	-	-	-	-	-	-	-	-	-	-
Other subsidiaries of the State Treasury	20 245	10 589	55	34 002	-	31 099	(316)	30 783	4 897	-	941
Other related parties	147	-	1 976	5 893	-	12 932	(11 504)	1 428	1 939	-	-

1/ The revenue from transaction with Eureko is the fee payable to PZU related to providing selected financial reports and data to Eureko.

2/ Members of the management boards of consolidated companies in the PZU Group

3/ Members of the management boards of consolidated companies in the PZU Group and Directors in PZU Group

As at 31 March 2010, 31 December 2009 and 31 December 2008, the key item in receivables from other related parties were receivables from Syta Development Sp. z o. o. in liquidation ("Syta Development") due to agreements relating to investments of the Loss Adjustment and Underwriting Centre of PLN 11,291 thousand, which - because the agreements were not performed as of that dates - were covered with a revaluation write-down up to the full amount.

23.3. Premiums written and investment contracts in bancassurance transactions with banks controlled by the State Treasury

Premiums written and investment contracts in bancassurance transactions with banks controlled by the State Treasury are presented in the tables below.

Bank Powszechna Kasa Oszczędności BP SA	1 January – 31 March 2010	1 January – 31 December 2009	1 January – 31 March 2009
PZU gross written premiums	13 833	101 861	3 577
PZU Życie gross written premiums	10 230	72 425	10 234
PZU Życie investment contracts	-	2 119 412	355
Total	24 063	2 293 698	14 166

Bank Ochrony Środowiska SA	1 January – 31 March 2010	1 January – 31 December 2009	1 January – 31 March 2009
PZU gross written premiums	34	128	-
PZU Życie gross written premiums	-	-	-
PZU Życie investment contracts	-	-	-
Total	34	128	-

23.4. Borrowing granted to Kappa SA

On 1 October 2009 PZU concluded a borrowing agreement with Kappa SA for the amount PLN 25,000 thousand. The purpose of the borrowing was to finance Kappa SA's share in the Settlement Agreement, including tax on civil-law transactions due to contributions in kind made to Kappa SA, costs of auditing contributions in kind and the process of contributing assets to Kappa SA, and financing current operations of Kappa SA.

By 31 March 2010 PZU disbursed PLN 21,889 thousand under the borrowing agreement, out of which PLN 744 thousand was availed in the 3-month period ended 31 March 2010. Interest income due under the borrowing in question for 3 months ended 31 March 2010 amounted to PLN 389 thousand.

The borrowing was to be repaid not later than 3 business days after Kappa SA has obtained funds from the sale of shares under IPO of PZU shares. On 10 May 2010 Kappa SA repaid the principal amount with accrued interest (totaling PLN 22,800 thousand, out of which interest constituted PLN 911 thousand).

QUARTERLY SEPARATE FINANCIAL INFORMATION OF PZU (in line with the Polish Accounting Standards)

1. Interim balance sheet

in PLN '000

ASSETS	31 March 2010	31 December 2009	31 March 2009
I. Intangible assets, including:	51 713	49 560	33 323
- goodwill	-	-	-
II. Investment	27 193 562	26 765 773	31 058 243
1. Property	603 211	600 110	599 488
2. Investment in subordinated entities, including:	8 087 353	7 710 649	6 648 498
- investments in controlled entities measured using the equity method	8 068 600	7 691 903	6 495 498
3. Other financial investments	18 490 789	18 442 095	23 795 827
4. Deposits due from cedants	12 209	12 919	14 430
III. Net investments of life insurance funds where the investment risk is borne by policyholders	-	-	-
IV. Receivables	1 442 032	1 244 102	1 239 908
1. Receivables from direct insurance	1 079 001	972 050	1 052 073
1.1. From subordinated entities	482	322	2 069
1.2. From other entities	1 078 519	971 728	1 050 004
2. Reinsurance receivables	56 310	26 174	74 902
1.1. From subordinated entities	24 153	-	-
1.2. From other entities	32 157	26 174	74 902
3. Other receivables	306 721	245 878	112 933
1.1. Receivables from the State Budget	89 404	81 704	86
1.2. Other receivables	217 317	164 174	112 847
a) from subordinated entities	36 658	2 923	1 907
b) from other entities	180 659	161 251	110 940
V. Other assets	251 034	245 572	260 823
1. Tangible assets	121 206	117 772	107 717
2. Cash and cash equivalents	129 828	127 800	153 106
3. Other	-	-	-
VI. Prepayments and deferred costs	632 943	631 971	708 421
1. Deferred tax assets	-	-	-
2. Deferred acquisition costs	432 674	394 962	385 654
3. Accrued interest and rentals	-	-	-
4. Other prepayments and deferred costs	200 269	237 009	322 767
Total assets	29 571 284	28 936 978	33 300 718

Interim balance sheet (contd.)

in PLN '000

EQUITY AND LIABILITIES	31 March 2010	31 December 2009	31 March 2009
I. Equity	10 895 053	10 411 542	19 779 361
1. Share capital	86 352	86 352	86 352
2. Unpaid share capital (negative value)	-	-	-
3. Treasury shares (negative value)	-	-	-
4. Reserve capital	1 252 251	1 252 214	10 245 769
5. Revaluation reserve	7 696 056	7 312 998	5 967 746
6. Other reserves	-	-	-
7. Accumulated profits (losses) from previous years	1 759 978	-	3 026 798
8. Net profit (loss)	100 416	2 510 379	452 696
9. Profit write-offs (negative value)	-	(750 401)	-
II. Subordinated liabilities	-	-	-
III. Technical reserves	13 170 401	12 789 415	12 892 744
IV. Reinsurers' share in technical reserves (negative value)	(744 702)	(754 456)	(900 869)
V. Estimated salvages and subrogations (negative value)	(72 877)	(78 996)	(45 465)
1. Estimated salvages and subrogations, gross	(75 109)	(81 416)	(45 625)
2. Reinsurers' share in estimated salvages and subrogations	2 232	2 420	160
VI. Other provisions	549 975	542 531	475 100
1. Provision for retirement benefits and similar obligations	227 915	229 550	238 192
2. Deferred tax liability	127 105	117 652	76 119
3. Other provisions	194 955	195 329	160 789
VII. Liabilities from reinsurance deposits	-	-	56
VIII. Other liabilities and Special Funds	5 365 931	5 478 601	680 870
1. Direct insurance liabilities	193 354	154 698	170 640
1.1. To subordinated entities	842	819	1 153
1.2. To other entities	192 512	153 879	169 487
2. Reinsurance liabilities	69 291	17 667	42 377
2.1. To subordinated entities	24 595	-	-
2.2. To other entities	44 696	17 667	42 377
3. Liabilities from the issuance of own debt securities and loans taken out	-	-	-
4. Liabilities to financial institutions	4 795 188	4 748 213	1
5. Other liabilities	174 956	432 169	320 768
5.1. Liabilities to the State Budget	7 493	15 435	54 984
5.2. Other liabilities	167 463	416 734	265 784
a) to subordinated entities	4 297	11 279	5 910
b) to other entities	163 166	405 455	259 874
6. Special Funds	133 142	125 854	147 084
IX. Accruals and deferred income	407 503	548 341	418 921
1. Accrued expenses	245 550	303 209	221 095
2. Negative value	-	-	-
3. Deferred income	161 953	245 132	197 826
Total equity and liabilities	29 571 284	28 936 978	33 300 718
Accounting value	10 895 053	10 411 542	19 779 361
Number of shares	86 352 300	86 352 300	86 352 300
Accounting value per share (in PLN)	126,17	120,57	229,05
Diluted number of shares	86 352 300	86 352 300	86 352 300
Diluted accounting value per share (in PLN)	126,17	120,57	229,05

2. Interim statement of off-balance sheet items

in PLN '000

Off-balance sheet items	31 March 2010	31 December 2009	31 March 2009
1. Contingent receivables, including:	7 075 674	6 895 117	6 294 491
1.1. Guarantees received	3 399	3 699	3 799
1.2. Other	7 072 275	6 891 418	6 290 692
2. Contingent liabilities, including:	46 616	46 239	49 652
2.1. Guarantees issued	6 158	7 714	6 836
2.2. Bills of exchange accepted and endorsed	-	-	-
2.3. Buy and sell back assets	-	-	-
2.4. Other liabilities secured on assets or income	-	-	-
3. Reinsurance guarantees made in favor of the Company	-	-	-
4. Reinsurance guarantees made by the Company in favor of cedents	-	-	-
5. Third party assets not included in the Company's assets	230 818	231 158	229 940
6. Other off-balance sheet items	-	-	-
Total off-balance sheet items	7 353 108	7 172 514	6 574 083

Own funds	9 149 691	8 261 644	17 759 059
Solvency margin	1 333 798	1 338 798	1 333 798
Surplus (shortage) of own funds to cover solvency margin	7 815 893	6 922 846	16 425 261
Technical reserves	13 095 292	12 707 999	12 847 119
Assets to cover technical reserves	14 489 268	14 245 034	24 607 194
Surplus (shortage) of assets to cover technical reserves	1 393 976	1 537 035	11 760 075

3. Interim technical account of property and personal insurance

in PLN '000

Property and casualty insurance revenue account	1 January – 31 March 2010	1 January – 31 March 2009
I. Premiums (1-2-3+4)	1 786 366	2 003 787
1. Gross written premiums	2 268 168	2 380 216
2. Reinsurers' share in gross written premiums	77 560	65 704
3. Movement in unearned premium reserve and unexpired risk reserve, gross	426 315	331 445
4. Reinsurers' share in movement in unearned premium reserve	22 073	20 720
II. Net investment income, transferred from Profit and Loss Account	62 887	59 799
III. Other technical income, net of reinsurers' share	31 572	33 481
IV. Claims (1+2)	1 329 753	1 131 984
1. Claims paid out, net of reinsurers' share	1 335 069	1 225 423
1.1. Claims paid out, gross	1 353 080	1 266 895
1.2. Reinsurers' share in claims paid out	18 011	41 472
2. Movement in outstanding claims reserve, net of reinsurers' share	(5 316)	(93 439)
2.1. Movement in outstanding claims reserve, gross	(36 955)	(91 730)
2.2. Reinsurers' share in movement in outstanding claims reserve	(31 639)	1 709
V. Movement in other technical reserves, net of reinsurers' share	-	-
1. Movement in other technical reserve, gross	-	-
2. Reinsurers' share in movement in technical reserves reserve	-	-
VI. Bonuses and rebates for the insured, net of reinsurers' share, including movement in reserve for bonuses and rebates	(1 824)	90
VII. Insurance activities expenses	504 544	482 178
1. Acquisition expenses, including:	303 566	302 459
- movement in deferred acquisition costs	(37 712)	(27 626)
2. Administration expenses	197 603	226 007
3. Reinsurers' commissions and the share in reinsurers' profits	(3 375)	46 288
VIII. Other technical expenses, net of reinsurers' share	107 674	166 391
IX. Movement in equalization reserve	-	-
X. Property and casualty insurance underwriting result	(59 322)	316 424

4. Interim general profit and loss account

in PLN '000

Profit and loss account	1 January – 31 March 2010	1 January – 31 March 2009
I. Property and casualty or life insurance underwriting result	(59 322)	316 424
II. Investment income	290 696	425 595
1. From property	1 785	2 062
2. From investment in subordinated entities	-	52
2.1. Shares	-	-
2.2. Loans and debt securities	-	52
2.3. Other investments	-	-
3. income from other financial investments	195 860	364 004
3.1. Shares, variable income securities, participation units and certificates in investment funds	-	-
3.2. Debt securities and other fixed income securities	191 575	313 629
3.3. Term deposits with financial institutions	1 287	45 602
3.4. Other investments	2 998	4 773
4. Gains on impairment of investments	2 179	350
5. Gains on realization on investments	90 872	59 127
III. Unrealized gains on investments	49 213	22 252
IV. Net investment income transferred from the Life Revenue Account	-	-
V. Cost of investment activities	21 904	89 483
1. Cost of property maintenance	244	89
2. Other costs of investment activities	1 700	4 214
3. Losses on impairment of investments	2 124	43 492
4. Losses on realization of investments	17 836	41 688
VI. Unrealized losses on investments	10 657	63 995
VII. Net investment income transferred to the Property and Casualty Revenue Account	62 887	59 799
VIII. Other operating income	9 214	12 140
IX. Other operating expenses	62 549	10 986
X. Operating profit (loss)	131 804	552 148
XI. Extraordinary gains	-	-
XII. Extraordinary losses	-	-
XIII. Gross profit (loss)	131 804	552 148
XIV. Corporate income tax	27 059	115 513
a) current portion	18 091	63 343
b) deferred portion	8 968	52 170
XV. Other obligatory decreases of profit (increases of loss)	-	-
XVI. Share in net profit (loss) of controlled entities measured using the equity method	(4 329)	16 061
XVII. Net profit (loss)	100 416	452 696
Net profit (loss)	100 416	452 696
Weighted average number of ordinary shares	86 352 300	86 352 300
Profit (loss) per ordinary share (in PLN)	1,16	5,24
Weighted average diluted number of ordinary shares	86 352 300	86 352 300
Diluted profit (loss) per ordinary share (in PLN)	1,16	5,24

5. Interim statement of changes in equity

in PLN '000

Statement of changes in equity	1 January – 31 March 2010	1 January – 31 March 2009
I. Shareholders' equity at the beginning of the period	10 411 542	19 151 579
a) changes in accounting policies	-	-
b) adjustments due to fundamental errors	-	-
I.a. Shareholders' equity at the beginning of the period, after adjustments	10 411 542	19 151 579
1. Share capital at the beginning of the period	86 352	86 352
1.1. changes in share capital	-	-
a) increases	-	-
b) decreases	-	-
1.2. Share capital at the end of the period	86 352	86 352
2. Unpaid share capital at the beginning of the period	-	-
2.1. Changes in unpaid share capital	-	-
a) increases	-	-
b) decreases	-	-
2.2. Unpaid share capital at the end of the period	-	-
3. Treasury shares at the beginning of the period	-	-
3.1. Changes in treasury shares	-	-
a) increases	-	-
b) decreases	-	-
3.2. Treasury shares at the end of the period	-	-
4. Reserve capital at the beginning of the period	1 252 214	10 245 766
4.1. Changes in reserve capital	37	3
a) increases (due to):	37	3
- from revaluation reserve – disposal and liquidation of fixed assets	37	3
b) decreases	-	-
4.2. Reserve capital at the end of the period	1 252 251	10 245 769
5. Revaluation reserve at the beginning of the period	7 312 998	5 792 663
- changes in accounting policies	-	-
5.1. Changes in revaluation reserve	383 058	175 083
a) increases (due to):	469 745	425 302
- valuation of financial investments	469 745	425 302
b) decreases (due to):	86 687	250 219
- disposal of fixed assets	37	3
- valuation of financial investments	86 650	250 216
5.2. Revaluation reserve at the end of the period	7 696 056	5 967 746
6. Other reserves at the beginning of the period	-	-
6.1. Changes in other reserves	-	-
a) increases	-	-
b) decreases	-	-
6.2. Other reserves at the end of the period	-	-
7. Accumulated profits from previous years at the beginning of the period	1 759 978	3 026 798
7.1. Accumulated profits from previous years at the beginning of the period	1 759 978	3 026 798
a) changes in accounting policies	-	-
b) adjustments due to fundamental errors	-	-
7.2. Accumulated profits from previous years at the beginning of the period, after adjustments	1 759 978	3 026 798
a) increases	-	-
b) decreases	-	-
7.3. Accumulated profits from previous years at the end of the period	1 759 978	3 026 798
7.4. Accumulated losses from previous years at the beginning of the period	-	-
a) changes in accounting policies	-	-
b) adjustments due to fundamental errors	-	-
7.5. Accumulated losses from previous years at the beginning of the period, after adjustments	-	-
a) increases	-	-
b) decreases	-	-
7.6. Accumulated losses from previous years at end of the period	-	-
7.7. Accumulated profit (losses) from previous years at the end of the period	1 759 978	3 026 798
8. Net result	100 416	452 696

a) net profit	100 416	452 696
b) net loss	-	-
c) profit write-off	-	-
II. Shareholders' equity at the end of the period	10 895 053	19 779 361
III. Shareholders' equity after proposed appropriation of profits / absorption of losses	9 952 949	19 758 361

6. Interim cash flow statement

in PLN '000

Cash flow statement	1 January – 31 March 2010	1 January – 31 March 2009
A. Cash flows from operating activities		
I. Inflows	2 296 805	2 521 394
1. Cash inflows from direct insurance and reinsurance inward	2 107 870	2 293 612
1.1. Gross written premiums	2 081 370	2 260 638
1.2. Salvages and subrogations, gross	23 994	28 453
1.3. Other	2 506	4 521
2. Cash inflows from reinsurance outwards	48 263	34 220
2.1. Cash inflows from reinsurers' share in claims paid	45 730	33 081
2.2. Cash inflows from reinsurance commissions and the share in reinsurers' profits	580	480
2.3. Other	1 953	659
3. Cash inflows from other operating activities	140 672	193 562
3.1. Proceeds from average adjuster services rendered	38 580	37 708
3.2. Sale of intangibles assets and tangible fixed assets other than investments	1 371	375
3.3. Other	100 721	155 479
II. Outflows	2 339 239	2 311 155
1. Cash outflows from direct insurance and reinsurance inward	1 945 234	1 898 327
1.1. Gross premium returns	32 642	36 757
1.2. Claims paid out, gross	1 161 350	1 077 010
1.3. Acquisition expenses	234 661	223 431
1.4. Administrative expenses	431 270	442 734
1.5. Costs of loss adjusting services and subrogation collection	62 215	56 383
1.6. Commissions paid out and the share in profits from reinsurance inwards	130	861
1.7. Other	22 966	61 151
2. Cash outflows from reinsurance outwards	66 290	46 437
2.1. Premiums paid in respect of reinsurance outwards	49 332	40 706
2.2. Other	16 958	5 731
3. Other operating expenses	327 715	366 391
3.1. Expenses relating to average adjuster services rendered	113 434	115 017
3.2. Purchase of intangibles assets and tangible fixed assets other than investments	28 214	25 080
3.3. Other	186 067	226 294
III. Net cash flows from operating activities (I-II)	(42 434)	210 239

Cash flow statement	1 January – 31 March 2010	1 January – 31 March 2009
B. Cash flows from investment activities		
I. Inflows	27 012 037	37 436 352
1. Disposal of property	-	-
2. Sale of shares in subordinated entities	-	20 000
3. Sale of shares in other entities, participation unit and investment certificates in investment funds	466 708	66 200
4. Sale of debt securities issued by subordinated entities and loans repaid by those entities	-	32 252
5. Sale of debt securities issued by other entities	2 385 649	4 473 839
6. Withdrawal of term deposits with financial institutions	11 977 477	16 787 284
7. Sale of other investments	12 175 234	16 048 641
8. Inflows from property	1 664	2 530
9. Interest received	5 305	5 606
10. Dividends received	-	-
11. Other	-	-
II. Outflows	26 966 710	37 750 015
1. Purchase of property	-	-
2. Purchase of shares in subordinated entities	-	3 079
3. Purchase of shares in other entities, participation units and investment certificates in investments funds	360 064	62 683
4. Purchase of debt securities issued by subordinated entities and loans granted to those entities	-	-
5. Purchase of debt securities issued by other entities	1 176 611	5 158 902
6. Creation of term deposits with financial institutions	12 199 726	16 476 036
7. Acquisition of other investments	13 223 855	16 044 456
8. Outflows for property maintenance	4 324	2 601
9. Other	2 130	2 258
III. Net cash flows from investment activities (I-II)	45 327	(313 663)
C. Cash flows from financing activities		
I. Inflows	11	27
1. Net inflow from issuance of shares and additional payments to share capital	-	-
2. Loans, credits and issuance of debt securities	11	27
3. Other	-	-
II. Outflows	2 404	43
1. Dividend paid	2 349	3
2. Outflows due to appropriation of profit other than payments to shareholders	-	-
3. Purchase of own shares	-	-
4. Repayment of loans, credits and redemption of debt securities	55	40
5. Interest on loans, credits and debt securities issued	-	-
6. Other	-	-
III. Net cash flows from financing activities (I-II)	(2 393)	(16)
D. Total net cash flows (A.III+/-B.III+/-C.III)	500	(103 440)
E. Balance sheet change in cash and cash equivalents, including:	2 028	(103 133)
- change in cash and cash equivalents due to foreign exchange differences	1 528	307
F. Cash and cash equivalents at the beginning of the period	127 800	256 239
G. Cash and cash equivalents the end of the period (F+/-D), including:	129 828	153 106
- of restricted use	63 802	76 209

7. Introduction

This quarterly separate financial information of PZU has been prepared in line with PAS for reasons specified in the Introduction, which also provides the definition of PAS.

8. Key accounting principles (policy)

Detailed accounting principles (policy) have been presented in the annual separate financial statements of Powszechny Zakład Ubezpieczeń Spółka Akcyjna for 2009 prepared in line with PAS, signed by the Management Board of PZU on 7 March 2010, on which the certified auditor issued an unqualified opinion ("Separate financial statements of PZU for 2009").

The separate financial statements of PZU for 2009 is available at PZU website under www.pzu.pl, in "Investors Relations" section.

9. Changes in accounting principles (policy)

In the three-month period ended 31 March 2010, no changes in the accounting principles or presentation of financial data in the separate financial statements of PZU as compared to the separate financial statements of PZU for 2009 with the exception presented in "Comparability of financial data".

10. Comparability of financial data

Pursuant to Article 2 clause 1 item 36 of the Ordinance on current and periodic information, the financial statements (if prepared in line with PAS) shall mean the financial statements prepared in line with the applicable accounting principles and disclosing data compliant with the Ordinance of the Minister of Finance of 18 October 2005 on information disclosed in the financial statements and consolidated financial statements required in a prospectus for issuers with registered offices in the Republic of Poland, which should apply Polish Accounting Standards (Dz. U. No. 209 of 2005, item 1743, as amended, "Ordinance on financial statements included in a prospectus").

The order of the financial statements presented in Appendix 3 "Scope of information disclosed in financial statements and consolidated financial statements and comparable data for issuers of securities being insurance companies" to the Ordinance on financial statements included in a prospectus differs from that presented in Appendix 3 to the Accounting Act "Scope of information disclosed in the financial statements referred to in Article 45 of the act, for insurance and reinsurance companies".

Separate financial statements of PZU for 2009 include financial data presented in the order specified in Appendix 3 to the Accounting Act.

These separate financial statements include financial data presented in the order specified in Appendix 3 to the Ordinance on financial statements included in a prospectus, ensuring comparability of financial data between periods covered.

Date	Full name	Position / Function	
.....
			(signature)
	
		
			(signature)