

Annual Report

2005

Under the wings of the lion

Generali T.U. S.A.
Generali Życie T.U. S.A.
Generali Powszechne Towarzystwo Emerytalne S.A.



2005

Generali Towarzystwo Ubezpieczeń S. A.
Generali Życie Towarzystwo Ubezpieczeń S.A.
Generali Powszechne Towarzystwo Emerytalne S.A.

Contents:

	PAGE:
Generali Group in Poland	
Company profiles	4
Generali in Poland - History	8
Product range	10
Generali Vienna Group – Portrait	12
Supervisory Board's Reports	14
Management Report of Generali T.U. S.A. and Generali Życie T.U. S.A.	16
Generali T.U. S.A.	
Financial Statement	22
Balance Sheet	24
Profit and Loss Statement	28
Cash Flow Statement	30
Registered Auditor's Opinion	32
Generali Życie T.U. S.A.	
Financial Statement	34
Balance Sheet	36
Profit and Loss Statement	40
Cash Flow Statement	44
Registered Auditor's Opinion	46
Management Report of Generali Powszechne Towarzystwo Emerytalne S.A.	48
Open Pension Fund Market	52
Statement by the Managing Board of Generali Powszechne Towarzystwo Emerytalne	54
Generali Powszechne Towarzystwo Emerytalne S.A.	
Financial Statement	56
Balance Sheet	58
Cash Flow Statement	60
Registered Auditor's Opinion	62

Ladies and Gentlemen,

With great pleasure we would like to provide you with the report about the activity of Generali Group in Poland in 2005. We are especially delighted to present the positive financial result achieved by our group. On exceeding the break-even point this year, we have confirmed the rightness of our strategy and proper realization thereof.

In 2005 we focused on market share increase in life insurance as well as stabilization of our market position in non-life insurance. We have significantly improved our image of a trustworthy partner offering comprehensive insurance protection, which is reflected not only in the 52% gross written premium increase recorded by Generali Group in Poland as compared to 2004, but also the systematically improving number of clients maintained in the first year after concluding policies.

Due to growing clients' confidence placed in Generali the number of our pension fund's members increased by approx. 13 000 people. It is unsurprising, since for years, due to our effective investment policy, Generali's funds have been classified high in the rankings in terms of rate of return on investments. This has a positive effect not only on the number of client transfers from other pension funds to Generali, but also the lottery organized by the Social Insurance Institution (ZUS). During the last 4 years we gained this way the biggest number, i.e. above 56 000 members, which amounts to 22% of all transferred clients. The net value of fund assets has increased by 40% (reaching PLN 2.9 billion) resulting in the fund's 3,4% market share, and 7th position in the ranking .

In 2006 we are planning to continue our strategy. Our aim is to be present among major insurance companies in Poland, i.e. to make Generali one of top market players– as in many European countries. Our hope for the future is for the gross written premium to increase both in life as well as non-life insurance. We are confident that our projects and business solutions – especially the ones initiated in 2005 - will prove profitable for you and the Generali Group in Poland.

Management Board of Generali Group in Poland

Company pro

Company: **Generali Towarzystwo Ubezpieczeń S.A.**

Headquarters: ul. Postępu 15
02-676 Warszawa

Share capital: 190,21 M PLN

Shareholder: Generali Holding Vienna AG

Licence: 5 July 1999

Scope of activity: All groups of Division II*; remaining personal insurance and property insurance

MANAGEMENT BOARD:

President of the Management Board: Erich Fischer (till 28.07.2005, since 29.07.2005 member of the MB)

Members of the Management Board: Jarosław Mastalerz
Michał Gomowski

SUPERVISORY BOARD:

Chairman: Dietrich Karner (since 24.03.2005 r.)
Karl Stoss (till 24.03.2005 r.)

Members of the Supervisory Board: Werner Moertel
Walter Steidl
Valter Trevisani
Luciano Cirina (since 24.03.2005)
Lorenzo Kravina (till 28.09.2005)

Selected financial data:

(Thousands PLN)	2003	2004	2005
Gross written premium	129 417	296 915	281 894
Net premium written	28 187	103 851	103 834
Gross technical provisions	98 983	295 146	366 434
Net technical provisions	33 909	120 576	154 285
Investments	216 070	372 358	424 827
Share capital	190 210	190 210	190 210
Number of employees	217	292	329

*indicated in the appendix to the legal act on insurance activity

files

Company: **Generali Życie Towarzystwo Ubezpieczeń S.A.**

Headquarters: ul. Postępu 15
02-676 Warszawa

Share capital: 61 M PLN

Shareholder: Generali Holding Vienna AG

Licence: 6 January 1998

Scope of activity: All groups of Division I*, life insurance

MANAGEMENT BOARD:
President
of the Management Board: Erich Fischer

**Members
of the Management Board:** Jarosław Mastalerz
Michał Gomowski

SUPERVISORY BOARD:
Chairman: Karl Stoss (since 24.03.2005)
Dietrich Karner (till 24.03.2005)

**Members
of the Supervisory Board:** Werner Moertel
Walter Steidl
Valter Trevisani
Luciano Cirina (since 24.03.2005)
Lorenzo Kravina (till 28.09.2005)

Selected financial data:

(Thousands PLN)	2003	2004	2005
Gross written premium	113 622	174 927	435 750
Net premium written	106 569	134 303	430 322
Gross technical provisions	298 782	424 003	664 794
Net technical provisions	292 795	423 512	663 451
Investments	357 057	508 962	756 722
Share capital	61 000	61 000	61 000
Number of employees	150	215	173

*indicated in the appendix to the legal act on insurance activity

Company: Generali Powszechne Towarzystwo Emerytalne S.A.

Headquarters: ul. Postępu 15
02-676 Warszawa

Share capital: 145,5 M PLN

Shareholder: Generali Holding Vienna AG – 3,44% votes
Generali T.U. S.A. – 96,56 % votes

Licence: 8 January 1999

Scope of activity: Generali OFE management

MANAGEMENT BOARD: Artur Olech
Piotr Pindel
Jacek Smolarek (since 30.03.2005)

SUPERVISORY BOARD:
Chairman: Werner Moertel

**Members
of the Supervisory Board:** Walter Steidl
Karol Lutkowski
Maciej Zieliński
Lorenzo Kravina (till 23.02.2005)

Selected financial data:

(Thousands PLN)	2003	2004	2005
Assets under management	1 481 544	2 101 419	2 935 400
Revenue from sales	51 376	42 900	45 632
Net income	49 860	17 319	10 123
Subscribed capital	145 500	145 500	145 500
Number of employees	73	81	144

Company: Generali Finance Sp. z o.o.

Headquarters: ul. Postępu 15
02-676 Warszawa

Share capital: 22,05 M PLN

Shareholder: Generali Powszechne Towarzystwo Emerytalne S.A.

Scope of activity: Service company, supporting insurance and pension funds activity (transfer agent); financial agent, support of financial activity.

MANAGEMENT BOARD:
President
of the Management Board: Erich Fischer

Members
of the Management Board: Jarosław Mastalerz
Michał Gomowski

SUPERVISORY BOARD:
Chairman: Werner Moertel

Members
of the Supervisory Board: Walter Steidl
Peter Wilk
Luciano Cirina (since 25.03.2005)
Lorenzo Kravina (till 28.09.2005)

Number of employees: 360

Generali in History

Generali in Poland

- 1837** The first Generali branches are established on the Polish territory.
- 1925** Generali obtains the right to conduct business on the whole territory of Poland.
- 1925 -1939** In the interwar period, Generali operates offices in all major Polish cities, including Warsaw, Lvov, Cracow, Katowice, Poznan, Lodz and Vilnius. In cooperation with an Austrian company Erste Allgemeine Versicherung, Generali purchases shares of three Polish companies: Generali Port – Polonia, Patria and Varsaviana.
- 1948** All private and foreign insurance companies, including Generali, are denied the right to conduct business in Poland.
- 1998** Generali returns to Poland as Generali – Risk Consulting Sp. z o.o.
- 5 July 1999** Generali acquires a permit from the Ministry of Finance to operate in the area of life insurance and the remaining personal and property insurance. Two insurance companies are established: Generali Towarzystwo Ubezpieczeń S.A. and Generali Życie Towarzystwo Ubezpieczeń S.A.
- 26 March 2002** Generali Holding Vienna AG signs an agreement with Zurich Financial Services for the take-over of two insurance companies by Generali (Zurich Towarzystwo Ubezpieczeń S.A., Zurich Towarzystwo Ubezpieczeń na Życie S.A.) and Zurich Powszechne Towarzystwo Emerytalne S.A. managing the Zurich Open Pension Fund.

Poland -

Generali Group in Poland

 Generali in Poland-
History

 Management Report of
Generali T.U. S.A. and
Generali Życie T.U. S.A.

 Financial Statement of
Generali T.U. S.A.

 Financial Statement of
Generali Życie T.U. S.A.

 Management Report of
Generali PTE S.A.

 Financial Statement of
Generali PTE S.A.

6 November 2002

Generali Holding Vienna AG purchases shares of the Zurich Towarzystwo Ubezpieczeń na Życie S.A., Zurich Towarzystwo Ubezpieczeń S.A. and Zurich Powszechne Towarzystwo Emerytalne S.A., becoming the owner of these companies.

11 April 2003

Zurich Powszechne Towarzystwo Emerytalne S.A. becomes Generali Powszechne Towarzystwo Emerytalne S.A.

8 May 2003

The fund's name is changed from Zurich Otwarty Fundusz Emerytalny to Generali Otwarty Fundusz Emerytalny.

January 2004

The merge of Generali T.U. S.A. with Zurich T.U. S.A. and Generali Życie T.U. S.A. with Zurich T.U. na Życie S.A. is completed. As of this moment, Generali Poland Group includes the following companies:

- Generali Towarzystwo Ubezpieczeń S.A.
- Generali Życie Towarzystwo Ubezpieczeń S.A.
- Generali Powszechne Towarzystwo Emerytalne S.A.
- Generali Finance Sp. z o.o.

December 2005

Generali has 35 branches in Poland and employs over 500 people.

Product rang

Generali Poland Group – life insurance offer*

Insurance for individual clients

1. LEW PARTNER life and endowment insurance
2. LEW JUNIOR dowry insurance
3. LEW SENIOR life insurance
4. LWIA OCHRONA accident package
5. Insurance plan for long-term family welfare
6. Insurance plan for long-term family welfare with medical clauses
7. Insurance plan to ensure education costs
8. Insurance plan for long-term family welfare – version M1,
9. Insurance plan for long-term family welfare with medical clauses – version M1,
10. Insurance plan to ensure education costs – version M1,
11. Children's savings plan
12. Unit-linked pension and investment plan
13. Systematic pension and investment plan
14. Insurance plan for short-term family welfare
15. Insurance plan for short-term family welfare with medical clauses
16. Loan security plan
17. Business partner protection plan
18. Unit-linked insurance with IKE rider,
19. Individual pension account (IKE),
20. Annuity term life insurance,

Insurance for corporate clients

1. CERTUM group life insurance
2. CERTUM MAX group life insurance
3. OPTIMUM 144 unit-linked group life insurance
4. Employee pension schemes
5. Individual prolongation of the group life insurance.

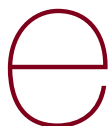
Generali Poland Group – non life insurance offer*

Insurance for individual clients

1. Property insurance
2. LEW DOMOWNIK comprehensive household insurance
3. LEW PRYWATNIE third party liability in private life insurance
4. LEW BUDOWNICZY buildings and buildings under construction insurance.
5. LEW LOKATOR household insurance
6. Cyberinsurance

Personal insurance

1. Insurance for individual clients
2. LEW PRZYJACIEL personal accident insurance – serious injuries
3. LEW PRZYJACIEL personal accident insurance – permanent disability
4. LEW PODRÓŻNIK travel insurance



Product range	Management Report of Generali T.U. S.A. and Generali Zycie T.U. S.A.
	Financial Statement of Generali T.U. S.A.
	Financial Statement of Generali Zycie T.U. S.A.
	Management Report of Generali PTE S.A.
	Financial Statement of Generali PTE S.A.

Motor insurance

1. Motor third-party liability in domestic and international traffic (Green Card)
2. Border insurance
3. Motor own damage and theft insurance
4. Personal accident insurance for drivers and passengers of vehicle
5. LEW POMOCNIK Generali Assistance insurance
6. LEW ADWOKAT legal protection insurance in road traffic

Insurance for corporate clients

1. Property insurance
 - Fire and allied perils property insurance
 - Burglary and robbery property insurance
 - All risks property insurance
 - Business interruption insurance
2. Technical insurance
 - Construction plant and machinery (CMP)
 - Machinery breakdown
 - Electronic equipment insurance .
 - Construction all risks insurance (CAR)
 - Erection all risks insurance (EAR)
 - Commercial property insurance
3. Third-part liability insurance
4. Transport insurance .
 - Cargo insurance (cargo)
 - Carrier's third-party liability insurance in domestic and international carriage
 - Shipper's third-party liability
5. Financial insurance
6. LEW PRZEDSIĘBIORCA small business insurance package
7. Financial loss insurance for entrepreneurs

Motor insurance

1. Motor third-party liability in domestic and international traffic (Green Card)
2. Border insurance
3. Motor own damage and theft insurance
4. Personal accident insurance for drivers and passengers of vehicle
5. LEW POMOCNIK Generali Assistance insurance
6. LEW ADWOKAT legal protection insurance in road traffic

Group personal insurance

1. LEW Przyjaciel personal accident insurance – permanent disability,
2. LEW Przyjaciel personal accident insurance – permanent health impairment,
3. LEW PODRÓŻNIK travel insurance,
4. LEW UCZENÍ accident insurance for the students and staff of educational institutions,
5. LEW STUDENT accident insurance for academies.

Membership in Generali Open Pension Fund

Generali Vienna Gro

A financial services provider for Central and Eastern Europe

The Generali Vienna Group is a fully integrated financial services provider whose activities span Austria and Central and Eastern Europe.

The Group is headed by parent Generali Holding Vienna AG, Vienna. It consists of over 40 companies in Central and Eastern Europe. They are mainly insurance companies, but they also include real estate, holding, finance, investment management and service companies, lease finance firms, pension funds and a bank.

Operating on eight national markets

Besides Austria, which is its traditional home market, the Generali Vienna Group operates in eight countries in Central and Eastern Europe. Its markets are home to over 100 million people and extend from the Alps to the Black Sea and from the Baltic to the Adriatic.

One of the market's leaders

The Generali Vienna Group's insurance companies in Austria, Hungary, the Czech Republic, Slovenia, Slovakia, Poland, Romania and Croatia recorded consolidated premium income of € 2.9 billion.

The Group is one of Austria's three largest insurance enterprises with a market share of about 14 per cent, and it ranks second in Hungary. The Group-members in its other national markets are also in a state of rapid growth.

U P – portrait

Expansion on Europe's new markets

High rates of growth in the new markets of Central and Eastern Europe have confirmed the strategy of the Generali Vienna Group: The subsidiaries in the new markets—Hungary, the Czech Republic, Slovakia, Slovenia, Romania, Poland and Croatia—recorded growth of 16.7 per cent. As a result, their relative contribution to the Group's aggregate premium income already came to 29 per cent in 2005. We entered the Serbian market in 2006 by acquiring a majority stake in Delta Osiguranje.

The Generali Group worldwide

The Generali Vienna Group is a part of the globally active Generali Group, whose Head Office has been in Trieste since it was founded in 1831. The Generali Group comprises 114 insurers spanning every continent as well as 50 holding and finance companies, 17 real-estate companies and 6 service providers. The Generali Group's global premium income grew by 13.1 per cent to € 62.8 billion during 2005. That makes Generali Europe's third-largest insurance group.

For more information visit:

www.generali-holding.at

www.generali.com

Supervisory Board's Re

Supervisory Board's Report Generali T.U. S.A., Generali Życie T.U. S.A.

The Supervisory Board carried out the tasks appertaining to it under the law and Company Articles throughout the year. During the meetings with the Management Board it regularly obtained information on the Company's business, activities and the financial position, and it supervised the activity of the Management Board.

PricewaterhouseCoopers Sp. z o.o. audited the financial statements and the Directors' Report for the year ended 31. December, and after the audit it confirmed that they comply with statutory rules and regulations.

The Supervisory Board approved the financial statement prepared by the Management Board, the Directors' Report for the year ended 31. December 2005, it does not have any objections to raise. The Supervisory Board recommends that the Shareholders' Meeting pass a resolution to this effect.

Warsaw, March 2006

On behalf of the Supervisory Board:

Dr. Karl Stoss

Chairman

ry port

Supervisory Board's Report Generali Powszechne Towarzystwo Emerytalne S.A..

The Supervisory Board carried out the tasks appertaining to it under the law and Company Articles throughout the year. During the meetings with the Management Board it regularly obtained information on the Company's business, activities and the financial position, and it supervised the activity of the Management Board.

PricewaterhouseCoopers Sp. z o.o. audited the financial statements and the Directors' Report for the year ended 31. December, and after the audit it confirmed that they comply with statutory rules and regulations.

The Supervisory Board approved the financial statement prepared by the Management Board, the Directors' Report for the year ended 31. December 2005, it does not have any objections to raise. The Supervisory Board recommends that the Shareholders' Meeting pass a resolution to this effect.

Warsaw, March 2006

On behalf of the Supervisory Board:

Werner Moertel

Chairman

Managememe

Generali T.U. S.A. oraz Genera



nt Report of

li Życie T.U. S.A.

Management of Generali T.U. S.A. and

The results which the Generali companies have achieved show that the Group is consistently implementing its strategic goals, which include Generali's presence in the largest insurance companies in Poland, as is the situation in many other European countries.

In 2005 the Generali Group's insurance companies accumulated the total of almost 718 million PLN of premium income, which was 52% more than in 2004. The life insurance company achieved great success and written gross premium increased by 149% (from 174.9 million PLN in 2004 to 435.7 million PLN in 2005); the property insurance company collected gross premium totalling 281.9 million PLN. The group's managed assets totalling about 3.8 billion PLN.

The most important events in the turnover year 2005 for Generali T.U. S.A.

In 2004 Generali noted very high dynamics of the written premium growth. In 2005 projects were initiated to increase the profitability of the portfolio acquired and a further improvement of the processes connected with its management. In the first half of the year the processes connected with the liquidation of damages were restructured, which resulted in rebuilding of the organizational structure of this division. Actions were taken to optimize the profitability of motor insurance by making changes in products and changes in the principles of cooperation with agents.

The products offered by Generali T.U. S.A. were expanded by other products connected with cooperation with banks: mortgage credit bridging insurance and a new travel insurance offered in cooperation with MultiBank.

The most important events in the turnover year 2005 for Generali Życie T.U. S.A.

In 2005 the company achieved very good results in the fields of new client acquisition, development of new distribution channels and the net financial result achieved. The insurance market saw significant growth in division I, mainly due to the development of the segment of single payment agreements.

The most important events of 2005 include:

- the launching of LeoLife product – a product with an investment fund sold via the Internet in cooperation with mBank,
- the launching of a new variety of life and pension insurance as well as extending the array of available investment funds connected with life insurance by adding a capital fund offered to the clients of BRE BANK S.A. within private banking.

Annual Report

Generali Życie T.U. S.A.

Deposits

The most important goals of the investment policy were high profitability in the long term while keeping the entrusted resources safe and maintaining the appropriate liquidity reserves.

The structure of deposits by currency at the end of 2005 was as follows:

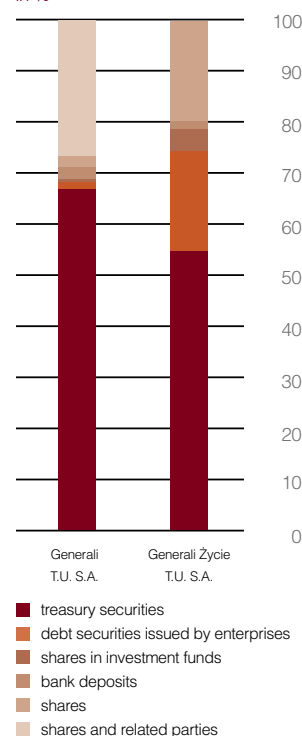
- Generali T.U. S.A.: 3.6% in foreign currency (EUR/USD), the remaining 96.4% in PLN,
- Generali Życie T.U. S.A.: 1.6% in foreign currency (EUR/USD) the remaining 98.4% in PLN.

At the end of the year the structure of deposits according to type was as follows:

- Generali T.U. S.A.*: treasury securities 66.9%, corporate debt securities 1.5%, bank deposits 2.4%, shares 2.0%, shares in investment funds 0.6%, shares and related parties 26.6%
- Generali Życie T.U. S.A.: treasury securities 54.8%, corporate debt securities 19.6%, bank deposits 1.6%, shares 19.6%, shares in investment funds 4.4% (the calculation of the structure of deposits was made taking into consideration net assets on account of life insurance in the case when the risk of the deposit is incurred by the insurer)

* without taking into consideration settlement resulting from transactions concluded on financial market

Structure of deposits in %



Generali T.U. Życie S.A. life company's financial results

In 2005 the written premium collected by Generali Życie T.U. S.A. increased by 149% (from PLN 174.9 million in 2004 to PLN 435.7 million in 2005). The growth resulted from a dynamic increase in bancassurance and a substantial development in the portfolio of individual and group contracts with regular premium payment. We are especially satisfied with the result in the insurance sector with regular premium payment, where the dynamics of written premium growth amounted to 16.8%, considerably exceeding the market average (dynamics of premium growth in three quarters of 2005 amounted to 4.6%).

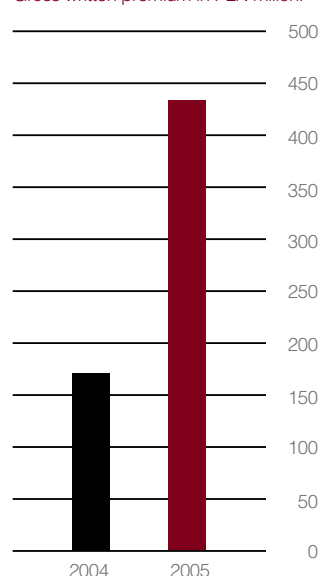
In 2005 the major part - 53% - of total written premium consisted of gross life insurance premium, followed by gross life insurance premium with capital fund, which comprised approx. 41% of total gross premium.

As compared to the end of 2004, a major increase of PLN 161.9 million (45.8%) has been recorded in the assets of the life insurance fund, where the investment risk is incurred by the insurer, which indicates a steady portfolio development.

The increase in the payments of compensations and gross benefits made by Generali Życie T.U. S.A was caused most of all by the growth in the amount of payments due to expiry of policies (from PLN 1.0m. to PLN 142.7m.).

Since 2005 the company has been recording a steadily growing rate of clients prolonging their contracts in the first year after taking out a policy. It is to a large extent a consequence of the change in the commission system made in 2004 (a system of advance payments on the yearly premium changed into a system of payments on the collected premium). Moreover, there are visible results of information activities, owing to which an increasing number of Generali clients is convinced about the benefits obtained from a long-term insurance protection.

Gross written premium in PLN million.



As compared to last year, in 2005 the company recorded a PLN 25.8 million improvement in the technical result (the technical result was positive and amounted to PLN 20.9 million) and a 13% decrease in administrative costs (from PLN 24.4 million in 2004 to PLN 21.2 million in 2005), caused by the optimization of internal procedures.

The company generated a net financial result of PLN 21.3 million. The result is visibly improved in comparison with last year's result.

The company continues to maintain a high level of security indexes. The index of covering technical-insurance reserves with assets amounted to 122% and the index of covering the solvency margin with own resources reached 428%.

Generali T.U. S.A. property insurance financial results

In 2005 Generali T.U. S.A. collected a total gross premium of PLN 281.9 million. The slight decrease in the premium resulted mainly from a reduction in the portfolio of insurance contracts concluded within the so-called international programmes.

The largest share in the company's portfolio consists of motor insurance (approx. 58.7%). The corporate insurance portfolio ranks second (35.3%).

In 2005 Generali T.U.S.A. generated a net financial result of minus PLN 25 million. The obtained financial results were mainly influenced by investments into development and restructuring of the motor insurance portfolio, the process services connected therewith (inter alia the claims handling structure was expanded) and a further growth of technical reserves.

At the same time it has to be pointed out that the net financial result obtained in the second half-year improved considerably, reaching PLN minus 5.1 million. The technical result gained in 2005 amounted to minus PLN 53.7 million and is PLN 10.8 million lower than the technical result obtained in 2004.

Also to be noted is the improved result of the investment activities from PLN 12.0 million in 2004 to PLN 18.9 million in 2005 (without taking into consideration shares in related parties).

The company continues to maintain high security indexes. The level of covering the solvency margin with own resources amounted to 558%. The index of covering technical-insurance reserves with assets also continues to maintain a safe level, which amounted to 115% at the end of December 2005.

Plans for 2006

Generali Życie T.U. S.A.

Using the growth tendency of the market and the experience gained in previous years, the Company's most important goals for 2006 include:

- Further development of cooperation with banks (new products, new partners)
- Active development of its own sales network
- Further quality development of the existing portfolio maintenance

Further development of portfolio is planned as well as the growth of written gross premium and simultaneous stabilization of the company's positive financial result.

Generali T.U. S.A.

Major goals for 2006 include:

- Achievement of a significant improvement in the technical result and net financial result
- Steady growth of market share
- Increase in profitability of products sold
- Continuous development of own network of insurance agents
- Further increase in dynamics of cooperation with external sales channels

Summary

In 2006 Generali Group intends to continue the strategy from 2005 and achieve faster growth than in 2005. Some of the business solutions initiated in 2005 will be continued in the following year. Both our good results and increasing market share prove that the strategy adopted is appropriate. Additionally, the fact that 3 years after the merger, Generali Group has achieved a positive sum of results of the group's companies is a very good example of the above.

Financial Statement Generation



Generali Group in Poland

Management Report of
Generali T.U. S.A. and
Generali Zycie T.U. S.A.

**Financial Statement of
Generali T.U. S.A.**

Financial Statement of
Generali Zycie T.U. S.A.

Management Report of
Generali PTE S.A.

Financial Statement of
Generali PTE S.A.

Statement of Generali T.U. S.A.

Balance Sh

Assets	2005	
	31.12.2005	31.12.2004
In thousands PLN	PLN	PLN
A. Intangible assets	254	102
1. Goodwill	0	0
2. Other intangible assets and advances for intangible assets	254	102
B. Investments	424 827	372 358
I. Land and buildings	0	0
1. Own land and right for perpetual use of land	0	0
2. Buildings and co-operative property ownership	0	0
3. Building investments and advances for these investments	0	0
II. Investments in affiliated undertakings	113 268	103 829
1. Shares or participating interests in affiliated undertakings	113 268	103 829
2. Debt securities issued by, and loans to, affiliated undertakings	0	0
3. Other investments	0	0
III. Other financial investments	311 559	268 529
1. Shares, participating interests and other variable-yield securities, units and investment certificates in investment funds	11 064	7 691
2. Debt securities and other fixed-income securities	290 489	250 879
3. Participation in investment pools	0	0
4. Loans guaranteed by mortgages	0	0
5. Other loans	0	0
6. Deposits with credit institutions	10 006	9 959
7. Other investments	0	0
IV. Deposits with ceding undertakings	0	0
C. Investments for the benefit of life assurance policyholders who bear the investment risk	0	0
D. Debtors	173 467	117 685
I. Direct insurance debtors	79 154	67 279
1. Debtors from policyholders	77 479	66 789
1.1. From affiliated undertakings	0	0
1.2. From other undertakings	77 479	66 789
2. Debtors from insurance intermediaries	779	258
2.1. From affiliated undertakings	0	0
2.2. From other undertakings	779	258
3. Other debtors	896	232



	2005	
3.1. From affiliated undertakings	0	0
3.2. From other undertakings	896	232
II. Debtors arising out of reinsurance operations	91 368	46 896
1. From affiliated undertakings	0	0
2. From other undertakings	91 368	46 896
III. Other debtors	2 945	3 510
1. Budget debtors	30	0
2. Other debtors	2 915	3 510
2.1. From affiliated undertakings	47	4
2.2. From other undertakings	2 868	3 506
E. Other assets	3 029	2 489
I. Tangible assets	1 839	1 910
II. Cash	1 190	579
III. Other assets	0	0
F. Prepayments and accrued income	15 131	16 887
I. Assets from deferred income tax	0	0
II. Activated acquisition costs	14 983	16 723
III. Accrued interest and rent	0	0
IV. Other prepayments and accrued income	148	164
Total Assets	616 708	509 521

Balance Sh

Liabilities	2005	
	31.12.2005	31.12.2004
In thousands PLN	PLN	PLN
A. Capital and reserves	128 484	148 576
I. Subscribed capital	190 210	190 210
II. Called-up subscribed capital (negative value)	0	0
III. Own shares (negative value)	0	0
IV. Reserve capital (fund)	60 927	60 927
V. Revaluation capital (fund)	8 477	3 608
VI. Other reserve capital	10 000	10 000
VII. Profit (loss) from previous years	-116 169	-107 889
VIII. Net profit (loss)	-24 961	-8 280
B. Subordinated liabilities	0	0
C. Technical provisions	366 434	295 146
I. Provision for unearned premiums and provision for unexpired risk	139 050	154 783
II. Life assurance provision	0	0
III. Provision for claims outstanding	226 847	140 058
IV. Provision for bonuses and rebates	85	95
V. Equalisation provision	452	210
VI. Provisions for return of premiums to members	0	0
VII. Other technical provisions	0	0
VIII. Technical provisions for life assurance policies where the investment risk is borne by the policyholders	0	0
D. Reinsurers' share in technical provisions (negative value)	212 149	174 570
I. Reinsurers' share in provision for unearned premiums and provision for unexpired risk	80 813	89 552
II. Reinsurers' share in life assurance provision	0	0
III. Reinsurers' share in provision for claims outstanding	131 293	84 965
IV. Reinsurers' share in provision for bonuses and rebates	43	53
V. Reinsurers' share in other technical provisions	0	0
VI. Reinsurers' share in technical provisions for life assurance policies where the investment risk is borne by the policyholders	0	0
E. Estimated recourses and claims returns (negative value)	420	339
I. Estimated gross recourses and claims returns	840	678
II. Reinsurers' share in estimated recourses and claims returns	420	339
F. Other provisions	12	45

eet

	2005	
I. Other provisions	0	0
II. Provision for deferred income tax	0	0
III. Other provisions	12	45
G. Deposits received from reinsurers	165 953	136 976
H. Creditors and special funds	139 719	76 313
I. Creditors arising out of direct insurance	10 284	12 883
1. Creditors to policyholders	10 021	12 377
1.1. With regard to affiliated undertakings	0	0
1.2. With regard to other undertakings	10 021	12 377
2. Creditors to insurance intermediaries	263	91
2.1. With regard to affiliated undertakings	0	0
2.2. With regard to other undertakings	263	91
3. Other insurance creditors	0	415
3.1. With regard to affiliated undertakings	0	0
3.2. With regard to other undertakings	0	415
II. Creditors arising out of reinsurance operations	127 899	57 089
1. With regard to affiliated undertakings	0	0
2. With regard to other undertakings	127 899	57 089
III. Creditors arising out issue of own debt securities and loans taken	0	5 000
1. Creditors convertible to insurance company shares	0	0
2. Others	0	5 000
IV. Amounts owed to credit institutions	0	0
V. Other creditors	1 443	1 239
1. Budget creditors	394	409
2. Other creditors	1 049	830
2.1. With regard to affiliated undertakings	91	22
2.2. With regard to other undertakings	958	808
VI. Special funds	93	102
I. Accruals and deferred income	28 675	27 374
1. Accruals	18 335	16 566
2. Negative goodwill	0	0
3. Deferred income	10 340	10 808
Total Liabilities	616 708	509 521

Profit and loss stat

General Income Statement

In thousand PLN

2005

	31.12.2005	31.12.2004
	PLN	PLN
I. Technical account - Non-life insurance	-53 668	-42 856
II. Investment income	29 517	34 346
1. Income from land and buildings	0	0
2. Income from investments in affiliated undertakings	9 365	20 881
2.1. From shares and participating interests	9 365	20 177
2.2. From loans and debt securities	0	704
2.3. From other investments	0	0
3. Income from other financial investments	14 639	8 978
3.1. From shares, participating interests and other variable-yield securities, units and investment certificates in investment funds	125	57
3.2. From debt securities and other fixed-income securities	14 125	8 679
3.3. From deposits with credit institutions	389	242
3.4. From other investments	0	0
4. Gains on re-adjustments on investments	0	0
5. Gains on the realisation of investments	5 513	4 487
III. Unrealised gains on investments	39	0
IV. Net returns on investments including costs, transferred from the technical life insurance account	0	0
V. Investments charges (1+2+3+4)	705	1 762
1. Maintenance of land and buildings charges	0	0
2. Other investment charges	146	139
3. Losses on re-adjustments on investments	0	0
4. Losses on the realisation of investments	559	1 623
VI. Unrealised losses on investments	542	398
VII. Net returns on investments including costs, transferred from the technical non-life insurance account	0	0
VIII. Other operating income	2 349	4 421
IX. Other operating expenses	1 951	2 032
X. Profit (loss) on operation activity	-24 961	-8 281
XI. Extraordinary profits	0	0
XII. Extraordinary losses	0	0
XIII. Gross profit (loss)	-24 961	-8 281
XIV. Income tax	0	0
XV. Other mandatory profit reductions (increase of losses)	0	0
XVI. Net profit (loss)	-24 961	-8 281

ement

Technical non-life insurance account

In thousand PLN

2005

	31.12.2005	31.12.2004
	PLN	PLN
I. Earned premiums (1-2-3+4)	110 829	57 103
1. Gross written premiums	281 894	296 915
2. Share of reinsurers in written premium	178 060	193 064
3. Change in gross provision for unearned premiums and provision for unexpired risk	-15 734	98 342
4. Reinsurers' share in change of provision for unearned premiums	-8 739	51 594
II. Net returns on investment including costs, transferred from the profit and loss account	0	0
III. Other technical income - net of reinsurance	3 149	6 199
IV. Claims incurred (1+2)	120 466	72 967
1. Claims paid - net of reinsurance	80 086	33 306
1.1. Gross claims paid	154 217	79 100
1.2. Reinsurers' share in gross claims paid	74 131	45 794
2. Change in provision for claims outstanding - net of reinsurance	40 380	39 661
2.1. Gross provisions	86 627	97 203
2.2. Reinsurers' share	46 247	57 542
V. Change in other technical provisions - net of reinsurance	0	0
1. Gross provisions	0	0
2. Reinsurers' share	0	0
VI. Bonuses and rebates including change in provisions - net of reinsurance	102	63
VII. Operating expenses	28 647	25 223
1. Acquisition costs	38 627	28 157
1.1. including change in activated acquisition costs	1 740	-11 050
2. Administrative expenses	27 661	30 898
3. Reinsurance commissions and profit participation	37 641	33 832
VIII. Other technical costs - net of reinsurance	18 189	8 015
IX. Change in equalisation provisions	242	-110
X. Balance on technical non-life insurance account	-53 668	-42 856

Cash Flow Statement

In thousands PLN	2005	
	31.12.2005	31.12.2004
	PLN	PLN
A. Cash flow from operating activities		
I. Proceeds	388 784	503 413
1. Proceeds on direct activities and reinsurance accepted	267 048	262 134
1.1. Gross premium proceeds	266 633	260 994
1.2. Gross recourse and claims return proceeds	411	1 140
1.3. Other proceeds on direct activities	4	0
2. Outwards reinsurance proceeds	114 549	225 002
2.1. Proceeds from reinsurers resulting from their share in claims	43 178	60 698
2.2. Proceeds from reinsurer commission and profit participation	32 525	67 810
2.3. Other outward reinsurance proceeds	38 846	96 494
3. Proceeds on other operating activities	7 187	16 277
3.1. Proceeds resulting from activities of average adjuster	5 506	3 047
3.2. Sale of intangible assets and tangible fixed assets except for investments	76	48
3.3. Other proceeds	1 605	13 182
II. Expenses	364 063	381 909
1. Expenses for direct activities and reinsurance accepted	224 628	143 394
1.1. Gross premiums return	4 574	2 944
1.2. Gross claims paid	131 982	66 397
1.3. Expenses on acquisition	35 338	30 335
1.4. Administration expenses	25 626	27 725
1.5. Expenses on claim handling and vindication of claims recoveries	23 222	13 526
1.6. Commission and profit participation on reinsurance accepted paid	19	0
1.7. Other expenses on direct activities and reinsurance accepted	3 867	2 467
2. Outwards reinsurance proceeds	132 381	232 626
2.1. Premiums paid for outwards reinsurance	127 833	226 780
2.2. Other outwards reinsurance expenses	4 548	5 846
3. Expenses on other operating activities	7 064	5 889
3.1. Expenses resulting from activities of average adjuster	4 402	3 163
3.2. Purchase of intangible assets and tangible fixed assets except for investments	1 144	857
3.3. Other operating expenses	1 508	1 869
III. Total net cash flow from operating activities (I-II)	24 721	121 504
B. Cash flow from investment activities		
I. Proceeds	2 064 261	1 641 014
1. Sale of land and buildings	0	0
2. Sale of shares, participating interests in affiliated undertakings	0	0
3. Sale of shares, participating interests other undertakings, as well as of units and investment certificates in investment funds	6 773	7 715
4. Realisation of debt securities issued by affiliated undertakings and repayment of their loans	0	0
5. Realisation of debt securities issued by other undertakings	548 588	298 410

	2005	
6. Liquidation of deposits with credit institutions	1 491 717	11 310 926
7. Realisation of other investments	0	14 000
8. Proceeds from land and buildings	0	0
9. Interest received	17 058	9 906
10. Dividend received	125	57
11. Other investments proceeds	0	0
II. Expenses	2 083 047	1 762 132
1. Purchase of land and buildings	0	0
2. Purchase of shares, participating interests in affiliated undertakings	0	0
3. Purchase of shares, participating interests in other undertakings, as well as of units and certificates in investment funds	6 981	9 257
4. Purchase of debt securities issued by affiliated undertakings and repayment of granting them loans	0	0
5. Purchase of debt securities issued by other undertakings	584 030	427 255
6. Purchase of deposits with credit institutions	1 491 890	1 313 482
7. Purchase of other investments	0	12 000
8. Expenses on maintenance of land and buildings	0	0
9. Other investments expenses	146	138
III. Total net cash flow from investment activities (I-II)	-18 786	- 121 118
C. Cash flow form investment activities		
I. Proceeds	0	0
1. Net proceeds on issue of shares and surcharge to capital	0	0
2. Loans, credits and issue of debt securities	0	0
3. Other financial proceeds	0	0
II. Expenses	5 325	0
1. Expenses	0	0
2. Payments for profit division other than dividend	0	0
3. Purchase of own shares	0	0
4. Repayment of loans, credits and redemption of own debt securities	5 000	0
5. Interest on credits, loans and debt securities issued	325	0
6. Other financial expenses	0	0
III. Total net cash flow from financial activities (I-II)	-5 325	0
D. Total net cash flow (A.III ± B.III ± C.III)	610	386
E. Change in cash on balance sheet:	611	401
including change in cash due to difference in exchange rates	1	15
F. Cash at the beginning of period	580	179
G. Cash at the end of period (F ± D):	1 190	565
including those of limited possibilities of allocation	0	0

Registered Opinion*

To the Shareholders of Generali Towarzystwo Ubezpieczeń S.A.

The financial information presented on pages from 24 to 31 of the accompanying Annual report 2005, consisting of the balance sheet as at 31 December 2005, the technical income statement of property and casualty insurance, the general income statement and the cash flow statement for the period from 1 January to 31 December 2005 („the financial information”) of Generali Towarzystwo Ubezpieczeń S.A. in Warsaw, ul. Postępu 15 („the Company”) was prepared by the Management Board of the Company based on the audited financial statements of the Company for the period from 1 January to 31 December 2005 („the financial statements”).

The financial information is the responsibility of the Management Board of the Company. Our responsibility was to express an opinion, whether the financial information, in all material respects, is consistent with the financial statements from which it was derived.

The financial statements, based on which the financial information was prepared, were audited by us in accordance with Chapter 7 of the Accounting Act of 29 September 1994 (Uniform text, Journal of Laws of 2002, No. 76, item 694, with further amendments) and auditing standards issued by the National Council of Registered Auditors in Poland. On 24 February 2006 we issued an unqualified audit opinion on these financial statements.

Generali T.U. S.A.

Auditor's

Generali Group in Poland

 Management Report of
 Generali T.U. S.A. and
 Generali Życie T.U. S.A.

**Financial Statement of
 Generali T.U. S.A.**

Registered Auditor's
OpinionFinancial Statement of
Generali Życie T.U. S.A.

 Management Report of
 Generali PTE S.A.

 Financial Statement of
 Generali PTE S.A.

In our opinion, the financial information presented on pages from 24 to 31 of the accompanying Annual report 2005 is consistent, in all material respects, with the full annual financial statements from which it was derived.

For a fuller understanding of the Company's financial position as at 31 December 2005, the results of its operations for the period from 1 January to 31 December 2005 and the scope of our audit, the financial information should be read in conjunction with the financial statements from which it was derived and our audit opinion and audit long-form report thereon.

On behalf of PricewaterhouseCoopers Sp. z o.o.:

Andrzej Konopacki PricewaterhouseCoopers Sp. z o.o.

Andrzej J. Konopacki
Board Member

Registered Auditor
No. 1750/287

Registered Audit Company
No. 144

Warsaw, 7 November 2006

* Translation of the registered auditor's opinion on the financial statement of Generali Życie Towarzystwo Ubezpieczeń S.A. The financial statement has been prepared in accordance with the Accounting Act of 29 September 1994 and is available in the Headquarters of Generali. The enclosed Registered Auditor's Opinion was issued on the complete financial statement in accordance with the Accounting Act (with all required Appendixes), in which all figures were expressed in PLN.

Financial Sta

Generali Žyci



Generali Group in Poland

Management Report of
Generali T.U. S.A. and
Generali Zycie T.U. S.A.

Financial Statement of
Generali T.U. S.A.

**Financial Statement of
Generali Zycie T.U. S.A.**

Management Report of
Generali PTE S.A.

Financial Statement of
Generali PTE S.A.

tement of
e T.U. S.A.

Balances

Assets	2005	
	31.12.2005	31.12.2004
In thousands PLN	PLN	PLN
A. Intangible assets	158	117
1. Goodwill	0	0
2. Other intangible assets and advances for intangible assets	158	117
B. Investments	241 750	155 892
I. Land and buildings	0	0
1. Own land and right for perpetual use of land	0	0
2. Buildings and co-operative property ownership	0	0
3. Building investments and advances for these investments	0	0
II. Investments in affiliated undertakings	0	0
1. Shares or participating interests in affiliated undertakings	0	0
2. Debt securities issued by, and loans to, affiliated undertakings	0	0
3. Other investments	0	0
III. Other financial investments	241 750	155 892
1. Shares, participating interests and other variable-yield securities, units and investment certificates in investment funds	5 505	12 077
2. Debt securities and other fixed-income securities	226 151	118 178
3. Participation in investment pools	0	0
4. Loans guaranteed by mortgages	0	0
5. Other loans	0	18 131
6. Deposits with credit institutions	10 094	7 506
7. Other investments	0	0
IV. Deposits with ceding undertakings	0	0
C. Investments for the benefit of life assurance policyholders who bear the investment risk	514 972	353 070
D. Debtors	13 644	50 812

heet

	2005	
I. Direct insurance debtors	6 609	5 644
1. Debtors from policyholders	6 486	5 605
1.1. From affiliated undertakings	0	0
1.2. From other undertakings	6 486	5 605
2. Debtors from insurance intermediaries	123	39
2.1. From affiliated undertakings	0	0
2.2. From other undertakings	123	39
3. Other debtors	0	0
3.1. From affiliated undertakings	0	0
3.2. From other undertakings	0	0
II. Debtors arising out of reinsurance operations	2 659	43 784
1. From affiliated undertakings	0	0
2. From other undertakings	2 659	43 784
III. Other debtors	4 376	1 384
1. Budget debtors	1 125	540
2. Other debtors	3 251	844
2.1. From affiliated undertakings	0	0
2.2. From other undertakings	3 251	844
E. Other assets	2 848	2 797
I. Tangible assets	1 699	2 099
II. Cash	1 149	698
III. Other assets	0	0
F. Prepayments and accrued income	37 680	35 378
I. Assets from deferred income tax	0	0
II. Activated acquisition costs	35 702	34 147
III. Accrued interest and rent	0	0
IV. Other prepayments and accrued income	1 978	1 231
Total Assets	811 052	598 066

Balances

Liabilities	2005	
	31.12.2005	31.12.2004
In thousands PLN	PLN	PLN
A. Capital and reserves	99 598	75 909
I. Subscribed capital	61 000	61 000
II. Called-up subscribed capital (negative value)	0	0
III. Own shares (negative value)	0	0
IV. Reserve capital (fund)	105 157	105 157
V. Revaluation capital (fund)	3 329	916
VI. Other reserve capital	10 000	10 000
VII. Profit (loss) from previous years	-101 165	-99 514
VIII. Net profit (loss)	21 277	-1 650
B. Subordinated liabilities	0	0
C. Technical provisions	664 794	424 003
I. Provision for unearned premiums and provision for unexpired risk	3 077	2 482
II. Life assurance provision	137 491	60 876
III. Provision for claims outstanding	7 521	6 213
IV. Provision for bonuses and rebates	1 733	1 362
V. Equalisation provision	0	0
VI. Provisions for return of premiums to members	0	0
VII. Other technical provisions	0	0
VIII. Technical provisions for life assurance policies where the investment risk is borne by the policyholders	514 972	353 070
D. Reinsurers' share in technical provisions (negative value)	1 342	491
I. Reinsurers' share in provision for unearned premiums and provision for unexpired risk	97	8
II. Reinsurers' share in life assurance provision	22	0
III. Reinsurers' share in provision for claims outstanding	1 223	483
IV. Reinsurers' share in provision for bonuses and rebates	0	0
V. Reinsurers' share in other technical provisions	0	0
VI. Reinsurers' share in technical provisions for life assurance policies where the investment risk is borne by the policyholders	0	0
E. Estimated recourses and claims returns (negative value)	0	0
I. Estimated gross recourses and claims returns	0	0
II. Reinsurers' share in estimated recourses and claims returns	0	0
F. Other provisions	757	110

heet

	2005	
I. Other provisions	0	0
II. Provision for deferred income tax	0	0
III. Other provisions	757	110
G. Deposits received from reinsurers	1 343	491
H. Creditors and special funds	10 526	64 081
I. Creditors arising out of direct insurance	6 248	6 400
1. Creditors to policyholders	4 559	4 780
1.1. With regard to affiliated undertakings	0	0
1.2. With regard to other undertakings	4 559	4 780
2. Creditors to insurance intermediaries	1 689	1 358
2.1. With regard to affiliated undertakings	0	0
2.2. With regard to other undertakings	1 689	1 358
3. Other insurance creditors	0	262
3.1. With regard to affiliated undertakings	0	0
3.2. With regard to other undertakings	0	262
II. Creditors arising out of reinsurance operations	3 633	57 098
1. With regard to affiliated undertakings	0	0
2. With regard to other undertakings	3 633	57 098
III. Creditors arising out issue of own debt securities and loans taken	0	0
1. Creditors convertible to insurance company shares	0	0
2. Others	0	0
IV. Amounts owed to credit institutions	0	0
V. Other creditors	587	533
1. Budget creditors	262	331
2. Other creditors	325	202
2.1. With regard to affiliated undertakings	0	0
2.2. With regard to other undertakings	325	202
VI. Special funds	58	50
I. Accruals and deferred income	35 376	33 963
1. Accruals	3 722	4 030
2. Negative goodwill	0	0
3. Deferred income	31 654	29 933
Total Liabilities	811 052	598 066

Profit and loss statement

In thousands PLN	2005	
	31.12.2005 PLN	31.12.2004 PLN
I. Technical account - Non-life insurance	20 963	-4 923
II. Investment income	0	0
1. Income from land and buildings	0	0
2. Income from investments in affiliated undertakings	0	0
2.1. From shares and participating interests	0	0
2.2. From loans and debt securities	0	0
2.3. From other investments	0	0
3. Income from other financial investments	0	0
3.1. From shares, participating interests and other variable-yield securities, units and investment certificates in investment funds	0	0
3.2. From debt securities and other fixed-income securities	0	0
3.3. From deposits with credit institutions	0	0
3.4. From other investments	0	0
4. Gains on re-adjustments on investments	0	0
5. Gains on the realisation of investments	0	0
III. Unrealised gains on investments	0	0
IV. Net returns on investments including costs, transferred from the technical life insurance account	0	0
V. Investments charges (1+2+3+4)	0	0



	2005	
1. Maintenance of land and buildings charges	0	0
2. Other investment charges	0	0
3. Losses on re-adjustments on investments	0	0
4. Losses on the realisation of investments	0	0
VI. Unrealised losses on investments	0	0
VII. Net returns on investments including costs, transferred from the technical non-life insurance account	0	0
VIII. Other operating income	2 437	6 581
IX. Other operating expenses	2 123	3 308
X. Profit (loss) on operation activity	21 277	-1 650
XI. Extraordinary profits	0	0
XII. Extraordinary losses	0	0
XIII. Gross profit (loss)	21 277	-1 650
XIV. Income tax	0	0
XV. Other mandatory profit reductions (increase of losses)	0	0
XVI. Net profit (loss)	21 277	-1 650

Technical non - insurance acco

In thousand PLN	2005	
	31.12.2005 PLN	31.12.2004 PLN
I. Earned premiums (1-2-3+4)	429 817	133 358
1. Gross written premiums	435 750	174 927
2. Share of reinsurers in written premium	5 427	40 624
3. Change in gross provision for unearned premiums and provision for unexpired risk	595	326
4. Reinsurers' share in change of provision for unearned premiums	89	-619
II. Investment income (1+2+3+4)	64 421	37 696
1. Income from land and buildings	0	0
2. Income from investments in affiliated undertakings	0	0
2.1. From shares or participating interests	0	0
2.2. From loans and debt securities	0	0
2.3.. From other investments	0	0
3. Incomes from other financial investments	23 586	15 709
3.1. From shares, participating interests, other variable-yield securities, units and investment certificates in investment funds	3 212	1 008
3.2. From debt securities and other fixed-income securities	19 368	12 709
3.3. From deposits with credit institutions	935	820
3.4. From other investments	71	1 172
4. Gains on re-adjustments on investments	0	0
5. Gains on the realisation of investments	40 835	21 987
III. Unrealised gains on investments	28 100	21 919
IV. Other technical income - net of reinsurance	1 195	34 814
V. Claims incurred (1+2)	203 127	42 217

life unt

	2005	
1. Claims paid - net of reinsurance	202 560	42 067
1.1. Gross claims paid	203 739	47 182
2.2. Reinsurers' share in gross claims paid	1 179	5 115
2. Change in of provision for claims outstanding - net of reinsurance	568	150
2.1. Gross provisions	1 308	421
2.2. Reinsurers' share	740	271
VI. Change in other technical provisions - net of reinsurance (1+2)	238 495	128 937
1. Change in life assurance provision - net of reinsurance	76 593	51 870
1.1. Gross provisions	76 616	47 367
1.2. Reinsurers' share	23	-4 503
2. Change in technical provision for life-assurance policies where the investment risk is borne by policyholders	161 902	77 067
2.1. Gross provisions	161 902	76 742
2.2. Reinsurers' share	0	-325
VII. Bonuses and rebates including change in provisions - net of reinsurance	376	686
VIII. Operating expenses (1+2-3)	38 219	30 781
1. Acquisition costs	17 999	17 047
1.1. Including change in activated acquisition costs	-1 554	-1 296
2. Administrative expenses	21 190	24 440
3. Reinsurance commissions and profit participation	970	10 706
IX. Investment charges (1+2+3+4)	10 848	6 562
1. Maintenance of land and buildings charges	0	0
2. Other investments charges	1 235	1 149
3. Losses on re-adjustments on investments	0	0
4. Losses on the realisation of investments	9 613	5 413
X. Unrealised losses on investments	8 996	6 190
XI. Other technical costs - net of reinsurance	2 509	17 337
XII. Net returns on investment including costs, transferred to the profit and loss account	0	0
XIII. Balance on technical life insurance account	20 963	-4 923

Cash Flow Statement

In thousands PLN	2005	
	31.12.2005 PLN	31.12.2004 PLN
A. Cash flow from operating activities	176 082	104 312
I. Proceeds	477 980	200 288
1. Proceeds on direct activities and reinsurance accepted	435 237	176 428
1.1. Gross premium proceeds	435 131	176 317
1.2. Gross recourse and claims return proceeds	0	0
1.3. Other proceeds on direct activities	106	111
2. Outwards reinsurance proceeds	40 376	5 138
2.1. Proceeds from reinsurers resulting from their share in claims	5 249	329
2.2. Proceeds from reinsurer commission and profit participation	11 152	3 757
2.3. Other outward reinsurance proceeds	23 975	1 052
3. Proceeds on other operating activities	2 367	18 722
3.1. Proceeds resulting from activities of average adjuster	0	0
3.2. Sale of intangible assets and tangible fixed assets except for investments	142	163
3.3. Other proceeds	2 225	18 559
II. Expenses	301 898	95 976
1. Expenses for direct activities and reinsurance accepted	244 928	88 203
1.1. Gross premiums return	632	509
1.2. Gross claims paid	202 316	45 652
1.3. Expenses on acquisition	19 148	16 994
1.4. Administration expenses	20 687	23 624
1.5. Commission and profit participation on reinsurance accepted paid	1 685	1 271
1.6. Other expenses on direct activities and reinsurance accepted	0	0
2. Outwards reinsurance expenses	460	153
2.1. Premiums paid for outwards reinsurance	55 140	3 513
2.2. Other outwards reinsurance expenses	42 349	3 513
3. Expenses on other operating activities	12 791	0
3.1. Expenses resulting from activities of average adjuster	1 830	4 260
3.2. Purchase of intangible assets and tangible fixed assets except for investments	0	0
3.3. Other operating expenses	634	1 216
III. Total net cash flow from operating activities	1 196	3 044
B. Cash flow from investment activities	176 082	104 312
I. Proceeds	-175 631	-104 243
1. Sale of land and buildings	9 095 970	5 187 412
2. Sale of shares, participating interests in affiliated undertakings	0	0
3. Sale of shares, participating interests other undertakings, as well as of units and investment certificates in investment funds	0	0
4. Realisation of debt securities issued by affiliated undertakings and repayment of their loans	332 790	209 321
5. Realisation of debt securities issued by other undertakings	0	0

	2005	
6. Liquidation of deposits with credit institutions	3 969 944	903 800
7. Realisation of other investments	4 710 088	4 051 971
8. Proceeds from land and buildings	18 000	40
9. Interest received	0	0
10. Dividend received	62 534	21 272
11. Other investments proceeds	2 614	1 008
II. Expenses	0	0
1. Purchase of land and buildings	9 271 601	5 291 655
2. Purchase of shares, participating interests in affiliated undertakings	0	0
3. Purchase of shares, participating interests in other undertakings, as well as of units and certificates in investment funds	0	0
4. Purchase of debt securities issued by affiliated undertakings and repayment of granting them loans	320 383	246 480
5. Purchase of debt securities issued by other undertakings	0	0
6. Purchase of deposits with credit institutions	4 236 282	971 411
7. Purchase of other investments	4 713 695	4 054 407
8. Expenses on maintenance of land and buildings	0	18 000
9. Other investments expenses	0	0
III. Total net cash flow from investment activities (I-II)	1 241	1 357
C. Cash flow from financial activities	-175 631	-104 243
I. Cash flow from financial activities	0	0
1. Net proceeds on issue of shares and surcharge to capital	0	0
2. Loans, credits and issue of debt securities	0	0
3. Other financial proceeds	0	0
II. Expenses	0	0
1. Dividend	0	0
2. Payments for profit division other than dividend	0	0
3. Purchase of own shares	0	0
4. Repayment of loans, credits and redemption of own debt securities	0	0
5. Interest on credits, loans and debt securities issued	0	0
6. Other financial expenses	0	0
III. Total net cash flow from financial activities (I-II)	0	0
D. Total net cash flow (A.III_B.III_C.III)	451	69
E. Change in cash on balance sheet:	451	68
including change in cash due to difference in exchange rates	0	-1
F. Cash at the beginning of period	698	630
G. Cash at the end of period (F+D):	1 149	699
including those of limited possibilities of allocation	0	0

Registered Opinion*

To the Shareholders of Generali Życie Towarzystwo Ubezpieczeń S.A.

The financial information presented on pages from 36 to 45 of the accompanying Annual report 2005, consisting of the balance sheet as at 31 December 2005, the technical income statement of life insurance, the general income statement and the cash flow statement for the period from 1 January to 31 December 2005 („the financial information”) of Generali Życie Towarzystwo Ubezpieczeń S.A. in Warsaw, ul. Postępu 15 („the Company”) was prepared by the Management Board of the Company based on the audited financial statements of the Company for the period from 1 January to 31 December 2005 („the financial statements”).

The financial information is the responsibility of the Management Board of the Company. Our responsibility was to express an opinion, whether the financial information, in all material respects, is consistent with the financial statements from which it was derived.

The financial statements, based on which the financial information was prepared, were audited by us in accordance with Chapter 7 of the Accounting Act of 29 September 1994 (Uniform text, Journal of Laws of 2002, No. 76, item 694, with further amendments) and auditing standards issued by the National Council of Registered Auditors in Poland. On 24 February 2006 we issued an unqualified audit opinion on these financial statements.

Generali Życie T.U. S.A.

Auditor's

Generali Group in Poland

 Management Report of
 Generali T.U. S.A. and
 Generali Życie T.U. S.A.

 Financial Statement of
 Generali T.U. S.A.

**Financial Statement of
 Generali Życie T.U. S.A.**

 Registered Auditor's
 Opinion

 Management Report of
 Generali PTE S.A.

 Financial Statement of
 Generali PTE S.A.

In our opinion, the financial information presented on pages from 36 to 45 of the accompanying Annual report 2005 is consistent, in all material respects, with the full annual financial statements from which it was derived.

For a fuller understanding of the Company's financial position as at 31 December 2005, the results of its operations for the period from 1 January to 31 December 2005 and the scope of our audit, the financial information should be read in conjunction with the financial statements from which it was derived and our audit opinion and audit long-form report thereon.

On behalf of PricewaterhouseCoopers Sp. z o.o.:

Andrzej J. Konopacki

Registered Auditor

No. 1750/287

Board Member

Registered Audit Company

No. 144

Warsaw, 7 November 2006

* Translation of the registered auditor's opinion on the financial statement of Generali Życie Towarzystwo Ubezpieczeń S.A. The financial statement has been prepared in accordance with the Accounting Act of 29 September 1994 and is available in the Headquarters of Generali. The enclosed Registered Auditor's Opinion was issued on the complete financial statement in accordance with the Accounting Act (with all required Appendixes), in which all figures were expressed in PLN.

Managememe

Ge



Generali Group in Poland

Management Report of
Generali T.U. S.A. and
Generali Zycie T.U. S.A.

**Financial Statement of
Generali T.U. S.A.**

Financial Statement of
Generali Zycie T.U. S.A.

**Management Report of
Generali PTE S.A.**

Financial Statement of
Generali PTE S.A.

Management Report of Generali PTE S.A.



Management of Generali Powszechna Towar

Member acquisition

Continuing the trend that started as far back as the latter half of 2003, a positive transfer balance was noted throughout 2005, which means that the number of members leaving the Generali OFE [Open Pension Fund] was smaller than the number of members joining. The balance for the year was over 5.8 thousand members. This resulted first and foremost from the active member acquisition policy, and also from very good investment results, long- and short-term alike.

Those good investment results gave the Fund almost 28 thousand new members in the draws that were held in January and July 2005. Currently, the only funds to take part in the draws are those with 3 year return rates higher than the weighed mean of return rates of all pension funds, and assets not exceeding 10% of the overall assets of all funds.

In 2005, ZUS closed the accounts of members who did not meet the membership criteria as specified in Art. 81 of the Act on organisation and functioning of pensions funds. As a result of that process, the overall number of members of all funds was reduced in 2005 by 2.2%.

Despite that process, the above-mentioned active acquisition policy, together with the acquisition of members within the draws, led to a 3.2 % increase in the number of members of Generali OFE from 402,407 as of the end of 2004 to 415,373 as of the end of 2005.

Annual Report

Emerytalne

Assets

In 2005, the net assets of Generali OFE grew by almost 40%, the average growth in the market being 37.4%. This growth in assets, exceeding the market average, was the effect of an accumulation of both the good investment results and the larger number of members.

Net assets of pension funds as of 30 December 2005

Open Pension Fund	Net value of assets (million PLN)	Share (in %)
Commercial Union OFE BPH CU WBK	23 457,67	27,25%
ING Nationale-Nederlanden Polska OFE	19 655,09	22,83%
OFE PZU „Złota Jesień”	11 757,10	13,66%
AIG OFE	7 300,77	8,48%
Winterthur OFE	3 230,20	3,75%
SAMPO OFE	3 141,07	3,65%
Generali OFE	2 935,40	3,41%
Bankowy OFE	2 749,34	3,19%
OFE Skarbiec-Emerytura	2 456,72	2,85%
OFE Allianz Polska	2 200,31	2,56%
OFE Ergo Hestia	2 010,79	2,34%
OFE Pocztylion	1 739,75	2,02%
Pekao OFE	1 351,02	1,57%
OFE „DOM”	1 341,95	1,56%
OFE Polsat	751,6	0,87%
TOTAL	86 078,78	100,0%

Investment ac

Investment activity of Generali OFE

Economic situation

The economic growth in 2005 was slower compared to the previous year. A slowdown of this kind had been expected for the first quarter of the year, but it eventually proved more persistent and lasted 6 months. During the latter half of the year, however, the growth increased again, which is confirmed by increasingly favourable data on growing industrial production and retail sales. The economic growth continues to result largely from exports, which stay at high levels due to the improved competitive value of Polish products. Inflation dropped throughout the year, to reach one of the historically lowest levels at the end of 2005.

In 2005, the first signs of improvement in the labour market could be observed for the first time: the unemployment rate was reducing, and employment in the enterprise sector was increasing. Also the real wage level was growing in the latter half of the year. We expect that in view of the economic growth, this recovery of the labour market will continue in the years to come.

Planned directions of investment activity

In the oncoming year, we intend to continue the strategy consisting of the minimisation of risk and selection of instruments on the grounds of sound and discerning fundamental analysis.

In 2006 we expect the recurrence of higher economic growth, a small increase in inflation, and an accelerated investment growth. We believe that the monetary policy will be mitigated; on the other hand, the uncertain political situation is likely to continue, which is related to an absence of a stable majority in the Parliament, which may result in fluctuations on the share and bond market. We expect rather single-digit return rates on both the shares and the bonds portfolios. We will analyse the economic and market situation on a running basis, and invest in the instruments that secure the optimum relation of risk to potential return rate.

tivity

Risk

Effective investment consists of the highest possible return rate obtained at the assumed risk level. To limit risk as far as possible, the investments of Generali OFE were characterised by considerable involvement in the safest securities, i.e. treasury bonds, and in deposits in banks with a very good financial condition and high reliability. Within the shares portfolio, the administrators strove to keep the appropriate quantitative and sectoral diversification, basing their investment decisions on a thorough analysis of the fundamental situation of companies.

Investment results

In the ranking of fifteen funds with the highest return rates in 2005, Generali ranked fourth.

Rates of return and accounting unit value

Open Pension Fund	2005	31 grudnia 2004	Return rate
	In thousands PLN	In thousands PLN	(in %)
ING Nationale-Nederlanden Polska OFE	24,62	21,16	16,35%
AIG OFE	21,71	18,71	16,03%
Commercial Union OFE BPH CU WBK	23,04	19,95	15,49%
Generali OFE	23,27	20,28	14,74%
OFE Pocztylion	21,21	18,51	14,59%
OFE „DOM”	23,54	20,58	14,38%
OFE Skarbiec-Emerytura	21,44	18,75	14,35%
Winterthur OFE	22,44	19,66	14,14%
OFE Polsat	24,44	21,42	14,10%
OFE PZU „Zlota Jesień”	22,85	20,09	13,74%
SAMPO OFE	23,50	20,69	13,58%
OFE Ergo Hestia	22,59	19,92	13,40%
Bankowy OFE	22,58	20,10	12,34%
Pekao OFE	21,00	18,71	12,24%
OFE Allianz Polska	21,11	18,98	11,22%
Weighed mean	23,09	20,08	14,99%

Financial situation of Generali PTE S.A.

The Company ended 2005 with a profit on operating activity amounting to PLN 9.8 million, and a net profit of PLN 10.1 million.

Income

The following elements contributed most to the overall income:

- income on the distribution fee collected on the premiums paid to the Fund by its members (over 71% of the overall income), resulting from the big impact of premiums from ZUS, and
- the Fund management fee (over 24%).

The distribution fee in the period under report was 7%, and the administration fee was 0.045% a month (0.54% a year); in accordance with the limit stated in the Fund's bylaws, the Company could not collect an amount exceeding approximately PLN 11.2 million.

Income structure	In thousands PLN	%
Balanced income on sales	45 632,43	98,5%
including		
Distribution fee	33 074,80	71,4%
Administration fee	11 202,58	24,2%
Net return on premium and reserve account	1 203,40	2,6%
Other operating income	167,51	0,4%
Financial income	543,97	1,2%
TOTAL	46 343,91	100,0%

Costs

The costs were influenced mainly by the following factors:

- active member acquisition, generating over 26% of the overall costs,
- transfer agent services (over 17% of all costs), and
- employee salaries and benefits (together over 13% of the costs).

Cost structure	In thousands PLN	%
Costs of operating activity	33 517,30	93,1%
including		
Acquisition costs	9 462,52	26,3%
Transfer agent costs	6 185,39	17,2%
Employee salaries and benefits	4 833,56	13,4%
Payments to ZUS	3 500,04	9,7%
Other operating costs	2 456,69	6,8%
Financial costs	12,33	0,0%
TOTAL	35 986,32	100,0%

The investment results of Generali OFE indicate that the Fund's adopted and consistently implemented investment strategy is safe and that it is among the most effective strategies in the market. This is also evidenced by our growing number of clients, to whom we would like to extend our thanks for joining Generali OFE and for their thus demonstrated trust.

Financial Statement General



tement of li PTE S.A.



Balance Sh

Assets	2005	
	31.10.2005	31.10.2004
In thousands PLN	PLN	PLN
A. Fixed assets	107 741	107 719
I. Intangible assets	192	88
1. Other intangible assets	192	88
II. Tangible fixed assets	1 240	1 581
1. Fixed assets	1 240	1 578
a) Technical equipment	599	812
b) Cars	397	387
c) Others	244	379
2. Fixed assets under construction	0	3
III. Long-term investments	106 050	106 050
1. Long-term financial assets	106 050	106 050
a) with related entities	106 050	106 050
- Shares	106 050	106 050
b) In other parties	0	0
- Debt securities	0	0
IV. Longterm accrued expenses	259	0
1. Accrued expenses	259	0
B. Current assets	19 428	7 370
I. Inventories	17	19
1. Materials	17	19
II. Short-term receivables	3 095	1 876
1. Receivables from related entities	2 165	778
a) Trade receivables payable at 12 months	2 165	773
b) Others	0	5
2. Receivables from 3rd parties	930	1 098
a) Taxes, duties, social and health insurance and other contributions	214	0
b) Others	716	1 098
III. Short-term investments	16 239	5 406
1. Short-term financial assets	16 239	5 406
a) In 3rd parties	0	0
b) In other parties	12 097	497
- Debt securities	12 097	497
a) Cash	4 142	4 909
- cash in hands and on bank deposits	4 142	4 909
IV. Prepaid expenses	77	69
Total assets	127 169	115 089



Liabilities	2005	
	PLN	2004 PLN
In thousands PLN		
A. Shareholders equity	111 818	101 690
I. Share capital	145 500	145 500
II. Retain earnings	4	0
III. Net income from previous years	-43 809	-61 129
IV. Net income	10 123	17 3191
B. Liabilities	15 351	13 399
I. Reserves	10 104	7 680
1. Other reserves	10 104	7 680
a) Short term	10 104	7 680
II. Short-term payables	1 883	1 699
1. With related entities	759	688
a) Trade payables		
payable at 12 months	759	688
2. With 3rd parties	1 118	994
a) Trade payables:		
payable at 12 months	918	885
b) Tax, duties, social and health insurance and other contributions	188	94
c) Salaries	0	2
d) Others	12	13
3. Special funds	6	17
III. Accruals and deferred income	3 364	4 019
1. Accrued expenses	3 364	4 019
a) Short-term	3 364	4 019
Total shareholders equity and liabilities	127 169	115 089

Income statement

In thousands PLN	2005	
	31.10.2005 PLN	31.10.2004 PLN
A. Revenue from sales	45 632	42 900
related parties	45 491	42 794
I. Revenue from asset management activity	45 632	42 900
B. Operating costs	33 517	29 015
I. Depreciation and amortisation	580	459
II. Materials and energy	621	515
III. External services	19 447	16 030
IV. Taxes and duties	0	20
V. Salaries	4 106	3 016
VI. Employee benefits	728	398
VII. Others	8 035	8 577
C. Income on sales	12 115	13 885
D. Other operating revenue	168	1 697
I. Gains from sales of non-financial fixed assets	41	69
II. Others	127	1 628
E. Other operating expenses	2 457	1 117
I. Losses from sales of non-financial fixed assets	1	29
II. Others	2 456	1 088
F. Operating profit	9 826	14 465
G. Financial revenue	544	3 485
I. Interest	449	2 775
- with related entities	0	0
II. Gains from sales of investments	95	710
I. III. Others	11	13
H. Financial expenses	12	631
I. Interest	1	8
- with related entities	0	0
II. Losses from sales of investments	0	610
III. Others	11	13
I. Gross gains operating activities	10 358	17 319
J. Results from extraordinary events	0	0
K. Gross income	10 358	17 319
I. Income tax expense	235	0
L. Net income	10 123	17 319

Cash Flow Statement

In thousands PLN	2005	
	PLN	PLN
		Cash Flow statement 2004
		PLN
A. Cash flows from operational activity		
I. Net income	10 123	17 319
II. Corrections:	622	13 516
1. Depreciation and amortisation	580	459
2. Gains (losses) from currency exchange	0	0
3. Interests	-292	-2 665
4. Gains/losses on investment activity	-135	-139
5. Change of provisions	2 424	-70
6. Change of inventories	3	9
7. Change of receivables	-1 224	14 625
8. Change of payables (excluding credits and loans)	187	-302
9. Change of deferred and accrued items	-922	1 554
10. Others	1	45
B. Net cash from operational activity	10 745	30 835
C. Cash flows from investment activity		
I. Inflows	56 672	245 829
1. Sales of organised part of enterprises	0	27 100
2. Sales of intangible and tangible fixed assets	65	35
3. Sales of financial assets, including	56 607	218 694
a) related entities	0	0
b) 3rd parties	56 607	218 694
- Sale of financial assets	56 607	215 958
- Interests	0	2 736
II. Outflows	68 185	272 322
1. Purchases of intangible and tangible fixed assets	368	607
2. Purchases of financial assets	67 817	271 715
a) related entities	0	91 000
- purchase of shares	0	91 000
b) 3rd parties	67 817	180 715
- purchase of financial assets	67 817	180 715
D. Net cash from investment activity	-11 512	-26 493
E. Cash flows from financial activity		
I. Inflows	0	0
II. Outflows	0	0
F. Net cash from financial activity	0	0
G. Total net cash flow	-767	4 342
Change of cash in balance sheet	-767	4 342
Including change of cash from foreign exchange	0	0
H. Cash at the beginning of period	4 909	567
I. Cash at the end of period	4 142	4 909
Including cash with limited possibility of allocation	0	0

Registered Opinion*

To the Shareholders of Generali Powszechne Towarzystwo Emerytalne S.A.

The financial information presented on pages from 58 to 61 of the accompanying Annual report 2005, consisting of the balance sheet as at 31 December 2005, the income statement and the cash flow statement for the period from 1 January to 31 December 2005 („the financial information”) of Generali Powszechne Towarzystwo Emerytalne S.A. in Warsaw, ul. Postępu 15 („the Company”) was prepared by the Management Board of the Company based on the audited financial statements of the Company for the period from 1 January to 31 December 2005 („the financial statements”).

The financial information is the responsibility of the Management Board of the Company. Our responsibility was to express an opinion, whether the financial information, in all material respects, is consistent with the financial statements from which it was derived.

The financial statements, based on which the financial information was prepared, were audited by us in accordance with Chapter 7 of the Accounting Act of 29 September 1994 (Uniform text, Journal of Laws of 2002, No. 76, item 694, with further amendments) and auditing standards issued by the National Council of Registered Auditors in Poland. On 22 February 2006 we issued an unqualified audit opinion on these financial statements.

Generali PTE S.A.

Auditor's

Generali Group in Poland

 Management Report of
 Generali T.U. S.A. and
 Generali Zycie T.U. S.A.

 Financial Statement of
 Generali T.U. S.A.

 Financial Statement of
 Generali Zycie T.U. S.A.

 Management Report of
 Generali PTE S.A.

**Financial Statement of
 Generali PTE S.A.**

 Registered Auditor's
 Opinion

In our opinion, the financial information presented on pages from 58 to 61 of the accompanying Annual report 2005 is consistent, in all material respects, with the full annual financial statements from which it was derived.

For a fuller understanding of the Company's financial position as at 31 December 2005, the results of its operations for the period from 1 January to 31 December 2005 and the scope of our audit, the financial information should be read in conjunction with the financial statements from which it was derived and our audit opinion and audit long-form report thereon.

On behalf of PricewaterhouseCoopers Sp. z o.o.:

Andrzej J. Konopacki

Board Member

PricewaterhouseCoopers Sp. z o.o.

Registered Auditor

No. 1750/287

Registered Audit Company

No. 144

Warsaw, 7 November 2006

* Translation of the registered auditor's opinion on the financial statement of Generali Powszechnie Towarzystwo Emerytalne S.A. The financial statement has been prepared in accordance with the Accounting Act of 29 September 1994 and is available in the Headquarters of Generali. The enclosed Registered Auditor's Opinion was issued on the complete financial statement in accordance with the Accounting Act (with all required Appendixes), in which all figures were expressed in PLN





Generali T.U. S.A.
Generali Życie T.U. S.A.
Generali Powszechne Towarzystwo Emerytalne S.A.

Headquarters
ul. Postępu 15, Warsaw, Poland
tel. (0-22) 543 05 00
fax: (0-22) 543 08 99
infoline: 0-801 343 343
e-mail: centrumklienta@generali.pl
www.generali.pl