

ANNUAL REPORT 2007



Pod skrzydłami Iwa.



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Letter of Generali Group Polska President

Dear Sir/Madam,

The Annual Report for 2007 describes Generali Group Poland in the year of the 175th anniversary of the Generali Group, making it more significant due to the fact that at this special time the Polish companies of the Generali Group managed to generate the best operational sales and financial results in the history of the business.

The Generali Group's gross premiums written at the end of 2007 increased by 28% compared to 2006, achieving PLN 940.7 million. Almost PLN 1 billion of gross premium written has contributed to a high consolidated net profit of PLN 50.3 million reported by the companies Generali T.U. S.A., Generali Życie T.U. S.A. and Generali PTE, which constituted a growth four times that of the 2006 result of PLN 11.5 million. We observe that the Group companies grew much faster than their domestic competitors in many business segments.

A good example is the achievements of **Generali T.U.** in the non-life insurance sector. The gross premiums written by Generali T.U. S.A. totalled PLN 403.2 million at the end of December 2007, up 63% year on year. Because of this result Generali T.U. was ranked the most dynamic insurance company of all non-life insurers operating in Poland. Motor insurance grew the fastest of all non-life lines. The premium written by this line, due, to a great extent, to the market success of Generali AutoProgram, almost doubled in comparison to 2006, equalling PLN 237.2 million. Generali's motor insurance business grew 10 times faster than its competitors' in the same time period. Positive sales results were followed by the financial results.

Generali TU generated robust profitability and a net result of PLN 33.2 million last year; that is almost PLN 40 million more than the previous year.

2007 was also successful for **Generali Życie T.U.** operating in the life insurance sector. The premium written by Generali Życie T.U. increased by more than 10% compared to 2006, equalling PLN 537.5 million. In accordance with the company's strategy, the growth in this segment was driven by the regular premiums (both in individual and group life insurance) which are of key importance to this business. The premium written on this part of the portfolio increased by 35% (amounting to PLN 222.0 million), twice that of the market competitors' achievements.

The segment's key success factors include the Generali Beneficio and Generali OmniProfit new investment product range and the increase in group and individual life insurance sales. The premiums written with single premium payments were PLN 315.6 million in 2007, comparable to the 2006 figure. The net financial profit of Generali Życie T.U. was PLN 17.1 million at the end of 2007, almost the same as in 2006, despite the significant investments in the sales structure development.

OFE Generali maintained a very good growth tendency in 2007, showing double the sector's average growth rate in the number of active pension accounts. At the end of 2007, OFE Generali kept more than 531.6 thousand accounts, up by 14.3 % year to year. In comparison to 2006, Generali had pension fund assets under management equalling PLN 5.3 billion, up by 26%. This means that OFE Generali was the second biggest market player in terms of percentage growth in fund assets. Very high and repeatable investment results confirm Generali's stable position in the top 3 pension funds in the long-term perspective. The Generali return rate equalled 178.7% at the end of 2007.

PTE Generali increased its net profit, equalling PLN 16.1 million in 2007, up by 21% year to year.

2008 will see the beginning of the new 5-year strategy devised by the Generali Group companies in Poland, which, after having received appropriate approvals, will join Generali PPF Holding created on 17 January 2008. Generali, the third largest insurance group in Europe and the PPF Group, whose company Ceska Pojistovna is the largest insurance company in the Czech Republic, united their insurance assets in Central and Eastern Europe. This way, the largest geographical footprint in the insurance industry was created, with plans to start operating in 12 countries.

Considering the fast growth in 2007 and ambitious plans for further dynamic development, Generali Group Poland sets itself the goal to be among the Top 5 insurance companies in Poland by 2012. In order to achieve that goal, Generali Group Poland plans to grow faster than its competitors in the sector. Therefore, the fact that in the first months of 2008 the company performed in line with the ambitious plans shows that the planned strategy is set in the right direction. The financial result in Q1 2008 was the highest in 9 years of the history of the Generali Group in Poland, which looks ahead with optimism at the company's expansion in the nearest future. We will make every effort to perform a key role in the newly created Generali PPF Holding structure.

Yours faithfully,

Andrzej Jarczyk
CEO of Generali Group in Poland

Company profiles

Company: Generali Towarzystwo Ubezpieczeń S.A.

Headquarter: ul. Postępu 15*
02-676 Warszawa
* since 1 May 2008 - ul. Postępu 15B

Share capital: 190,31 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
*indicated in the appendix to the legal act on insurance activity

MANAGEMENT BOARD: Erich Fischer – President till 30th November 2007
Andrzej Jarczyk – President since 5th December 2007
approved by KNF on 4th March 2008
Michał Gomowski – Member
Artur Olech – Member

SUPERVISORY BOARD: (as of 31 December 2007):
Werner Moertel – Chairman
Francesco Bosatra – Vice-Chairman
Walter Steidl – Member
Valter Trevisani – Member

Selected financial data: (Thousands PLN)

	2004	2005	2006	2007
Gross written premium	296 915	281 894	247 734	403 193
Net written premium	103 851	103 834	92 411	163 722
Gross technical provisions*	294 467	365 594	386 431	516 803
Net technical provisions*	120 236	153 865	170 529	454 975
Investments*	372 358	417 094	415 355	539 537
Share capital	190 210	190 210	190 210	190 210
Number of employees	292	329	360	409

* Provisions include estimated subrogation

Company: Generali Życie Towarzystwo Ubezpieczeń S.A.

Headquarter: ul. Postępu 15*
02-676 Warszawa
* since 1 May 2008 - ul. Postępu 15B

Share capital: 61 M PLN

Shareholder: Generali Holding Vienna AG

Licence: 6 January 1998

Scope of activity: All groups of Division I*, life insurance
*indicated in the appendix to the legal act on insurance activity

MANAGEMENT BOARD: Erich Fischer –President till 30th November 2007
Andrzej Jarczyk –President since 5th December 2007
approved by KNF on 4th March 2008
Michał Gomowski –Member
Artur Olech –Member

SUPERVISORY BOARD: (as of 31 December 2007)
Werner Moertel – Chairman
Francesco Bosatra – Vice-Chairman
Walter Steidl – Member
Valter Trevisani – Member

Selected financial data: (Thousands PLN)

	2004	2005	2006	2007
Gross written premium	174 927	435 750	486 536	537 539
Net written premium	134 303	430 323	478 951	527 642
Gross technical provisions	424 003	664 794	948 901	1 110 338
Net technical provisions	423 512	663 451	947 596	1 108 355
Investments	508 962	756 722	1 048 360	1 186 240
Share capital	61 000	61 000	61 000	61 000
Number of employees	215	173	177	219

Company: Generali Powszechne Towarzystwo Emerytalne S.A.

Headquarter: ul. Postępu 15*
02-676 Warszawa
* since 1 May 2008 - ul. Postępu 15B

Share capital: 145,5 M PLN

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

Licence: 8 January 1999

Scope of activity: Generali OFE management

MANAGEMENT BOARD: Piotr Pindel – Member
Jacek Smolarek – Member
Rafał Markiewicz – Member

SUPERVISORY BOARD: (as of 31 December 2007):
Werner Moertel – Chairman
Walter Steidl – Vice-Chairman
Karol Lutkowski – Member
Maciej Zieliński – Member

Selected financial data: (Thousands PLN)

	2004	2005	2006	2007
Assets under management	2 101 419	2 935 620	4 186 385	5 264 476
Revenue from sales	42 900	45 632	53 409	58 411
Net income*	17 319	9 633	13 267	16 059
Subscribed capital	145 500	145 500	145 500	145 500
Number of employees	81	144	156	167

Generali in Poland - History

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, Krakow, Katowice, Poznań, 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, national 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 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.
6 November 2002	Generali Holding 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 completion of merger between Generali and Zurich in life & non-life sectors..
1 January 2006	Generali established a car dealers' insurance company – Generali AutoProgram Sp. z o.o. (GAP)
December 2006	Generali has 16 branches of Life & Pension Sales Network & 16 branches of Sales Complex Network.
December 2006	Polish Generali 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. Generali AutoProgram Sp. z o.o.
December 2007	Generali Group in Poland has approximately 70 regional sales units responsible for life & non-life insurance sale - 32 branches, 28 subsidiaries and 9 Exclusive Agencies
May 2008	Change of Generali Group's headquarter.

P Product range

Insurance for individual clients

Life insurance

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 – M1 version
7. Children's saving plan
8. Unit-linked pension and investment plan
9. Systematic pension and investment plan
10. Insurance plan for short-term family welfare
11. Life insurance with insurance capital plan Generali Beneficio
12. Life insurance with insurance capital plan Generali OmniProfit
13. Life insurance with insurance capital plan OVB Future Invest
14. Term annuity life insurance
15. Life insurance with IKE rider
16. IKE BRE life insurance with insurance capital plan
17. Life insurance with insurance capital fund LEOLIFE (new)
18. Life insurance with insurance capital fund LEOLIFE (transferred)

Property insurance

1. LEW DOMOWNIK comprehensive household insurance
2. LEW PRYWATNIE third party liability in private life insurance
3. LEW BUDOWNICZY buildings and buildings under construction insurance
4. LEW LOKATOR household and third party liability insurance
5. Cyberinsurance
6. PAKIET DIAMENTOWY – all risk insurance
7. Generali PRESTO – insurance package for small and medium size companies
8. Generali dla spółdzielczości – collective property insurance

Personal insurance

1. Serious injuries – personal accident insurance
2. Permanent disability – personal accident insurance
3. Travel insurance – LEW PODRÓŻNIK
4. Foreign travel insurance

Motor insurance

1. Third party liability for vehicle owners covering losses caused I domestic and international traffic
2. Green Card
3. Motor own damage and theft insurance (autocasco)
4. Personal accident insurance for drivers and passengers of the vehicle
5. LEW POMOCNIK – Generali Assistance insurance
6. LEW ADWOKAT – legal protection insurance in road traffic
7. Motor Third Party Liability Border Insurance.

Insurance for corporate clients

Group life insurance

1. CERTUM group life insurance
2. CERTUM MAX group life insurance
3. Employee pension schemes
4. Individual prolongation of group life insurance

Property insurance

1. Property insurance
 - Fire and allied perils insurance
 - Burglary and robbery property insurance
 - All risk property insurance
 - Business interruption insurance
 - Commercial property insurance
2. Technical insurance
 - Construction machinery insurance
 - Machinery breakdown
 - All risk electronic equipment insurance
 - Construction all risks insurance
 - Erection all risks insurance
 - Motor own damage and theft insurance (autocasco) for track vehicles
3. Third party liability insurance
4. Aerial insurance
5. Transport insurance
 - Cargo insurance
 - Carrier's third party liability insurance in domestic and international transport
 - Shipper's third party liability insurance
6. Financial insurance
 - Insurance Guarantees
 - Bancassurance

Group personal insurance

1. Group personal accident insurance
2. Personal accident insurance for children, students and staff of educational institutions – LEW UCZEŃ
3. Personal accident insurance for students and staff of universities – LEW STUDENT
4. Personal accident insurance for sports organizations
5. Travel insurance – LEW PODRÓŻNIK
6. Foreign travel insurance - corporate policies for business travels

Motor insurance

1. Third party liability for vehicle owners covering losses caused I domestic and international traffic
2. Green Card
3. Motor own damage and theft insurance (autocasco)
4. Personal accident insurance for drivers and passengers of the vehicle
5. LEW POMOCNIK – Generali Assistance insurance
6. LEW ADWOKAT – legal protection insurance in road traffic
7. Motor Third Party Liability Border Insurance.

Generali PTE S.A. offer

Membership in Generali OFE

Supervisory Board's Reports

Reports of the Supervisory Boards of Generali T.U.S.A. and Generali Życie T.U.S.A. for the financial year 2007

The Supervisory Board fulfilled its responsibilities according to the law and Statute in the financial year 2007. During the meetings with the Management Board the Supervisory Board was regularly informed about the current company's situation and supervised company's management by the Management Board.

The Supervisory Board examined the financial statement of the Company as well as the Management Board's report on the company's operations for the financial year 2007 and confirms that these are prepared in accordance with law, Company's books and documents as well as with factual state. They reflect correctly and reliably the results of Company's economic activity, financial and assets status as well as other data defined by law in the financial year 2007.

The Supervisory Board examined the opinion of chartered auditor, PricewaterhouseCoopers Sp. z o.o., confirming proper preparation of the financial statement and the Management Board's report on the Company's operations in the financial year 2007.

Warsaw, April 2008

On behalf of the Supervisory Board:

Mr Werner Moertel

Chairman

Report of the Supervisory Board of Generali Powszechne Towarzystwo Emerytalne S.A. for the financial year 2007

The Supervisory Board fulfilled its responsibilities according to the law and Statute in the financial year 2007. During the meetings with the Management Board the Supervisory Board was regularly informed about the current company's situation and supervised company's management by the Management Board.

The Supervisory Board examined the financial statement of the Company and of Generali Otwarty Fundusz Emerytalny (Fund) as well as the Management Board's report on the company's operations for the financial year 2007 and confirms that these are prepared in accordance with law, Company's and Fund's books and documents as well as with factual state. They reflect correctly and reliably the results of Company's and Fund's economic activity, financial and assets status as well as other data defined by law in the financial year 2007.

The Supervisory Board examined the opinion of chartered auditor, PricewaterhouseCoopers Sp. z o.o., confirming proper preparation of the financial statements and the Management Board's report on the Company's operations in the financial year 2007.

Warsaw, March 2008

On behalf of the Supervisory Board:

Mr Werner Moertel

Przewodniczący

Management Reports

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



Management report

Generali T.U. S.A.

Report on the management board's activities

1. Key events in 2007

Mr Erich Fischer has resigned as at 30 November 2007 from the function of the President of the Management Board.

The Supervisory Board of Generali Towarzystwo Ubezpieczeń S.A. on 5th December 2007 accepted the resignation of Mr Erich Fischer from the function of the President and Member of the Management Board. Simultaneously the Supervisory Board appointed Mr Andrzej Jarczyk for the President of the Management Board. The appointment has been effective since approval of the new President by the Polish Financial Supervision Authority.

In comparison with the year 2006 in the year 2007 Generali T.U. S.A. recorded significant increase in the volume of the written premium by 62.8% with the simultaneous improvement both the technical result and net result for the period.

Year 2007 was characterized by dynamic development of the sales channels. Further development of the cooperation with regional multi-agencies was continued. The cooperation with the car dealers, started already in 2006 (in co-operation with the service company GAP Sp. z o.o.), resulted in the considerable increase of the written premium in year 2007 (2007: PLN 61 million; 2006: PLN 19 million). Simultaneously the further development of the sales net related to the corporate insurance was continued. In 2007 Generali T.U. S.A. has broaden its products portfolio. The new introduced products included:

- Casco insurance of airplanes (group 11)
- Foreign travel insurance (substituting the previous product)
- Building and house insurance for City Bank
- Bridging loan insurance for mortgage loan of City Bank
- Insurance package for co-brand card Generali Milenium Visa
- Insurance package for cards Gold Polbank.

Additionally in few products there were some changes introduced making the offer more attractive for clients. On 31 December 2007 expired the previous reinsurance contracts concluded with Generali Holding Vienna AG.

2. Financial standing

In the year 2007 Generali TU SA recorded the gross written premium in total value of PLN 403.2 Mio. The biggest share in the portfolio recorded car insurance products (about 58.8%). The second position regarding the premium volume has corporate insurance portfolio (32.9%).

In comparison to the written Premium collected in 2006 practically in all business lines the two-digit increase was recorded. The highest increase stated in absolute amounts was noted in car insurance (TPL, Auto Casco, car accident, legal protection, Assistance). The increase amounted about PLN 115 million. The second increase area was corporate insurance, the increase amounted to about PLN 29 million.

The significant improvement was noted in net technical result (PLN -23.8 million in 2006; PLN -2.2 million in 2007). It resulted from inter alia improvement of claims ratios, relating to changes in profiles of the target clients and clearly seen rationalization of the claims settlement processes (changes made in years 2005-2007). Simultaneously, the positive influence on the portfolio quality had constant keeping of „hard” requirements in underwriting of corporate risks.

It is to be underlined, that as a result of the termination of the reinsurance contracts with Generali Holding Vienna AG the reinsurance share in unearned premium provision and provision for outstanding claims was booked out. Then the reinsurance shares were presented as income in the item of other technical income.

Net financial result for the period

In the year 2007 Generali T.U. S.A. generated the financial result on the positive level of PLN 33.2 Mio., what comprise the significant improvement of the net financial result recorded in the year 2006 (PLN -6.4 Mio.).

The major factor influencing the improvement of the net financial result was the improvement of the technical result. The second factor of the improvement is increase of the result from investing activities. It is a result of the increase in effect of dynamic portfolio increase.

The net result of the year 2007 highly influenced the valuation of the shares in related parties, namely Generali Powszechne Towarzystwo Emerytalne S.A., with the equity method (PLN +12.6 Mio.). In year 2007 the rate of insurance activity costs to the net written premium amounted to 25.7%, what constitute the improvement in relation to year 2006 (29.1%).

High security ratios

The Company still maintains high security ratios. The ratio reflecting the coverage of solvency margin with own funds was 328%. The ratio reflecting the coverage of technical provisions with assets remains on the secured level and amounted to 120.8% as at the end of December 2007.

3. Expected Company's development

Main targets for the year 2008 include:

- further development resulting in the increase in marker share
- keeping up the net financial result on the similar level to that in the year 2007 (excluding the extraordinary result of the termination of the reinsurance contracts)
- keeping up the profitability of the sold products
- continued development of the co-operation with the regional multiagencies, with main scope for sale of property and car insurance
- continued development of the co-operation with the car dealers
- continued development of the co-operation with regional brokers in the area of corporate insurance
- automation of internal processes.

4. Risks and threats to the Company's activity

The negative influence on the Company's activity could have the failure to achieve the expected results in the field of co-operation with the car dealers and multiagencies in the area of car insurance. This could result in the decrease of the gross written premium volume and as a consequence with the incurred expenses could result in the worsening of the net financial result.

The next treat is still very slow increase on the market in relation to property and personal accident insurance. In comparison to the EU there is still very low level of the expenditure for insurance per capita. From one side it very high potential, on the other very slow insurance market development shows very slowly increasing insurance awareness of Poles.

Sharpening competition (between others further popularization of direct sale) can result in worsening profitability of portfolio.

M Management report

Generali Życie T.U. S.A.

Report on the management board's activities

1. Key events in 2007

Mr Erich Fischer has resigned as at 30 November 2007 from the function of the President of the Management Board.

The Supervisory Board of Generali Życie Towarzystwo Ubezpieczeń S.A. on 5th December 2007 accepted the resignation of Mr Erich Fischer from the function of the President and Member of the Management Board. Simultaneously the Supervisory Board appointed Mr Andrzej Jarczyk for the President of the Management Board. The appointment has been effective since effective after approval of the new President by the Polish Financial Supervision Authority.

In 2007 new following products were introduced:

1. Palette of new investment individual products with regular premium (Beneficio, OmniProfit, OVB Future Invest)
2. Life insurance concluded as guarantee of loan raised in Polbank
3. Structured product for BRE Banku – Nikkei 225
4. Structured product for Fortis Banku - Fortis Real Profit
5. Structured product for New World Alternative Investment

2. Financial situation

Growth of the gross premium written by 10.5%

In 2007 gross premium written collected by Generali Życie T.U. S.A. grew by 10.5% (from PLN 486.6 million in 2006 to PLN 537.5 million in 2007). The most important growth factor was development of the portfolio of individual and group insurance policies providing for regular premiums. In the segment of insurance policies with regular premiums, the rate of growth reached 35%, which is twice as much as market average (the rate of premium growth for the first three quarters of 2007 was 16.7%). In the segment of insurance policies with single premium the growth reached 2.0%.

In 2007, total premium written mostly comprised gross life insurance premium (group 1) - 46.2%, then gross premium from life insurance with an insurance investment fund – around 45.9% of total gross premium. Comparing to 2006, the share of insurance premium of group 3 increased as a result of greater sales of individual and group products with regular premium (mostly products from group 3) with lower growth of the premium with single payments (mostly products from group 1). Additionally is observed the increase of the share of written premium of group 5 as a result of higher sale of group insurance very often without basic risks completed by so called riders.

In 2007, similar as in the previous year, we observed that less customer resigned during the first year after they bought insurance policies. This is mostly a result of a change in the commission system introduced in 2004 (from the system of prepayments on an annual premium to the system of payments based on premium collected). Thanks to the visible informative operations, more and more Generali customers see benefits resulting from long-term insurance protection.

Financial performance

Comparing to the previous year, in 2007, the Company recorded deterioration of technical result by PLN 3.8 million (the technical result was positive and amounted to PLN 21.5 million).

The Company generated net profit on the similar level as in year 2006 (PLN 7.1 million in 2007; PLN 17.9 million in 2006).

High security ratios

The Company still maintains its security ratios at very high levels. The ratio reflecting the coverage of technical provisions with assets for insurance other than life insurance where the investment risk is borne by the policy was 126.7% and the ratio reflecting the coverage of solvency margin with own funds was 176.6%.

3. Expected development

In 2007, the Company recorded very good results as regards the acquisition of new customers, the development of new distribution channels and net financial result. The market of section-one insurance records a significant growth resulting mainly from the development of insurance policies with single premium.

Given the increasing market trends and experience acquired in previous years, the main goals of the Company for 2008 are as follows:

- further develop of the sales network responsible for group insurances,
- actively expand our own sales network
- our co-operation with banks (new products, new partners),
- development of the health insurance
- enlargement of the product offer with new investment products,
- further improve the quality of the existing portfolio.

We plan to develop our portfolio, increase gross premium written and our market share increasing the Company's positive result at the same time.

4. Risks and threats to the Company's operations

In spite of improvement of the market situation in 2007, one of threats to the growth of the market and the Company is still a small share of the insurance sector in domestic and low insurance awareness of the Polish society. In last years the highest increase was observed in investment products, but still there is a long distance of our society for real insurance from various risks.

This may cause that the Company will not meet its future sales plans and earn the planned financial result.

Disadvantageous situation on the capital markets can influence the attractiveness of so called investment products and finally the decrease in dynamic of written premium.

Other risk is the high concentration of the big clients in the group insurances, what in the cause of their resignation can cause significant decrease in the portfolio of group policies and at the same time reduction of the premium written.

Financial Statement

of Generali T.U. S.A.



Balance Sheet

Assets	As of 31 December	As of 31 December
	2007	2006
	PLN	PLN
A. Intangible assets	104	176
1. Goodwill	0	0
2. Other intangible assets and advances on intangible assets	104	176
B. Investments	539 537	415 355
I. Real estate property	0	0
1. Land owned and perpetual usufruct rights	0	0
2. Buildings, structures and co-operative rights to premises	0	0
3. Construction investments and advances for such investments	0	0
II. Investments in subsidiary entities	115 211	102 591
1. Interests in subsidiary entities	115 211	102 591
2. Loans granted to subsidiary entities and debt securities issued by subsidiaries	0	0
3. Other investments	0	0
III. Other financial investments	424 326	312 764
1. Equities and other variable income securities as well as participation units and investment certificates in investment funds	9 634	14 506
2. Debt and other fixed income securities	353 067	267 880
3. Interest in investment joint ventures	0	0
4. Loans secured with mortgage	0	0
5. Other loans	31 111	0
6. Term investments with credit institutions	30 514	30 378
7. Other investments	0	0
IV. Deposit receivables from assigners	0	0
C. Net life insurance assets when the investment risk is with the policy holder	0	0
D. Receivables	223 799	182 764
I. Receivables under direct insurance	64 564	60 447
1. Receivables from policy holders	60 693	59 019
1.1. From subsidiary entities	0	0
1.2. From other entities	60 693	59 019
2. Receivables from insurance agents	1 924	626
2.1. From subsidiary entities	0	0
2.2. From other entities	1 924	626
3. Other receivables	1 947	802
3.1. From subsidiary entities	0	0
3.2. From other entities	1 947	802
II. Due under reinsurance	154 327	114 280
1. From subsidiary entities	0	0
2. From other entities	154 327	114 280
III. Other receivables	4 908	8 037
1. From the State budget	17	17
2. Other receivables	4 891	8 020
2.1. From subsidiary entities	0	3 008
2.2. From other entities	4 891	5 012
E. Other assets	1 834	1 430
I. Tangible fixed assets	1 509	1 305
II. Cash	325	125
III. Other assets	0	0
F. Accruals	30 467	16 700
I. Deferred income tax	30	0
II. Deferred acquisition costs	30 098	16 453
III. Accrued interest and rent	29	23
IV. Other accruals	310	224
Total assets	795 741	616 425

Liabilities

	As of 31 December 2007	As of 31 December 2006
	PLN	PLN
A. Equity	158 936	113 857
I. Share capital	190 310	190 210
II. Unpaid share capital (negative value)	0	0
III. Treasury stock (negative value)	0	0
IV. Reserve capital	80 827	60 927
V. Revaluation reserve	-131	8 005
VI. Other reserves	10 000	10 000
VII. Retained Profit (loss)	-155 285	-148 863
VIII. Net profit (loss)	33 215	-6 422
B. Subordinated liabilities	0	0
C. Technical provisions	518 788	388 180
I. Provision for premiums and reserve for unexpired risks	201 954	133 975
II. Life insurance provision	0	0
III. Provision for undisbursed compensation and benefits	298 457	247 272
IV. Provision for bonus and rebate for insured	7 217	3 559
V. Provision to equalise loss ratio (risk)	11 160	3 374
VI. Provision for premium refund to members	0	0
VII. Other statutory technical reserves	0	0
VIII. Technical reserves for life insurance if the investment risk is with the policy holder	0	0
D. Share of reinsurers in technical reserves (negative value)	61 828	216 777
I. Share of reinsurers in provision for premiums and reserve for unexpired risks	11 181	76 643
II. Share of reinsurers in insurance life provision	0	0
III. Share of reinsurers in provision for undisbursed compensation and benefits	50 647	138 352
IV. Share of reinsurers in provision for bonus and rebate for insured	0	1 782
V. Share of reinsurers in other statutory technical reserves	0	0
VI. Share of reinsurers in technical reserves for life insurance if the investment risk is with the policy holder	0	0
E. Estimated recourse and recoup	1 985	874
I. Gross estimated recourse and recoup	1 985	1 749
II. Share of reinsurers in estimated recourse and recoup	0	875
F. Other provisions	1 030	1 886
I. Provision for pension benefits and other mandatory employee benefits	0	0
II. Provision for deferred income tax	0	1 870
III. Other provisions	1 030	16
G. Liabilities under investments of reinsurers	20	170 550
H. Other liabilities and special funds	157 236	114 971
I. Liabilities under direct insurance	23 269	13 272
1. Liabilities to the insured	21 924	12 701
1.1. to subsidiary entities	0	0
1.2. to other entities	21 924	12 701
2. Liabilities to insurance agents	1 345	571
2.1. to subsidiary entities	0	0
2.2. to other entities	1 345	571
3. Other insurance related liabilities	0	0
3.1. to subsidiary entities	0	0
3.2. to other entities	0	0
II. Reinsurance liabilities	130 501	100 195
1. to subsidiary entities	0	0
2. to other entities	130 501	100 195
III. Issued debt securities and loans received	0	0
1. Convertible instruments	0	0
2. Other	0	0
IV. Due to credit institutions	0	0
V. Other liabilities	3 290	1 430
1. To State budget	901	484
2. Other liabilities	2 389	946
2.1. to subsidiary entities	287	195
2.2. to other entities	2 102	751
VI. Special funds	176	74
I. Accruals and deferred income	23 544	44 632
1. Accrued expenses	22 072	17 315
2. Negative goodwill	0	0
3. Deferred income	1 472	27 317
Total liabilities	795 741	616 425

Profit and Loss Statement

TECHNICAL INSURANCE ACCOUNT SECTION II TOTAL

12 months until
31 December
200712 months until
31 December
2006

	PLN	PLN
I. Premium (1-2-3+4)	30 281	93 315
1. Gross written premium	403 193	247 734
2. Share of reinsurers in gross written premium	239 471	155 323
3. Change in provisions for gross premium and unexpired risk	67 979	-5 074
4. Share of insurers in change of provisions for premium	-65 462	-4 170
II. Investment income net of costs, transferred from the general profit and loss account	0	0
III. Other technical income, net of reinsurance	247 940	1 103
IV. Indemnities and benefits (1+2)	215 880	76 210
1. Indemnities and benefits paid, net of reinsurance:	78 101	63 297
1.1. Gross paid indemnities and benefits	176 279	149 082
1.2. Share of reinsurers in indemnities and benefits paid	98 178	85 785
2. Change of provisions on unpaid indemnities and benefits, net of reinsurance	137 779	12 913
2.1. Change of gross provisions for unpaid indemnities and benefits	50 949	19 517
2.2. Share of reinsurers in change of gross provisions for unpaid indemnities and benefits	-86 830	6 604
V. Change of other technical provisions, net of reinsurance	0	0
1. Gross change of other technical provisions	0	0
2. Share of reinsurers in change of other technical provisions	0	0
VI. Bonuses and rebates, net of reinsurance, including change in provisions	6 013	1 814
VII. Costs of insurance operations	17 560	24 026
1. Acquisition costs	53 741	36 509
1.1. of which change in deferred acquisition costs	-13 644	-1 471
2. Administrative expenses	49 878	35 507
3. Reinsurance commissions and share in profit by insurers	86 059	47 990
VIII. Other technical costs, net of reinsurance	33 189	13 275
IX. Change of provisions to equalise loss ratio (risk)	7 787	2 921
X. Technical result on non-life and life insurance	-2 208	-23 828

GENERAL PROFIT AND LOSS ACCOUNT

12 months until 31
December 200712 months until 31
December 2006

	PLN	PLN
I. Technical result on non-life and life insurance	-2 208	-23 828
II. Investment revenues	37 997	20 794
1. Revenues from investments in real estate property	0	0
2. Revenues from investments in subsidiary entities	12 619	0
2.1. equities	12 619	0
2.2. loans and debt securities	0	0
2.3. other investments	0	0
3. Revenues from other financial investments	17 866	13 692
3.1. equities and other variable income securities as well as participation units and investment certificates in investment funds	0	68
3.2. debt and other fixed income securities	14 825	12 665
3.3. term investments with credit institutions	1 264	589
3.4. other investments	1 777	370
4. Profit on revaluation of investments	0	0
5. Profit on disposal of investments	7 512	7 102
III. Unrealised gain from investments	4	0
IV. Investment revenues net of costs, transferred from technical life insurance account	0	0
V. Costs of investment activity (1+2+3+4)	1 416	1 026
1. Costs of property maintenance	0	0
2. Other costs of investment activity	262	188
3. Loss of revaluation of investments	0	0
4. Loss on disposal of investments	1 154	838
VI. Unrealised loss on investments	938	2 510
VII. Net investment revenues, transferred to technical account of non-life and life insurance	0	0
VIII. Other operating income	2 124	2 001
IX. Other operating expense	2 348	1 853
X. Profit (loss) on operations	33 215	-6 422
XI. Extraordinary profit	0	0
XII. Extraordinary loss	0	0
XIII. Gross profit (loss)	33 215	-6 422
XIV. Income tax	0	0
XV. Other mandatory decrease of profit (increase of loss)	0	0
XVI. Net profit (loss)	33 215	-6 422

Cash Flow Statement

CASH FLOW STATEMENT		12 months until 31 December 2007	12 months until 31 December 2006
		PLN	PLN
A. Cash flows from operating activities			
I. Inflows		595 518	414 175
1.	Inflows from direct insurance and reinsurance accepted	394 384	272 558
1.1.	Inflow of gross premium	393 121	271 196
1.2.	Gross inflows under recourse and refund of indemnities	1 263	1 360
1.3.	Other inflows from direct insurance	0	2
2.	Inflows from outward reinsurance	195 095	134 730
2.1.	Payments by reinsurers due to share indemnities	86 805	91 571
2.2.	Inflows due to reinsurance commissions and share in profit by reinsurers	54 324	36 106
2.3.	Other inflows from outward reinsurance	53 966	7 053
3.	Other operating inflows	6 039	6 887
3.1.	Inflows for operating as claims representative	4 334	5 588
3.2.	Disposal of intangible assets and tangible fixed assets other than investments	397	43
3.3.	Other inflows	1 308	1 256
II. Outflows		518 922	431 408
1.	Outflows on direct insurance and reinsurance accepted / inward reinsurance	299 365	232 946
1.1.	Refund of gross premium	4 029	5 061
1.2.	Gross paid indemnities and benefits	159 380	134 644
1.3.	Acquisition costs	60 374	39 741
1.4.	Administrative expenses	44 690	34 305
1.5.	Expenses of loss settlement and recourse collection	20 240	16 231
1.6.	Commission and profit share paid due to reinsurance accepted	1 237	583
1.7.	Other expenses on direct insurance and reinsurance accepted	9 415	2 381
2.	Expenses on outward reinsurance	211 775	191 496
2.1.	Premium paid on reinsurance	203 561	182 517
2.2.	Other costs of outward reinsurance	8 214	8 979
3.	Costs of other operations	7 782	6 966
3.1.	Costs of acting as claims representative	4 749	4 633
3.2.	Purchase of intangible assets and tangible fixed assets other than investments	784	632
3.3.	Other operating expense	2 249	1 701
III. Cash flows from operating activities (I-II)		76 596	-17 233
B. Flows from investing activities			
I. Inflows		8 983 066	3 677 581
1.	Disposal of real estate property	0	0
2.	Disposal of interests in subordinated entities	0	740
3.	Disposal of interests in other entities as well as participation units and investment certificates in investment funds	25 228	20 510
4.	Disposal of debt securities issued by subordinated entities and repayment of loans granted to such entities	0	0
5.	Disposal of debt securities issued by other entities	160 051	165 798
6.	Closing of investments with credit institutions	5 679 593	2 351 676
7.	Disposal of other investments	3 099 836	1 124 343
8.	Income from real estate property	0	0
9.	Interest received	17 358	14 448
10.	Dividend received	0	66
11.	Other investment income	1 000	0

II.	Outflows	9 079 464	3 661 388
1.	Purchase of real estate property	0	0
2.	Purchase of interests in subordinated entities	0	3 000
3.	Purchase of interests in other entities as well as participation units and investment certificates in investment funds	15 284	17 827
4.	Purchase of debt securities issued by subordinated entities and granting of loans to such entities	0	0
5.	Purchase of debt securities issued by other entities	252 746	152 242
6.	Term investments with credit institutions	5 680 239	2 372 287
7.	Purchase of other investments	3 130 933	1 115 844
8.	Expenses on maintenance of real estate property	0	0
9.	Other investment costs	262	188
III.	Net cash flows from investing activities (I-II)	-96 398	16 193
C.	Cash flows from financing activities		
I.	Inflows	20 000	0
1.	Net inflows from share issues and additional contributions to capital	20 000	0
2.	Credits, loans and issue of debt securities	0	0
3.	Other financial inflows	0	0
II.	Outflows	0	25
1.	Dividend	0	0
2.	Other profit distributions	0	0
3.	Purchase of treasury stock	0	0
4.	Repayment of credits, loans and redemption of debt securities	0	25
5.	Interest on credits, loans and issued debt securities	0	0
6.	Other financial expense	0	0
III.	Net cash flows from financing activities (I-II)	20 000	-25
D.	Total net cash flows (A.III±B.III±C.III)	198	-1 065
E.	Balance sheet change of cash, of which:	200	-1 065
-	change in cash due to foreign exchange differences	2	0
F.	Cash at beginning of period	125	1 190
G.	Cash at end of period (F±D), of which:	323	125
-	with limited availability	0	0

Registered Auditor's Opinion

PRICEWATERHOUSECOOPERS 

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion on the financial information presented on pages from 16 to 22 of the Annual report for 2007.

The accompanying translated financial information has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

PricewaterhouseCoopers Sp. z o.o.

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REGISTERED AUDITOR'S OPINION ON THE FINANCIAL INFORMATION TO THE SHAREHOLDERS OF GENERALI TOWARZYSTWO UBEZPIECZEŃ S.A.

The financial information presented on pages from 16 to 22 of the Annual report for 2007, consisting of the balance sheet as at 31 December 2007, the technical account of property and casualty insurance, the general profit and loss account and cash flow statement for the period from 1 January 2007 to 31 December 2007 ("Financial information") of Generali Towarzystwo Ubezpieczeń S.A. seated 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 2007 to 31 December 2007 ("the financial statements").

The financial statements 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 4 March 2008 we issued an unqualified audit opinion on these financial statements.

In our opinion, the financial information presented on pages from 16 to 22 of the Annual report for 2007 is consistent, in all material respects, with the full annual financial statements from which it was derived.

For a better understanding of the Company's financial position as at 31 December 2007, the results of its operations for the period from 1 December 2007 to 31 December 2007 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 opinion and audit report thereon.

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

Andrzej J. Konopacki
Member of the Management Board

PricewaterhouseCoopers Sp. z o.o.

Registered Auditor
No. 1750/287

Registered Audit Company No. 144

Warsaw, 4 March 2008

Financial Statement

of Generali Życie T.U. S.A.



B Balance Sheet

Assets		As of 31 December 2007	As of 31 December 2006
		PLN	PLN
A.	Intangible assets	47	96
1.	Goodwill	0	0
2.	Other intangible assets and advances for intangible assets	47	96
B.	Investments	246 394	269 685
I.	Real estate property	0	0
1.	Land owned and perpetual usufruct rights	0	0
2.	Buildings, structures and co-operative titles to premises	0	0
3.	Construction investments and advances for such investments	0	0
II.	Investments in subsidiary entities	0	0
1.	Shares in subsidiary entities	0	0
2.	Loans granted to subsidiary entities and debt securities issued by subsidiary entities	0	0
3.	Other investments	0	0
III.	Other financial investments	246 394	269 685
1.	Variable income equities and other securities as well as participation units and investment certificates in investment funds	4 665	7 076
2.	Fixed income debt and other securities	191 287	232 019
3.	Participations in investment joint ventures	0	0
4.	Loans secured with a mortgage	0	0
5.	Other loans	1 153	953
6.	Long-term investments with credit institutions	25 726	29 637
7.	Other investments	23 563	0
IV.	Deposit receivables from assigners	0	0
C.	Net assets of life insurance with the investment risk with the insurer	939 845	778 674
D.	Receivables	34 910	18 434
I.	Direct insurance	24 557	9 464
1.	Receivables from insuring parties	24 412	9 336
1.1.	From subsidiary entities	0	0
1.2.	From other entities	24 412	9 336
2.	Receivables from insurance agents	145	128
2.1.	From subsidiary entities	0	0
2.2.	From other entities	145	128
3.	Other receivables	0	0
3.1.	From subsidiary entities	0	0
3.2.	From other entities	0	0
II.	Reinsurance receivables	4 234	2 186
1.	From subsidiary entities	0	0
2.	From other entities	4 234	2 186
III.	Other receivables	6 119	6 784
1.	From State budget	515	2 123
2.	Other receivables	5 604	4 661
2.1.	From subsidiary entities	0	0
2.2.	From other entities	5 604	4 661
E.	Other assets	950	1 137
I.	Tangible fixed assets	730	874
II.	Cash	220	263
III.	Other assets	0	0
F.	Accruals and prepaid expenses	79 184	45 744
I.	Deferred income tax	0	0
II.	Acquisition costs	70 154	43 249
III.	Accrued interest and commissions	633	829
IV.	Other accruals	8 397	1 666
Total assets		1 301 330	1 113 770

LIABILITIES		As of 31 December	As of 31 December
		2007	2006
		PLN	PLN
A.	Equity	94 201	96 995
I.	Share capital	61 000	61 000
II.	Unpaid share capital (negative value)	0	0
III.	Treasury stock (negative value)	0	0
IV.	Reserve capital	7 128	5 694
V.	Revaluation reserve	-1 023	2 375
VI.	Other reserves	10 000	10 000
VII.	Retained Profit (loss)	0	0
VIII.	Net profit (loss)	17 096	17 926
B.	Subordinated liabilities	0	0
C.	Technical provisions	1 110 336	948 901
I.	Provision for premiums and reserve for unexpired risks	4 045	3 800
II.	Life insurance provision	149 660	157 248
III.	Provision for undisbursed compensation and benefits	15 248	7 977
IV.	Provision for bonus and rebate for insured	1 538	1 202
V.	Provision to equalise loss ratio (risk)	0	0
VI.	Provision for premium refund to members	0	0
VII.	Other statutory technical reserves	0	0
VIII.	Technical reserves for life insurance if the investment risk is with the policy holder	939 845	778 674
D.	Share of reinsurers in technical reserves (negative value)	1 983	1 305
I.	Share of reinsurers in provision for premiums and reserve for unexpired risks	52	105
II.	Share of reinsurers in insurance life provision	46	106
III.	Share of reinsurers in provision for undisbursed compensation and benefits	1 885	1 094
IV.	Share of reinsurers in provision for bonus and rebate for insured	0	0
V.	Share of reinsurers in other statutory technical reserves	0	0
VI.	Share of reinsurers in technical reserves for life insurance if the investment risk is with the policy holder	0	0
E.	Estimated recourse and recoup	0	0
I.	Gross estimated recourse and recoup	0	0
II.	Share of reinsurers in estimated recourse and recoup	0	0
F.	Other provisions	9 573	8 713
I.	Provision for pension benefits and other mandatory employee benefits	0	0
II.	Provision for deferred income tax	7 702	5 979
III.	Other provisions	1 871	2 734
G.	Liabilities under investments of reinsurers	1 873	1 435
H.	Other liabilities and special funds	30 541	15 748
I.	Liabilities under direct insurance	23 200	10 488
1.	Liabilities to the insured	12 845	8 309
1.1.	to subsidiary entities	0	0
1.2.	to other entities	12 845	8 309
2.	Liabilities to insurance agents	10 355	2 179
2.1.	to subsidiary entities	0	0
2.2.	to other entities	10 355	2 179
3.	Other insurance related liabilities	0	0
3.1.	to subsidiary entities	0	0
3.2.	to other entities	0	0
II.	Reinsurance liabilities	5 733	4 357
1.	to subsidiary entities	0	0
2.	to other entities	5 733	4 357
III.	Issued debt securities and loans received	0	0
1.	Convertible instruments	0	0
2.	Other	0	0
IV.	Due to credit institutions	0	0
V.	Other liabilities	1 495	863
1.	To State budget	747	414
2.	Other liabilities	748	449
2.1.	to subsidiary entities	0	0
2.2.	to other entities	748	449
VI.	Special funds	113	40
I.	Accruals and deferred income	56 789	43 283
1.	Accrued expenses	11 128	6 083
2.	Negative goodwill	0	0
3.	Deferred income	45 661	37 200
Total liabilities		1 301 330	1 113 770

Profit and Loss Statement

TECHNICAL ACCOUNT OF LIFE INSURANCE TOTAL

12 months until 31
December 200712 months until
31 December
2006

	PLN	PLN
I. Premium (1-2-3+4)	527 343	478 235
1. Gross written premium	537 539	486 536
2. Share of reinsurers in gross written premium	9 897	7 585
3. Change in provisions for gross premium and unexpired risk	246	724
4. Share of insurers in change of provisions for premium	-53	8
II. Revenues from investments (1+2+3+4)	74 405	116 786
1. Revenues from investments in real estate property	0	0
2. Revenues from investments in subsidiary entities	0	0
2.1. equities	0	0
2.2. loans and debt securities	0	0
2.3. other investments	0	0
3. Revenues from financial investments	36 663	27 706
3.1. equities and other variable income securities as well as participation units and investment certificates in investment funds	5 882	5 311
3.2. debt and other fixed income securities	23 082	19 358
3.3. term investments with credit institutions	2 555	1 588
3.4. other investments	5 144	1 449
4. Income on investment revaluation	0	0
5. Income on disposal of investments	37 742	89 080
III. Unrealised investment gains	43 345	58 449
IV. Other technical income net of reinsurance	2 274	1 754
V. Indemnities and benefits (1+2)	318 183	278 652
1. Indemnities and benefits paid, net of reinsurance	311 702	278 068
1.1. Gross indemnities and benefits paid	314 591	279 561
1.2. Share of reinsurers in indemnities and benefits paid	2 889	1 493
2. Change in provisions for unpaid indemnities and benefits, net of reinsurance	6 481	584
2.1. gross provisions	7 272	456
2.2. Share of reinsurers	791	-128
VI. Change in other technical provisions, net of reinsurance (1+2)	153 643	283 376
1. Change in life insurance provisions, net of reinsurance	-7 528	19 674
1.1. gross provisions	-7 588	19 757
1.2. reinsurance share	-60	83
2. Change in life insurance technical provisions, net of reinsurance, if the risk lies with the policy holders	161 171	263 702
2.1. gross provisions	161 171	263 702
2.2. reinsurance share	0	0
VII. Bonus and rebates inclusive of change in provisions, net of reinsurance	641	-433
VIII. Costs of insurance activity (1+2-3)	92 786	40 764
1. Acquisition costs	64 646	20 190
1.1. Including change in deferred acquisition costs	-26 906	-7 547
2. Administration costs	29 985	22 159
3. Reinsurance commission and share in profit	1 845	1 585
IX. Costs of investment activity (1+2+3+4)	12 260	9 986
1. Costs of property maintenance	0	0
2. Other costs of investment activity	1 387	1 187
3. Loss of revaluation of investments	0	0
4. Loss on disposal of investments	10 873	8 799
X. Unrealised loss on investments	37 732	9 197
XI. other technical costs, net of reinsurance	10 609	8 416
XII. Net investment income, net of costs, recognised in the general profit and loss account	0	0
XIII. Technical result of life insurance	21 513	25 266

GENERAL PROFIT AND LOSS ACCOUNT

12 months until 31
December 200712 months until 31
December 2006

	PLN	PLN
I. Technical result on non-life and life insurance or technical result of life insurance	21 513	25 266
II. Investment revenues	0	0
1. Revenues from investments in real estate property	0	0
2. Revenues from investments in subsidiary entities	0	0
2.1. equities	0	0
2.2. loans and debt securities	0	0
2.3. other investments	0	0
3. Revenues from other financial investments	0	0
3.1. equities and other variable income securities as well as participation units and investment certificates in investment funds	0	0
3.2. debt and other fixed income securities	0	0
3.3. term investments with credit institutions	0	0
3.4. other investments	0	0
4. Profit on revaluation on investments	0	0
5. Profit on disposal of investments	0	0
III. Unrealised investment gains	0	0
IV. Investment revenues net of costs, transferred from technical life insurance account	0	0
V. Costs of investment activity (1+2+3+4)	0	0
1. Costs of property maintenance	0	0
2. Other costs of investment activity	0	0
3. Loss of revaluation of investments	0	0
4. Loss on disposal of investments	0	0
VI. Unrealised loss on investments	0	0
VII. Net investment revenues, transferred to technical account of non-life and life insurance	0	0
VIII. Other operating income	2 949	1 046
IX. Other operating expense	2 466	2 983
X. Profit (loss) on operations	21 996	23 329
XI. Extraordinary profit	0	0
XII. Extraordinary loss	0	0
XIII. Gross profit (loss)	21 996	23 329
XIV. Income tax	4 900	5 403
XV. Other mandatory decrease of profit (increase of loss)	0	0
XVI. Net profit (loss)	17 096	17 926

Cash Flow Statement

CASH FLOW STATEMENT

12 months until 31
December 200712 months until 31
December 2006

	PLN	PLN
A. Cash flows from operating activities		
I. Inflows	534 121	492 566
1. Inflows from direct insurance and reinsurance accepted	528 643	487 370
1.1. Inflow of gross premium	526 806	486 399
1.2. Gross inflows under recourse and refund of indemnities	0	0
1.3. Other inflows from direct insurance	1 837	971
2. Inflows from outward reinsurance	3 665	4 198
2.1. Payments by reinsurers due to share indemnities	1 294	1 874
2.2. Inflows due to reinsurance commissions and share in profit by reinsurers	1 525	1 341
2.3. Other inflows from outward reinsurance	846	983
3. Other operating inflows	1 813	998
3.1. Inflows for operating as claims representative	0	0
3.2. Disposal of intangible assets and tangible fixed assets other than investments	394	6
3.3. Other inflows	1 419	992
II. Outflows	441 414	334 818
1. Outflows on direct insurance and reinsurance accepted / inward reinsurance	429 769	326 307
1.1. Refund of gross premium	1 231	512
1.2. Gross paid indemnities and benefits	310 331	277 061
1.3. Acquisition costs	88 984	26 006
1.4. Administrative expenses	24 027	18 836
1.5. Expenses of loss settlement and recourse collection	4 262	2 503
1.6. Commission and profit share paid due to reinsurance accepted	0	0
1.7. Other expenses on direct insurance and reinsurance accepted	934	1 389
2. Expenses on outward reinsurance	9 105	7 462
2.1. Premium paid on reinsurance	8 599	6 917
2.2. Other costs of outward reinsurance	506	545
3. Costs of other operations	2 540	1 049
3.1. Costs of acting as claims representative	0	0
3.2. Purchase of intangible assets and tangible fixed assets other than investments	300	277
3.3. Other operating expense	2 240	772
III. Net cash flow from operating activities (I-II)	92 707	157 748
B. Cash flows from investing activities		
I. Inflows	24 484 098	10 947 153
1. Disposal of real estate property	0	0
2. Disposal of interests in subordinated entities	0	0
3. Disposal of interests in other entities as well as participation units and investment certificates in investment funds	290 329	514 213
4. Disposal of debt securities issued by subordinated entities and repayment of loans granted to such entities	0	11
5. Disposal of debt securities issued by other entities	731 359	887 528
6. Closing of investments with credit institutions	11 035 398	5 346 715
7. Disposal of other investments	12 388 072	4 163 424
8. Income from real estate property	0	0
9. Interest received	34 091	30 951
10. Dividend received	4 849	4 311
11. Other investment income	0	0

II.	Outflows	24 560 355	11 086 212
1.	Purchase of real estate property	0	0
2.	Purchase of interests in subordinated entities	0	0
3.	Purchase of interests in other entities as well as participation units and investment certificates in investment funds	391 583	516 482
4.	Purchase of debt securities issued by subordinated entities and granting of loans to such entities	0	0
5.	Purchase of debt securities issued by other entities	699 780	973 904
6.	Term investments with credit institutions	11 001 574	5 466 375
7.	Purchase of other investments	12 466 054	4 128 284
8.	Expenses on maintenance of real estate property	0	0
9.	Other investment costs	1 364	1 167
III.	Net cash flows from investing activities (I-II)	-76 257	-139 059
C.	Cash flows from financing activities		
I.	Inflows	0	0
1.	Net inflows from share issues and additional contributions to capital	0	0
2.	Credits, loans and issue of debt securities	0	0
3.	Other financial inflows	0	0
II.	Outflows	16 492	19 575
1.	Dividend	16 492	19 575
2.	Other profit distributions	0	0
3.	Purchase of treasury stock	0	0
4.	Repayment of credits, loans and redemption of debt securities	0	0
5.	Interest on credits, loans and issued debt securities	0	0
6.	Other financial expense	0	0
III.	Net cash flows from financing activities (I-II)	-16 492	-19 575
D.	Total net cash flows (A.III±B.III±C.III)	-42	-886
E.	Balance sheet change of cash, of which:		
-	change in cash due to foreign exchange differences	0	0
F.	Cash at beginning of period	262	1 149
G.	Cash at end of period (F±D), of which:	220	263
-	with limited availability		

Registered Auditor's Opinion



TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion on the financial information presented on pages from 24 to 30 of the Annual report for 2007.

The accompanying translated financial information has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

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REGISTERED AUDITOR'S OPINION ON THE FINANCIAL INFORMATION TO THE SHAREHOLDERS OF GENERALI ŻYCIE TOWARZYSTWO UBEZPIECZEŃ S.A.

The financial information presented on pages from 24 to 30 of the Annual report for 2007, consisting of the balance sheet as at 31 December 2007, the technical account of life insurance, the general profit and loss account and cash flow statement for the period from 1 January 2007 to 31 December 2007 ("Financial information") of Generali Życie Towarzystwo Ubezpieczeń S.A. seated 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 2007 to 31 December 2007 ("the financial statements").

The financial statements 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 4 March 2008 we issued an unqualified audit opinion on these financial statements.

In our opinion, the financial information presented on pages from 24 to 30 of the Annual report for 2007 is consistent, in all material respects, with the full annual financial statements from which it was derived.

For a better understanding of the Company's financial position as at 31 December 2007, the results of its operations for the period from 1 December 2007 to 31 December 2007 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 opinion and audit report thereon.

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

Andrzej J. Konopacki
Member of the Management Board

PricewaterhouseCoopers Sp. z o.o.

Registered Auditor
No. 1750/287

Registered Audit Company No. 144

Warsaw, 4 March 2008

M Management Report

Generali Powszechnie Towarzystwo Emerytalne S.A.

Report on the management board's activities

1. Key events

For the whole 2007, the Company recorded the positive balance of transfers, which means that the number of members leaving Generali OFE was smaller than the number of members acquired to the Fund. The balance of the whole year was over 17.6 thousand persons. This resulted mostly from an active policy relating to the acquisition of new Fund members, very good investment results and the advertising campaign which started at the end of the 2006 and took place at the beginning of 2007.

The Fund also acquired over 37 thousand members as a result of lottery carried out in January and July 2007. Such a result was possible thanks to good investment performance.

2. Fund members

Given the number of Fund members of 538,874, the Fund is the eight among all Pension Funds in the market

Number of OFE funds registered with ZUS as at 28 December 2007

Open Pension Fund (OFE)	Number of members	% share
AEGON OFE	351 050	2,67%
AIG OFE	1 070 319	8,15%
Allianz Polska OFE	327 001	2,49%
AXA OFE	608 538	4,63%
Bankowy OFE	445 941	3,40%
Commercial Union OFE BPH CU WBK	2 725 239	20,75%
OFE „DOM”	313 882	2,39%
Generali OFE	538 874	4,10%
ING Nationale-Nederlanden Polska OFE	2 591 613	19,73%
Nordea OFE	731 651	5,57%
Pekao OFE	291 799	2,22%
OFE Pocztylion	431 409	3,29%
OFE Polsat	301 267	2,29%
OFE PZU „Złota Jesień”	1 959 058	14,92%
OFE Skarbiec-Emerytura	446 440	3,40%
TOTAL	13 134 081	100,00%

Source: www.knf.gov.pl/ percentage share: own calculation.

3. Fund's investment activities

Net assets as at 31 December 2007

Open Pension Fund (OFE)	Net assets (M PLN)	% share
AEGON OFE	2 945,28	2,10%
AIG OFE	11 467,59	8,19%
Allianz Polska OFE	3 458,51	2,47%
AXA OFE	6 194,06	4,42%
Bankowy OFE	4 274,60	3,06%
Commercial Union OFE BPH CU WBK	37 323,99	26,65%
OFE „DOM”	2 085,23	1,49%
Generali OFE	5 264,48	3,76%
ING Nationale-Nederlanden Polska OFE	32 870,17	23,48%
Nordea OFE	4 950,56	3,54%
Pekao OFE	2 245,21	1,60%
OFE Pocztylion	2 826,07	2,02%
OFE Polsat	1 276,20	0,91%
OFE PZU „Złota Jesień”	19 301,43	13,78%
OFE Skarbiec-Emerytura	3 547,51	2,53%
Total	140 030,89	100,0%

Source: www.knf.gov.pl/, percentage share: own calculation.

As at the end of 2007, net assets of Generali OFE amounted to PLN 5,264.48 million, and the Fund was at the sixth place in the market.

Investment activities

The last year has made investors aware that financial markets function globally and that while making investment decisions, the local market data cannot be analysed with no respect to trends in other markets.

The Polish economy was quite successful in the year 2007 – rapid economic growth, falling unemployment rate, growing investment, strong internal demand and EU subsidies form an optimistic picture with only minor problems such as growing inflation rate and lack of public finance reform.

The good economic situation in Poland was, however, dimmed by the situation in the US. While making decisions, investors were far more interested in the news from the American market. The latest macroeconomic data point to a possibility of recession in the US and – according to us - this threat is going to influence the direction of financial markets in the coming months.

The year 2007 was very difficult as far as investments in state bonds is concerned – the market measured by the Bank Handlowy w Warszawie S.A.'s bond index (index obligacji BH w Warszawie S.A.) grew by 1,54% only. The main reason for the change in the trend in the bond market was rising inflation rate along with a fast growing economy. Emigration to EU countries caused salary increase in Polish companies, which in turn resulted in higher inflation expectations. Additional inflation factor was a strong global increase in oil and food prices. Due to this, the Polish Monetary Policy Council (PMPC) raised interest rates four times, each time by 0,25bp, to 5%. In spite of these actions, at the end of the year inflation was higher than NBP aimed for and amounted to 4%.

Another important factor influencing investors' decisions were early elections held in 2007, which always bring about uncertainty about the future political situation.

Our judgement of the situation in the state securities market made us engage more in treasury bills with variable rate, which are not so sensitive to increases in interest rates as fixed rates bonds, which allowed Generali to obtain better rates of return than the Bank Handlowy w Warszawie S.A.'s bond index.

In the year 2008 we can expect more changes in the bond market due to increased inflation pressure caused by rising prices of oil and food and increasing salaries in Poland, which can further cause PMPC to again raise interest rates. Another threat to mention is the unstable situation in the global financial markets due to credit crisis in the US.

Last year investments in the shares market should be discussed in two respects: a very good first half of the year and declines in its second half. The whole year balance, however, was positive – the main stock exchange indices WIG 20, WIG and MWIG 40 obtained the rates of return of +5.2%, +10.4% , +7.9% respectively.

The first months of the last year brought considerable increases on the Warsaw Stock Exchange. The main reason was monetary receipts to Polish investment funds. The most popular among investors were small and medium companies and their popularity led to their overpricing in the middle of the year.

Using in our policy the fundamental attitude, we shortened our positions in companies which were, in our opinion, overpriced, but when the market is governed by euphoria, it is hard to define the moment when the rapid increases stop.

As a result, we entered the last phase of increase with a smaller engagement in small and medium companies than our competitors, which had effect on our performance in the second quarter of 2007. However, the decisions made at that time brought goods results already in the following months, when our unit behaved much better than our competitors' one. A proof of this is the fact that Generali took the second position as regards the rate of return obtained in the second half of 2007.

The forecast concerning equity market in 2008 is burdened with considerable risk. The problems of the American economy mentioned above could negatively influence equity market in the coming months. The most popular scenario assumes a poor first half and a recovery in the second half of the year. However, when analyzing the economic data from both Polish and global economy, we could claim that a repetition of the increases which took place in 2005-2006 is not likely to happen and the last weeks show that we can still expect a high level of variation in the equity market.

Planned directions of investment policy

In next year, we plan to continue our strategy consisting in risk minimization and the selection of instruments based on reliable and thorough fundamental analysis. In a long run, the model structure of the Fund's assets is as follows:

Type of investments	Percentage share
Debt securities	50%
Commercial debt papers	10%
Securities with right to capital (stocks)	30%
Bank deposits	5%
Other assets	5%

In previous, in our portfolio for the first time appeared the commercial debt papers. It seems, that the market offers more investments possibilities in that investment's category, that is why we see more possibilities of using the model limits in coming periods.

The Polish economy is coming into the year 2008 in good condition. Although the positive trends from the previous years (dynamism of PKB, tempo of decreasing the unemployment) could slightly weaken but taking into consideration foreseen by the analytics the economic growth of 5-5,5% - it is the scenario which should stabilise particularly the shares market. As we mentioned previously, considerable influence on the behaviour of our stock has the situation on global markets, therefore one should consider the investments in shares particularly selectively.

We will follow the strategy used in previous years – searching for undervalued small and middle companies with the growth potential, together with active management of the most liquid part of our portfolio consisting of the companies with highest capitalisation and liquidity.

In the debt part we will use middle-term market trends, similar to the strategy from previous year. Such strategy enables increase in the return rates on debt securities.

Risks

Effective investment consists in the achievement of the biggest possible return rates at assumed risks. To reduce risks, Generali OFE mostly invested in the safest securities, like Treasury bonds and deposits with banks of a very good financial standing and high reliability. The only commercial debt paper in our portfolio was the one of PKO BP – the entity with good financial standing and high reliability. As regards stocks, we tried to guarantee relevant quantitative and sector diversification of the portfolio making our investment decisions on the basis of a deep analysis of companies' fundamental standing.

Value of settlement unit and return rate

Open Pension Fund (OFE)	29 December 2007 (PLN)	30 December 2006 (PLN)	Return rate
AEGON OFE	27,62	26,07	5,95%
AIG OFE	26,94	25,15	7,12%
Allianz Polska OFE	26,12	24,50	6,61%
AXA OFE	27,66	26,00	6,38%
Bankowy OFE	26,94	26,02	3,54%
Commercial Union OFE BPH CU WBK	28,50	26,59	7,18%
OFE „DOM”	28,76	27,63	4,09%
Generali OFE	29,12	27,51	5,85%
ING Nationale-Nederlanden Polska OFE	30,19	28,69	5,23%
Nordea OFE	28,58	27,09	5,50%
Pekao OFE	27,15	27,09	7,06%
OFE Pocztylion	26,01	24,87	4,58%
OFE Polsat	30,65	29,99	2,20%
OFE PZU „Złota Jesień”	28,63	26,77	6,95%
OFE Skarbiec-Emerytura	26,60	24,87	6,96%
Weighted average	28,55	26,88	6,21%

Source: www.knf.gov.pl/, return rate – own calculation.

Data presented above cover the period from 31 December 2006 to 31 December 2007.

4. Financial standing

As at the end of 2007 the Company recorded:

- profit from sales of TPLN 16.127
- profit from operating activities of TPLN 18.239
- gross profit of TPLN 19.509
- net profit of TPLN 16.059

Income

Total income mostly comprised:

- income from distribution fees charged on member premium paid to the Fund (above 70% of total income) as a result of premiums received from ZUS
- Fund management fee (18%).

Distribution fee in the reporting period constituted 7% and management fee 0.045% per month (0.54% p.a.). However, due to the limit defined in the Fund's articles of association, the Company could not charge more than around PLN 11,2 million.

Structure of income	T PLN	in %
Sales and sales equivalents	58 411,48	93,7%
<i>including</i>		
Distribution fee	44 650,15	71,7%
Management fee	11 233,09	18,0%
Net return of funds from bonus and reserve accounts	2 330,23	3,7%
Other operating income	2 417,60	3,9%
Financial income	1 459,87	2,4%
TOTAL	62 288,95	100,0%

Source: financial statements

Expenses

Expenses mostly comprised:

- active member acquisition generating over 27% of costs,
- transfer agent's services (over 16% of all costs),
- salaries and employee benefits (almost 14% of costs).

Structure of expenses	T PLN	in %
Operating expenses	42 284,65	98,8%
<i>including</i>		
Acquisition costs	11 495,90	26,9%
Transfer agent costs	6 885,42	16,1%
Salaries and employee benefits	6 134,84	14,3%
ZUS fees	4 893,97	11,4%
Other operating expenses	305,72	0,7%
Financial expenses	189,56	0,5%
TOTAL	42 779,93	100,0%

Source: financial statements

Risks relating to financial instruments

Interest rate risks is considered as the most important financial risk and it is controlled by the Company's Investment Department on a current basis to take actions aiming at its minimisation. To assess its risks, the Company applies a modified duration method.

Modified duration (MD) is more accurate (in relation to duration) measure of the sensitivity of bonds (or bond portfolio) to market interest rate changes.

Duration is said to be an average weighted maturity. However, more advanced literature pays attention to the fact that it is only a sensitivity measure (movements in bonds/portfolio resulting from market interest rate changes). Whereas modified duration is more precise (it refers to potential movements in bonds/portfolio) and calculated in accordance with the following formula:

$MD = \text{Duration}/(1+r)$, where r is a market return rate for bonds

As regards credit risks, the Company minimises them by investing only in instruments issued by the State Treasury.

Taking into account, the present portfolio of securities and expected positive cash flows from operating activities, the Company is not at risk of losing its financial liquidity in the predictable future.

5. Expected development trends

The main goals and plans for 2008 comprise:

- maintain the Fund's rate of growth determined by the number of active customers and net assets,
- intensify acquisition in the sales network,
- Remain at the top of open pension fund raking with regard to the rate of return from membership unit,
- improve services offered to Fund members.

6. Main operating risks includes:

- discontinuance of the co-operations with the external partners in relation to sales could result in the lower than planned sales volume and higher members' leave rate.
- changes in law, regulations regarding the lottery could influence the number of the new clients.

Financial Statement

of Generali Powszechnie Towarzystwo
Emerytalne S.A



B Balance Sheet

Assets	As of 31 December	As of 31 December
	2007	2006
	PLN	PLN
A. Fixed assets	167 133	157 413
I. Intangible fixed assets	61	116
Other intangible fixed assets	61	116
II. Tangible fixed assets	200	522
1. Fixed assets	114	522
a) plant and machinery	47	242
b) means of transportation	0	182
c) other fixed assets	67	98
2. Fixed assets in construction	87	0
III. Long-term investments	106 050	106 050
1. Long-term financial assets	106 050	106 050
a) in related entities	106 050	106 050
-Equities	106 050	106 050
b) on other entities	0	0
-Debt securities	0	0
IV. Long-term accruals	60 822	50 725
1. Deferred income tax asset	0	0
B. Working assets	35 638	30 343
I. Stocks	13	6
1. Materials	13	6
II. Short-term receivables	7 022	4 859
1. Receivables from related entities	6 167	4 372
a) Trade receivables, due within 12 months	6 167	4 372
b) Other	0	0
2. Receivables from other entities	855	487
a) Taxes, subsidies, duties, social and health insurance and other benefits	814	162
b) Other	41	325
III. Short-term investments	28 524	25 318
1. Short-term financial assets	28 524	25 318
a) In related entities	0	0
b) In other entities	25 264	21 429
-debt securities	25 264	21 429
c) Cash and cash equivalents	3 260	3 889
-cash on hand and with banks	3 260	3 889
IV. Short-term accruals	79	160
Total assets	202 771	187 756

Liabilities	As of 31 December 2007	As of 31 December 2006
	PLN	PLN
A. Equity	181 205	165 698
I. Share capital	145 500	145 500
II. Supplementary capital	13 267	0
III. Revaluation reserve	-375	177
IV. Retained profit (loss)	6 754	6 754
V. Net profit (loss)	16 059	13 267
B. Liabilities and provisions	21 566	22 058
I. Provisions	13 560	13 170
1. Deferred income tax provision	11 560	9 070
2. Other provisions	2 000	4 100
-short-term	2 000	4 100
II. Short-term liabilities	2 189	1 824
1. To related entities	1 250	925
a) Trade payables, due within		
-12 months	1 250	925
2. To other entities	924	890
a) Trade payables, due within		
-12 months	774	698
b) Taxes, duties, insurance and other benefits	150	181
c) Salaries	0	0
d) Other	0	11
3. Special funds	15	9
III. Accruals	5 817	7 064
1. Other accruals	5 817	7 064
a) short-term	5 817	7 064
Total liabilities	202 771	187 756

Profit and Loss Statement

PROFIT AND LOSS ACCOUNT		12 months until 31 December 2007	12 months until 31 December 2006
	PLN	PLN	
A. Sales revenues and equivalent	58 411	53 409	
of which from related entities	58 224	53 303	
I. Net revenues from sale of products	58 411	53 409	
B. Operating costs	42 284	41 069	
I. Depreciation / amortisation	307	546	
II. Consumption of materials and energy	800	850	
III. External services	23 256	23 324	
IV. Taxes and duties	0	0	
V. Salaries	5 243	5 212	
VI. Social insurance and other benefits	801	922	
VII. Other costs by type	11 877	10 215	
C. Profit on sales	16 127	12 340	
D. Other operating income	2 418	2 499	
I. Profit on disposal of non-financial fixed assets	0	0	
II. Other operating income	2 418	2 499	
E. Other operating expense	306	724	
I. Loss on disposal of non-financial fixed assets	22	174	
II. Other operating expense	284	550	
F. Profit on operations	18 239	14 115	
G. Financial income	1 460	960	
I. Interest	1 435	882	
of which: from related entities	0	0	
II. Profit on disposal of investments	20	75	
III. Other	5	3	
H. Financial expense	190	17	
I. Interest	6	8	
of which: from related entities	0	0	
II. Loss on disposal of investments	172	0	
III. Other	12	9	
I. Gross profit on business operations	19 509	15 058	
J. Extraordinary events	0	0	
K. Gross profit	19 509	15 058	
I. Income tax	3 450	1 791	
L. Net profit	16 059	13 267	

Cash Flow Statement

CASH FLOW STATEMENT	12 months until 31 December	12 months until 31 December
	2007	2006
	PLN	PLN
A. Cash flows from operating activities		
I. Net profit (loss)	16 059	13 267
II. Total adjustments:	-13 217	-5 090
1. Depreciation / amortisation	307	546
2. Foreign exchange profit (loss)	0	0
3. Interest and profit distribution (dividend)	-1 221	-671
4. Profit (loss) on investments	173	99
5. Change in provisions	518	-6 004
6. Change in stocks	-7	11
7. Change in receivables	-2 126	-1 764
8. Change in short-term liabilities, excepting loans and credits	418	-56
9. Change in accruals	-11 262	2 818
10. Other adjustments	-17	-69
B. Net cash flows from operating activities	2 842	8 177
C. Cash flows from investing activities		
I. Inflows	11 575	10 795
1. Sale of other intangible and tangible fixed assets	174	0
2. From financial assets, of which:	11 401	10 795
a) in other entities	11 401	10 795
-disposal of financial assets	9 879	9 490
-interest	1 522	1 305
II. Outflows	15 046	19 225
1. Purchase of intangible and tangible fixed assets	201	58
2. Purchases of financial assets, of which:	14 845	19 167
a) in other entities	14 845	19 167
-purchase of financial assets	14 845	19 167
D. Net cash flows from investing activities	-3 471	-8 430
E. Cash flows from financial activities		
I. Inflows	0	0
II. Outflows	0	0
F. Net cash flows from financial activities	0	0
G. Total net cash flows	-629	-253
Net balance sheet change of cash	-629	-253
1. of which: change of cash due to foreign exchange profit/loss	0	0
H. Cash at beginning of period	3 889	4 142
I. Cash at end of period	3 260	3 889
of which: with limited availability	0	0

Registered Auditor's Opinion



TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion on the financial information presented on pages from 39 to 43 of the Annual report for 2007.

The accompanying translated financial information has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

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REGISTERED AUDITOR'S OPINION ON THE FINANCIAL INFORMATION TO THE SHAREHOLDERS OF GENERALI POWSZECHNE TOWARZYSTWO EMERYTALNE S.A.

The financial information presented on pages from 39 to 43 of the Annual report for 2007, consisting of the balance sheet as at 31 December 2007, the profit and loss account and cash flow statement for the period from 1 January 2007 to 31 December 2007 ("Financial information") of Generali Powszechne Towarzystwo Emerytalne S.A. seated 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 2007 to 31 December 2007 ("the financial statements").

The financial statements 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 4 March 2008 we issued an unqualified audit opinion on these financial statements.

In our opinion, the financial information presented on pages from 39 to 43 of the Annual report for 2007 is consistent, in all material respects, with the full annual financial statements from which it was derived.

For a better understanding of the Company's financial position as at 31 December 2007, the results of its operations for the period from 1 December 2007 to 31 December 2007 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 opinion and audit report thereon.

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

Andrzej J. Konopacki
Member of the Management Board

PricewaterhouseCoopers Sp. z o.o.

Registered Auditor
No. 1750/287

Registered Audit Company No. 144

Warsaw, 4 March 2008

Generali and Adam Matysz



Four years under the wings of the lion

When the winter season 2004/2005 was beginning, Adam Malysz was 27, but he seemed to be starting a new ski jumping career. He had already won the World Championship three times, three Crystal Balls in the World Cup and two Olympic medals, but he was the great loser of the previous season.

Optimism was evoked again by his performance in the summer Grand Prix. The “Eagle of Wisła” won four out of seven competitions, including the one organized at Wielka Krokiew in Zakopane, which had just been covered with plastic. For the second time he won in the general ranking (previously in 2001).

Our team already had a new coach, Heinz Kuttin, whom Adam Malysz praised a lot, especially for introducing new methods of training. “I’ve been waiting for this season”, He admitted in an interview in November 2004 before leaving home for the first winter competition. “The hunger for a victory is probably about to come, but not sooner than during the contests. I haven’t even thought about getting my revenge on the weak previous season.

I am still not as fit as I wish I was, but I believe things are going to be fine”, said Adam Malysz.



THE TASTE FOR VICTORY REDISCOVERED

And things were fine. In the fifth contest of the World Cup in Harrachov, Malysz broke the series of Janne Ahonen’s victories. After 21 months, he came back to the top of the World Cup rankings.

I dreamt about the victory but I didn’t expect it. This is thanks to the Polish supporters. I wanted to win for them. They were all waiting for so long, said Malysz emotionally.

The road to the throne, which he occupied in the years 2001-2003 was still very tough and demanding. This was just the beginning and from that moment the ski jumper started to be accompanied by Generali. The sponsorship contract was signed just before the end of the year and sealed with the fourth place in the Four Hills Tournament.

January 2005 reminded of the taste of the old successes in the World Cup. Adam triumphed in the Bad Mitterndorf contest and then twice at Wielka Krokiew. The latter achievement has never been repeated by him earlier or later. He jumped into the vice-leader position in the general ranking.

It was a bit worse later. The sixth and eleventh place in World Championship in Obersdorf. In Práglato, Malysz was defeated by the Polish ski-jumper Kamil Stoch for the first time in four years. All in all, he managed to take the fourth place in the general ranking of the World Cup.

After that season, the Generali Group offered the “Eagle of Wisła” full support. Also, nothing changed in the good relationship in the summer 2005, which started with the first defeat by the Polish rivals at a Polish ski-jump in the new millennium. In the TZN Cup at Wielka Krokiew, the first position was taken by Robert Mateja before Stefan Hula and Adam Malysz. In the summer Grand Prix, Adam participated in three contests only, and all he managed to reach was the 18th place.

DESIRE FOR THE OLYMPIC GOLD

The winter season 2005–2006 began with new hopes for the golden Olympic medal, which was still missing in Adam's collection.

I participated in the previous Olympics as one of the favourites. The others were waiting for me to fail. Now I am ready to fight for medals. My situation is easier, because others were better than me last summer, and they freed me from the burden of being a favourite, said Małysz before the beginning of the season.

From the first winter contest Małysz was trying to reach the podium. However, he did not reach it in the Four Hills Tournament (resignation in the middle of the contest) or in the World Championship (18th place) or in the Olympics in Pragelato (7th and 14th position). Moreover, he drew with Robert Mateja 1:1 in Polish Championship.

His further career was called into question.

I'd rather resign than be classified in the third ten places. I need more motivation now and someone to motivate me better. I must have this motivation and be happy jumping. I can't train without these two things. I am in a similar situation to that of Otylia Jędrzejczak after the Olympics in Athens.

Yet, the source of motivation appeared. In March 2006 Adam won the contest on his favourite hill in Oslo-Holmenkollen, still with the coach Kuttin. From May the national ski-jumping team got a new experienced coach Hannu Lepistöe. An important support came from the sponsors who did not turn their back on the ski-jumper, despite his poorer results.

Adam Małysz's image improved a lot in the summer of 2006. Our best ski-jumper fought like a tiger in the summer Grand Prix in Zakopane. He became the leader after the first two competitions, and again after five, when he defeated the up-and-coming ski jumping star, Gregor Schlierenzauer from Austria, in Zakopane. He triumphed in the general Grand Prix classification, for the third time in his career. In autumn, he added two national champion titles to his Zakopane series.

In winter, reaching the podium was not a problem anymore for well-motivated Adam. He only had to wait two months for his first victory.

A RIVER OF VICTORIES

However, when the dam broke, a river of victories drowned the whole competition: nine won World Cup competitions, the gold medal in the World Championships in Sapporo on the K-90 hill, fast compensation of points against the Cup leader, Anders Jacobsen from Norway. Also preventing a fall from a serious gust of wind during the jump in Oslo was a great stunt on his part. It looked like he was dramatically fighting for his life, but he escaped with no injuries.

"What is there to get over?" wondered Małysz when he heard doubts whether he was going to continue jumping after that "crazy" flight. "It was just an accident. Of course, I still think about it sometimes, but I must forget about that jump. The fact that I am in a good shape should help me."

The season ended with three ski jumping competitions in Planica, planned for the end of March. The Polish champion was ahead of the Norwegian one already in the first competition; in the two following competitions he increased his advantage. He won all three, although he had never been regarded a sky flying hill specialist. He won his fourth World Cup, something only Matti Nykaenen from Finland had done. Only the number of his Cup victories (46) was smaller by eight.

"In mid-January I thought it was virtually impossible to catch up with Jacobsen. I really didn't think I could achieve this," explained Małysz, happy after the finished season.

His participation in his fourth Olympic Games in Vancouver in 2010 became quite probable.

THE LIONS GAVE HIM WINGS

After such great success in the summer of 2007, his sponsor agreement with Generali Group Poland was prolonged for the next two years (until just before the Olympic Games). That is why Adam appears in commercials and the company's logo is placed on his overalls and clothes.

"Adam's recent successes, especially winning the Crystal Ball for the last winter season, taste even better to all of us due to the fact that they were accomplished in a real champion's style again, after a couple of years' domination by other sportsmen," said the current President of the Management Board of the Generali Group in Poland, Erich Fischer, during the ceremony of signing the sponsor contract.



At the ceremony organised during the Grand Prix in Zakopane in August 2007, Adam posed for photos holding two small lion pups: Leon and Leonia. A winged lion is the symbol of this insurance company.

He won one of two competitions at Wielka Krokiew, and made a fantastic 139.5 m jump, just half a metre less than the hill record.

"The lion pups must have given me their wings, that is why I could fly so far," our winner joked.

Although Malysz did not participate in the Grand Prix cycle to the end because of family issues, he scored second in the general classification, after Thomas Morgenstern. He also won two gold Polish National Championships medals in Zakopane.

Hopes for repeating the results of the previous, exceptionally successful season, did not come true in the World Cup 2007-2008. Adam did not come any closer, even by one point, to the Cup victory record of Nykaenen. He presented a good, even shape, but he lacked the spark to start the flame of triumph. He was approaching closer and closer to the podium, but he never reached the goal – neither in Zakopane (4th place), nor in the lucky Oslo-Holmenkollen (11th place). He scored 12th in the general classification, just like four years ago.

He also failed in the World Ski Jumping Championships (13th place). He only succeeded in the winter Polish Championships in Zakopane, on K-120 and K-85 hills.

After the season, the coach and composition of the national representation changed. Małysz himself, now 30 years old, had a serious dilemma deciding whether he should continue his career.

"It would have been easier to decide a year ago," he confessed. "I had some thoughts about quitting, especially since Janne Ahonen, who is also 30, gave up the sport. Now I am going to be one of the few ski jumping athletes my age, but I am sure I would like to wait until the Olympics.

On his way to the Olympic season, our champion is accompanied by the Generali Group. The President of the Management Board, Andrzej Jarczyk is pleased with the Group's cooperation with the athlete:

- "I'm really happy that we will have the opportunity to cooperate with and support Adam Małysz for another 2 years. For a long time his attitude has deserved great recognition and respect. Adam Małysz thus proved that hard work, perseverance, professionalism and consistency combine into the ultimate recipe for continuous growth and final success.

Also in Generali we adhere to these rules. We are proud that in recent years we have been able to support Adam also in less successful periods, as we believed that his fortitude and willpower to fight would provide millions of Poles with unforgettable sports emotions again and again.

I keep my fingers crossed for Adam to continue his winning streak of flights under the wings of the lion – after all, St. Mark's lion is the symbol of Generali. I extend my heartfelt wishes both to Adam and the whole Polish team of ski jumpers".



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