

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND THE FIRST HALF OF 2011**

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I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

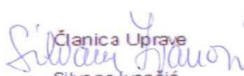
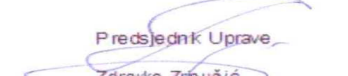
Reporting period: 01.01. to 30.06.2011.

Quarterly financial statement for insurance and reinsurance companies - GFI-OSIG

Tax number(MB)	03276147	
Company registration number (MBS)	080051022	
Personal identification number (OIB)	26187994862	
Issuing company:	CROATIA osiguranje d.d.	
Postal code and place	10000 ZAGREB	
Street and house number:	MIRAMARSKA 22	
E-mail address:		
Internet address	www.crosig.hr	
Municipality/city code and name	133 ZAGREB	
County code and name	21 GRAD ZAGREB	
Consolidated report:	YES	
Number of employees:	3.932	
(quarter end)		
NKD code:	6152	
Companies of the consolidation subject (according to):	Seat:	MB:
CROATIA LLOYD D.D.	ZAGREB	03276236
CROATIA OSIGURANJE D.D.	LJUBUŠKI	20097647
PBZ CROATIA OSIGURANJE D.D.	ZAGREB	01583999
CROATIA ZDRAVSTVENO OSIGURANJE D.D.	ZAGREB	01808435
CROATIA TEHNIČKI PREGLEDI D.D.	ZAGREB	01450930
CROATIA LEASING D.O.O.	ZAGREB	01892037
Bookkeeping service:		
Contact person:	Gordana Golub Levanić	
Telephone:	01/6333 108	Telefaks: 01/6332 073
E-mail address:	izdavatelj@crosig.hr	
Family name and name:	SILVANA IVANČIĆ, ZDRAVKO ZRINUŠIĆ	
	(person authorized to represent the company)	

Documents to be published:

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)
2. Statement of persons responsible for the drawing-up of financial statements
3. Report of the Management Board on the Company Status


Članica Uprave
Silvana Ivančić

Predsjednik Uprave
Zdravko Zrinušić
(potpis osobe ovlaštene za zastupanje)

**CONSOLIDATED TOTAL GAINS REPORT
(PROFIT AND LOSS ACCOUNT)
FOR THE PERIOD 01.01.2011.-30.06.2011.**

in HRK

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
I. Earned premiums (AOP 125 to 132)	124	183.572.509	1.278.457.828	1.462.030.337	187.852.468	1.189.624.143	1.377.476.611
1. Gross written premiums	125	182.963.189	1.853.393.378	2.036.356.567	187.590.281	1.777.940.838	1.965.531.119
2. Coinsurance premium	126		2.861.584	2.861.584		664.116	664.116
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-39.451.457	-39.451.457		-52.316.234	-52.316.234
4. Premiums ceded to reinsurance	128	-4.665	-228.873.984	-228.878.649	-192.621	-210.717.128	-210.909.749
5. Premiums ceded to coinsurance	129		-7.406.843	-7.406.843		-4.009.535	-4.009.535
6. Change in gross unearned premium provision	130	613.985	-384.633.095	-384.019.110	449.251	-411.558.848	-411.109.597
7. Change in unearned premium provision, reinsurer's share	131		82.437.672	82.437.672	5.557	89.620.935	89.626.492
8. Change in unearned premium provision, coinsurer's share	132		130.572	130.572			
II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)	133	61.556.517	105.205.620	166.762.137	57.176.618	109.673.488	166.850.105
1. Income from branch-offices, associated companies and joint ventures	134		1.960.706	1.960.706		770.726	770.726
2. Income from investments into land and buildings (136 to 138)	135	11.133	4.125.154	4.136.286	2.268	4.745.041	4.747.309
2.1. Income from rental fees	136	11.133	3.255.968	3.267.100	2.268	3.312.691	3.314.959
2.2. Income from increased value of land and buildings	137		437.268	437.268		1.412.350	1.412.350
2.3. Income from real estate sale	138		431.918	431.918		20.000	20.000
3. Interest income	139	66.595.159	97.234.471	163.829.630	52.736.258	74.953.398	127.689.656
4. Unrealized profits from investment at fair value	140	1.565.633	2.885.067	4.450.700	2.653.499	4.431.744	7.085.243
5. Gain on sale (realization) of financial investments (142 to 145)	141	1.169.616	3.226.358	4.395.974	1.603.270	2.124.806	3.728.076
5.1. Investment at fair value through profit and loss account	142	1.169.616	1.678.910	2.848.526	930.011	1.925.517	2.855.528
5.2. Investment available for sale	143		1.547.448	1.547.448		199.289	199.289
5.3. Other gains on sale of financial investments	144				673.259		673.259
6. Net positive exchange rate differences	145						
7. Other investment income	146	-7.785.023	-4.226.136	-12.011.159	181.322	22.647.774	22.829.095
III. Income from commissions and fees	147	46.542	24.907.756	24.954.298	50.250	23.582.739	23.632.989
IV. Other insurance-technical income, net of reinsurance	148	47.731	23.711.090	23.758.821	105.930	5.472.738	5.578.668
V. Other income	149	108.830	141.624.341	141.733.170	100.961	98.081.954	98.182.915
VI. Expenses for insured events, net of reinsurance (AOP 151)	150	-109.189.327	-764.317.901	-873.507.229	-166.631.675	-699.344.853	-865.976.528
1. Paid claims (AOP 152 to 154)	151	-109.684.024	-718.143.364	-827.827.388	-170.541.550	-673.783.290	-844.324.840
1.1. Gross amount	152	-109.684.024	-766.130.521	-875.814.545	-170.541.550	-714.009.050	-884.550.600
1.2. Coinsurer's share	153		-486.122	-486.122			
1.3. Reinsurer's share	154		48.473.279	48.473.279		40.225.760	40.225.760
2. Change in claims provision (AOP 156 to 158)	155	494.696	-46.174.537	-45.679.841	3.909.875	-25.561.563	-21.651.688
2.1. Gross amount	156	494.696	-39.509.882	-39.015.186	3.909.875	-122.537.392	-118.627.517
2.2. Coinsurer's share	157						
2.3. Reinsurer's share	158		-6.664.656	-6.664.656		96.975.829	96.975.829
VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)	159	-58.581.691		-58.581.691	-20.179.146	3.500.000	-16.679.146
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-58.581.691		-58.581.691	-20.179.146		-20.179.146
1.1. Gross amount	161	-58.583.643		-58.583.643	-20.249.177		-20.249.177
1.2. Reinsurer's share	162	1.952		1.952	70.030		70.030
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163					3.500.000	3.500.000
2.1. Gross amount	164					3.500.000	3.500.000
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
VIII. Changes in special reserves for insurance concerning the life insurance group where the policyholder assumes the investment risk, net of reinsurance (AOP 168 to 170)	167	-43.816		-43.816	2.593.584		2.593.584
1. Gross amount	168	-43.816		-43.816	2.593.584		2.593.584
2. Coinsurer's share	169						
3. Reinsurer's share	170						
IX. Outlays for premium returns (bonuses and discounts), net of reinsurance	171		3.220.083	3.220.083		883.491	883.491
1. Depending on results (bonuses)	172		1.060.457	1.060.457		880.000	880.000
2. Irrespective of results (discounts)	173		2.159.625	2.159.625		3.491	3.491

X. Business expenditures(AOP 175+179)	174	-55.545.903	-558.849.955	-614.395.857	-53.611.838	-497.760.593	-551.372.430
1. Sales expenses (AOP 176 to 178)	175	-21.359.366	-152.475.665	-173.835.031	-15.897.574	-126.919.509	-142.817.083
1.1. Commission	176	-13.969.302	-73.213.490	-87.182.792	-12.350.447	-74.592.654	-86.943.102
1.2. Other sales expenses	177	-7.390.064	-74.235.623	-81.625.687	-3.547.127	-54.518.951	-58.066.078
1.3. Change in split sales expenses	178		-5.026.552	-5.026.552		2.192.096	2.192.096
2. Management expenses (AOP 180 to 182)	179	-34.186.536	-406.374.290	-440.560.826	-37.714.264	-370.841.083	-408.555.347
2.1. Depreciation of tangible assets	180	-1.064.586	-27.762.018	-28.826.604	-944.433	-26.768.762	-27.713.195
2.2. Salaries, taxes and salary contributions (from and on	181	-21.178.712	-194.228.268	-215.406.980	-21.908.456	-188.739.702	-210.648.158
2.3. Other management expenses	182	-11.943.238	-184.384.004	-196.327.242	-14.861.375	-155.332.618	-170.193.993
XI. Investment expenses(AOP 184 to 189)	183	-13.872.596	-28.845.250	-42.717.847	-2.292.212	-39.527.905	-41.820.117
1. Depreciation (buildings not intended for business activities of the company)	184		-795.601	-795.601		-251.746	-251.746
2. Interest	185	-7.558	-70	-7.628		-1.286	-1.286
3. Investment impairments	186					-1.483.200	-1.483.200
4. Losses from sale (realizations) of investment	187	-614	-4.848.305	-4.848.919		-2.108.726	-2.108.726
5. Adjustment of financial assets at fair value through P&L	188	-623.585	-1.932.229	-2.555.814	-448.365	-472.271	-920.636
6. Net foreign exchange losses	189	-12.827.928	-5.011.767	-17.839.695	-1.579.270	-9.401.600	-10.980.870
7. Other investment costs	190	-412.912	-16.257.279	-16.670.191	-264.577	-25.809.077	-26.073.653
XII. Other technical expenses, net of reinsurance (AOP 192 + 193)	191	-3.624.546	-39.196.964	-42.821.510	-28.569	-41.459.371	-41.487.941
1. Prevention activities expenses	192		-1.046.052	-1.046.052		-2.436.247	-2.436.247
2. Other technical expenses	193	-3.624.546	-38.150.911	-41.775.457	-28.569	-39.023.124	-39.051.694
XIII. Other expenses, including value adjustment	194	-66.501	-117.868.053	-117.934.554		-81.485.128	-81.485.128
XIV. Profit or loss before taxes (124+133+147+148+149+150+159+167+171+174+183+191+194)	195	4.407.749	68.048.595	72.456.344	5.136.371	71.240.703	76.377.074
XV. Taxation (AOP 197+198)	196	-490.768	-14.905.279	-15.396.047	-611.594	-15.878.306	-16.489.900
1. Current tax expenses	197	-490.768	-14.905.279	-15.396.047	-611.594	-15.878.306	-16.489.900
2. Deferred tax expenses	198						
XVI. Net profit or loss for the period(AOP 195-196)	199	3.916.981	53.143.316	57.060.297	4.524.777	55.362.397	59.887.174
1. Attributable to majority owners	200	3.593.162	50.659.045	54.252.207	4.271.049	52.911.366	57.182.415
2. Attributable to minority interests	201	323.819	2.484.270	2.808.089	253.728	2.451.031	2.704.759
XVII. TOTAL INCOME	202	245.332.129	1.573.906.634	1.819.238.763	245.286.227	1.426.435.062	1.671.721.288
XVIII. TOTAL EXPENSES	203	-241.415.148	-1.520.763.319	-1.762.178.467	-240.761.450	-1.371.072.665	-1.611.834.115
IX. Other comprehensive profit (205 to 211 - 212)	204	-12.394.861	9.097.447	-3.297.414	-3.090.301	-22.036.457	-25.126.758
1. Profit / loss from translation of financial statements	205		-18.074	-18.074		-17.581	-17.581
2. Profit / loss from revaluation of financial assets available for sale	206	-12.394.861	9.685.768	-2.709.093	-3.090.301	-18.576.900	-21.667.201
3. Profit / loss from revaluation of operational land and buildings	207		-570.247	-570.247		-3.441.976	-3.441.976
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	208						
5. Effects of cash flow hedging instruments	209						
6. Actuarial profit / loss on pension plans with defined pensions	210						
7. Share of other comprehensive profit of associates	211						
8. Profit tax on other comprehensive profit	212						
XX. Total comprehensive profit (199+204)	213	-8.477.880	62.240.763	53.762.883	1.434.476	33.325.940	34.760.416
1. Attributable to majority owners	214	-8.801.699	59.706.470	50.904.771	1.180.748	30.905.282	32.086.030
2. Attributable to minority interests	215	323.819	2.534.293	2.858.112	253.728	2.420.657	2.674.385
XXI. Reclassification adjustments	216						

CONSOLIDATED FINANCIAL POSITION REPORT (BALANCE SHEET)
AS AT 30.06.2011.

in HRK

Position	AOP	Previous period			Current period		
		Life	Non-life	Total	Life	Non-life	Total
1	2	3	4	5(3+4)	6	7	8(6+7)
ASSETS							
A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)	001						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
B. INTANGIBLE ASSETS (005+006)	004	35.779	68.571.950	68.607.729	247.134	59.440.562	59.687.696
1. Goodwill	005		43.154.776	43.154.776		39.269.730	39.269.730
2. Other intangible assets	006	35.779	25.417.174	25.452.953	247.134	20.170.832	20.417.967
C. TANGIBLE ASSETS (008 to 010)	007	4.868.441	1.551.699.463	1.556.567.904	4.185.592	1.563.882.601	1.568.068.193
1. Land and buildings used for insurance activities	008	4.185.330	1.372.329.198	1.376.514.528	3.754.008	1.335.363.772	1.339.117.780
2. Equipment	009	521.068	140.887.166	141.408.234	275.557	112.031.934	112.307.491
3. Other tangible assets and reserves	010	162.043	38.483.099	38.645.142	156.027	116.486.895	116.642.922
D. INVESTMENTS (012+013+017+036)	011	2.083.905.096	3.845.786.189	5.929.691.285	2.121.818.436	3.940.048.680	6.061.867.116
I. Investments in land and buildings not intended for business activities of the company	012		816.718.189	816.718.189	397.160	911.683.617	912.080.777
II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)	013		19.140.405	19.140.405		17.654.710	17.654.710
1. Shares and stakes in branch-offices	014		429.012	429.012		429.012	429.012
2. Shares and stakes in associate companies	015		17.891.495	17.891.495		16.408.123	16.408.123
3. Participating in joint investments	016		819.898	819.898		817.574	817.574
III. Other financial investments (018 + 021 + 026 + 032)	017	2.083.905.096	3.009.927.595	5.093.832.691	2.121.421.276	3.010.710.353	5.132.131.629
1. Investments kept till maturity date (019 + 020)	018	1.229.341.654	793.103.148	2.022.444.802	1.192.010.806	735.729.217	1.927.740.023
1.1. Debt securities and other securities with fixed income	019	1.229.341.654	776.802.637	2.006.144.291	1.145.131.313	725.165.522	1.870.296.835
1.2. Other investments kept till maturity date	020		16.300.511	16.300.511	46.879.493	10.563.695	57.443.188
2. Investments available for sale (022 to 025)	021	115.155.930	324.509.104	439.665.034	112.065.630	296.325.347	408.390.977
2.1. Stocks, shares and other securities with variable income	022	54.417.013	205.911.348	260.328.361	49.902.042	185.160.173	235.062.215
2.2. Debt securities and other securities with fixed income	023					3.656.941	3.656.941
2.3. Stakes in investment funds	024	60.738.917	118.597.756	179.336.673	62.163.588	107.508.233	169.671.821
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	180.044.882	312.854.885	492.899.767	243.818.315	448.426.409	692.244.724
3.1. Stocks, shares and other securities with variable income	027		2.279.958	2.279.958		6.700.272	6.700.272
3.2. Debt securities and other securities with fixed income	028	9.879.000	42.510.883	52.389.883	67.910.537	104.281.044	172.191.581
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	170.165.882	268.064.044	438.229.926	175.907.778	337.445.093	513.352.871
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	559.362.630	1.579.460.458	2.138.823.088	573.526.525	1.530.229.380	2.103.755.905
4.1. Bank deposits	033	488.990.842	1.162.729.771	1.651.720.613	511.445.001	1.042.398.067	1.553.843.068
4.2. Loans	034	69.709.704	391.404.689	461.114.393	62.081.524	479.866.677	541.948.201
4.3. Other loans and receivables	035	662.084	25.325.998	25.988.082		7.964.636	7.964.636
IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)	036						
E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER	037	22.374.967		22.374.967	20.874.341		20.874.341
F. UDIO REOSIGURANJA U TEHNIČKIM PRIČUVAMA (039 to 045)	038	11.607	170.577.663	170.589.270	119.183	357.408.631	357.527.814
1. Unearned premiums, reinsurance share	039		77.653.096	77.653.096	37.546	166.906.706	166.944.252
2. Mathematical insurance provision, reinsurance share	040	11.607		11.607	81.637		81.637
3. Claims provision, reinsurance share	041		92.306.696	92.306.696		190.233.871	190.233.871
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		617.871	617.871		268.054	268.054
5. Provision for claims fluctuation, reinsurance share	043						
6. Other technical insurance provision, reinsurance share	044						
7. Special provision for insurance concerning life insurance group where the policyholder assumes the investment risk, reinsurance share	045						
G. DEFERRED AND CURRENT TAX ASSETS (047+048)	046	3.365.941	8.089.287	11.455.228	3.343.472	4.592.423	7.935.895
1. Deferred tax assets	047	3.343.472	4.192.043	7.535.515	3.343.472	4.592.423	7.935.895
2. Current tax assets	048	22.469	3.897.244	3.919.713			
H. RECEIVABLES (050 + 053 + 054)	049	47.579.928	1.044.599.437	1.092.179.365	47.251.099	1.340.878.757	1.388.129.856
1. Receivables from direct insurance activities (051 + 052)	050	41.306.800	689.902.212	731.209.012	40.659.676	1.065.423.207	1.106.082.883
1.1. Receivables from policyholders	051	41.239.595	681.607.349	722.846.944	40.602.320	1.056.013.271	1.096.615.591
1.2. Receivables from insurance agents	052	67.205	8.294.863	8.362.068	57.356	9.409.936	9.467.292
2. Receivables from coinsurance and reinsurance activities	053		29.146.633	29.146.633		56.070.008	56.070.008
3. Other receivables (055 to 057)	054	6.273.128	325.550.592	331.823.720	6.591.423	219.385.542	225.976.965
3.1. Receivables for other insurance activities	055		39.441.426	39.441.426		30.790.008	30.790.008
3.2. Receivables for returns on investments	056	1.774.148	15.395.682	17.169.830	3.004.173	15.432.010	18.436.183
3.3. Other receivables	057	4.498.980	270.713.484	275.212.464	3.587.250	173.163.524	176.750.774
I. OTHER ASSETS (059 + 063 + 064)	058	7.480.660	77.732.314	85.212.974	13.529.405	105.120.484	118.649.889
1. Money in bank and in cash (060 to 062)	059	7.387.138	58.049.720	65.436.858	13.480.244	88.755.200	102.235.444
1.1. Money on business account	060	1.172.350	57.713.155	58.885.505	2.868.921	78.703.646	81.572.567
1.2. Money on mathematical provision account	061	6.205.208		6.205.208	10.601.632	9.109.790	19.711.422
1.3. Cash money	062	9.580	336.565	346.145	9.691	941.764	951.455
2. Long-term assets intended for sale and business termination	063						
3. Other	064	93.522	19.682.594	19.776.116	49.161	16.365.284	16.414.445
J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUE COLLECTION OF INCOME (066 to 068)	065	18.055.825	49.340.791	67.396.616	15.697.568	56.021.137	71.718.705
1. Split interest and rental fees	066	18.012.109	19.367.411	37.379.520	15.679.441	13.676.979	29.356.420
2. Split sales costs	067		13.408.769	13.408.769		19.723.798	19.723.798
3. Other paid expenses of the future period and undue income collection	068	43.716	16.564.611	16.608.327	18.127	22.620.360	22.638.487
K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)	069	2.187.678.244	6.816.397.094	9.004.075.338	2.227.066.230	7.427.393.275	9.654.459.505
L. NON-BALANCE SHEET RECORDS	070		704.570.820	704.570.820		677.687.028	677.687.028

LIABILITIES								
A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)	071	141.697.572	1.793.597.369	1.935.294.941	142.382.826	1.829.819.354	1.972.202.180	
1. Subscribed capital (073 to 075)	072	44.288.720	398.598.480	442.887.200	44.288.720	398.598.480	442.887.200	
1.1. Subscribed capital - common shares	073	44.288.720	386.348.480	430.637.200	44.288.720	386.348.480	430.637.200	
1.2. Subscribed capital - preferred shares	074		12.250.000	12.250.000		12.250.000	12.250.000	
1.3. Capital invited to be paid	075							
2. Capital reserves	076							
3. Revaluation reserves (078 to 080)	077	8.753.985	552.018.411	560.772.396	5.663.684	529.981.953	535.645.637	
3.1. Revaluation of land and buildings	078		518.667.184	518.667.184		513.935.439	513.935.439	
3.2. Revaluation of investments in financial assets	079	8.753.985	26.530.844	35.284.829	5.663.684	7.696.984	13.360.668	
3.3. Other revaluation reserves	080		6.820.383	6.820.383		8.349.530	8.349.530	
4. Reserves (082 to 084)	081	77.013.268	366.917.393	443.930.661	77.013.268	366.917.393	443.930.661	
4.1. Legal provision	082	263.177	17.198.799	17.461.976	263.177	17.198.800	17.461.977	
4.2. Statutory provision	083	1.250.091	83.007.767	84.257.858	1.250.091	83.007.766	84.257.857	
4.3. Other reserves	084	75.500.000	266.710.827	342.210.827	75.500.000	266.710.827	342.210.827	
5. Retained profit or loss (086 + 087)	085	5.033.861	397.721.058	402.754.919	11.146.105	481.410.163	492.556.268	
5.1. Retained profit	086	5.033.861	397.721.058	402.754.919	11.146.105	481.410.163	492.556.268	
5.2. Retained loss (-)	087							
6. Profit or loss for the period (089 + 090)	088	6.607.738	78.342.027	84.949.765	4.271.049	52.911.365	57.182.414	
6.1. Profit for the period	089	6.607.738	78.342.027	84.949.765	4.271.049	52.911.365	57.182.414	
6.2. Loss for the period (-)	090							
B. MINORITY INTEREST	091	9.606.916	58.991.088	68.598.004	9.449.442	59.426.957	68.876.399	
C. TECHNICAL PROVISION (093 to 098)	092	1.924.060.577	4.309.035.501	6.233.096.078	1.939.690.493	4.842.198.334	6.781.888.827	
1. Unearned premiums, gross amount	093	3.986.675	1.173.196.945	1.177.183.620	3.567.683	1.586.208.039	1.589.775.722	
2. Mathematical insurance provision, gross amount	094	1.877.152.130		1.877.152.130	1.897.114.594		1.897.114.594	
3. Claims provision, gross amount	095	42.921.772	3.074.104.217	3.117.025.989	39.008.216	3.199.145.515	3.238.153.731	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096		5.977.339	5.977.339		4.587.780	4.587.780	
5. Provision for claims fluctuation, gross amount	097							
6. Other technical insurance provision, gross amount	098		55.757.000	55.757.000		52.257.000	52.257.000	
D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount	099	22.374.967		22.374.967	20.874.341		20.874.341	
E. OTHER PROVISION (101 + 102)	100	2.647.001	85.216.786	87.863.787	4.696.628	108.693.505	113.390.133	
1. Provision for pensions	101	2.647.001	78.382.881	81.029.882	4.696.628	102.491.079	107.187.707	
2. Other provision	102		6.833.905	6.833.905		6.202.426	6.202.426	
F. DEFERED AND CURRENT TAX LIABILITY (104 + 105)	103		129.438.669	129.438.669	611.594	133.098.525	133.710.119	
1. Deferred tax liability	104		123.685.469	123.685.469		123.014.431	123.014.431	
2. Current tax liability	105		5.753.200	5.753.200	611.594	10.084.094	10.695.688	
G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	106							
H. FINANCIAL LIABILITIES (108 to 110)	107	144.963	161.061.626	161.206.589	5.246	108.613.557	108.618.803	
1. Loan liabilities	108		146.314.014	146.314.014		103.041.613	103.041.613	
2. Outstanding securities	109							
3. Other financial liabilities	110	144.963	14.747.612	14.892.575	5.246	5.571.944	5.577.190	
I. OTHER LIABILITIES (112 to 115)	111	45.013.731	258.456.232	303.469.963	46.202.218	321.244.554	367.446.772	
1. Liabilities derived from direct insurance activities	112	974.033	109.025.151	109.999.184	1.635.426	111.855.096	113.490.522	
2. Liabilities derived from coinsurance and reinsurance activities	113	1.665	38.334.150	38.335.815	2.238	87.870.075	87.872.313	
3. Liabilities for misappropriation and discontinued operations	114							
4. Other liabilities	115	44.038.033	111.096.931	155.134.964	44.564.554	121.519.383	166.083.937	
J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)	116	42.132.517	20.599.823	62.732.340	63.153.442	24.298.489	87.451.931	
1. Reinsurance commission split	117							
2. Other deferred costs payment and future income	118	42.132.517	20.599.823	62.732.340	63.153.442	24.298.489	87.451.931	
K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)	119	2.187.678.244	6.816.397.094	9.004.075.338	2.227.066.230	7.427.393.275	9.654.459.505	
L. NON-BALANCE SHEET RECORDS	120		704.570.820	704.570.820		677.687.028	677.687.028	
ADDITION TO BALANCE SHEET (only for consolidated financial statements)								
M. CAPITAL AND RESERVES (122+123)	121	151.304.488	1.852.588.457	2.003.892.945	151.832.268	1.889.246.311	2.041.078.579	
1. Attributable to majority owners	122	141.697.572	1.793.597.369	1.935.294.941	142.382.826	1.829.819.354	1.972.202.180	
2. Attributable to minority interests	123	9.606.916	58.991.088	68.598.004	9.449.442	59.426.957	68.876.399	

**CONSOLIDATED REPORT ON CHANGES IN EQUITY
FOR THE PERIOD 01.01.2011. - 30.06.2011.**

in HRK

Position	AOP	Attributable to the owners of the parent company							Attributable to non-controlling interests	Total capital and reserves (9+10)
		Subscribed capital	Share premium	Revaluation reserves	Reserves (legal, statutory, other)	Retained profit or transferred loss	Current year profit/loss	Total capital nad reserves (3 to 8)		
1	2	3	4	5	6	7	8	9	10	11
I. Balance at 1 January - previous year	001	442.887.200		492.570.679	423.894.652	274.246.101	152.504.002	1.786.102.634	62.855.107	1.848.957.741
1. Change in accounting policy	002					906.944		906.944	1.746.368	2.653.312
2. Correction of previous period errors	003			-7.526.061		-6.134.196		-13.660.257	835.504	-12.824.753
II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)	004	442.887.200		485.044.618	423.894.652	269.018.849	152.504.002	1.773.349.321	65.436.979	1.838.786.300
III. Comprehensive profit or loss - previous year (AOP 006+007)	005			75.727.778		4.166.959	84.949.765	164.844.502	4.147.754	168.992.256
1. Profit/loss of the previous period	006						84.949.765	84.949.765	3.349.219	88.298.984
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			75.727.778		4.166.959		79.894.737	798.535	80.693.272
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			-3.244.589		5.356.680		2.112.091		2.112.091
2.2. Unrealized profit/loss from financial assets available for sale	009			-7.746.521				-7.746.521	245.624	-7.500.897
2.3. Realized profit/loss from financial assets available for sale	010			85.933.880				85.933.880		85.933.880
2.4. Other non-ownership changes in capital	011			785.008		-1.189.721		-404.713	552.911	148.198
IV. Transactions with owners (previous period) (AOP 013 to 016)	012				20.036.009	129.569.111	-152.504.002	-2.898.882	-986.729	-3.885.611
1. Increase/decrease of share capital	013									
2. Other payments by the owners	014									
3. Payment of shares in profit/dividends	015						-2.898.882	-2.898.882	-986.729	-3.885.611
4. Other distribution to the owners	016				20.036.009	129.569.111	-149.605.120			
V. Balance at 31 December - previous period (AOP 004+005+012)	017	442.887.200		560.772.396	443.930.661	402.754.919	84.949.765	1.935.294.941	68.598.004	2.003.892.945
VI. Balance at 1 January - current year	018	442.887.200		560.772.396	443.930.661	402.754.919	84.949.765	1.935.294.941	68.598.004	2.003.892.945
1. Change in accounting policy	019									
2. Correction of previous period errors	020			-783.466		991.132		207.666	83.688	291.354
VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)	021	442.887.200		559.988.930	443.930.661	403.746.051	84.949.765	1.935.502.607	68.681.692	2.004.184.299
VIII. Comprehensive profit or loss - current period (AOP 023+024)	022			-24.343.292		3.860.452	57.182.414	36.699.574	2.674.385	39.373.959
1. Profit/loss of the previous period	023						57.182.414	57.182.414	2.704.759	59.887.173
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			-24.343.292		3.860.452		-20.482.840	-30.374	-20.513.214
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-2.658.510		3.319.693		661.183		661.183
2.2. Unrealized profit/loss from financial assets available for sale	026			-23.156.289				-23.156.289	-31.382	-23.187.671
2.3. Realized profit/loss from financial assets available for sale	027			1.489.088				1.489.088		1.489.088
2.4. Other non-ownership changes in capital	028			-17.581		540.759		523.178	1.008	524.186
IX. Transactions with owners (current period) (AOP 030 to 033)	029					84.949.765	-84.949.765		-2.479.678	-2.479.678
1. Increase/decrease of share capital	030									
2. Other payments by the owners	031									
3. Payment of shares in profit/dividends	032								-1.110.195	-1.110.195
4. Other distribution to the owners	033					84.949.765	-84.949.765		-1.369.483	-1.369.483
X. Balance at 31 December - current period (AOP 021+022+029)	034	442.887.200		535.645.638	443.930.661	492.556.268	57.182.414	1.972.202.181	68.876.399	2.041.078.580

CONSOLIDATED REPORT ON MONEY FLOW – INDIRECT METHOD

FOR THE PERIOD 01/01/2011 – 30/06/2011

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)	001	50.603.313	67.562.577
1. Cash flow before change in business property and liabilities (AOP 003+004)	002	27.091.195	114.363.059
1.1. Profit before tax	003	72.456.344	76.377.074
1.2. Adjustment: (AOP 005 to 012)	004	-45.365.149	37.985.985
1.2.1. Depreciation and amortization of immovables and equipment	005	48.700.180	39.781.305
1.2.2. Depreciation and amortization of intangible property	006	3.519.358	3.771.979
1.2.3. Impairment and profits/losses from adjustment to fair value	007	-80.264.331	-4.909.930
1.2.4. Interest expenses	008	88.898	
1.2.5. Interest income	009	3.714.924	2.883.218
1.2.6. Share in profit of associated companies	010	679	-6.517
1.2.7. Profits/losses from sale of tangible property (including real estate)	011		
1.2.8. Other adjustments	012	-21.124.857	-3.534.070
2. Increase/decrease in business property and liabilities (AOP 014 to 030)	013	60.529.985	-27.522.695
2.1. Increase /decrease in investments available for sale	014	-22.202.607	31.274.057
2.2. Increase /decrease in investment estimated at fair value	015	-122.121.424	-199.344.957
2.3. Increase / decrease in deposits, loans and receivables	016	47.782.442	35.067.183
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	017		
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	018	-174.648	1.500.626
2.6. Increase /decrease of reinsurance stakes in technical provision	019	-340.751.913	-186.938.543
2.7. Increase/decrease of taxable property	020	2.372.407	3.519.334
2.8. Increase/decrease in receivables	021	-175.382.685	-295.950.493
2.9. Increase/decrease in other assets	022	-9.707.833	
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	023	-13.788.867	-4.322.088
2.11. Increase/decrease in technical provision	024	732.194.787	548.792.748
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	025	174.648	-1.500.626
2.13. Increase/decrease in tax liabilities	026	-12.761.434	4.271.449
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		
2.15. Increase/decrease in financial liabilities	028	-93.919.149	-52.587.787
2.16. Increase/decrease in other liabilities	029	72.471.884	63.976.810
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	-3.655.623	24.719.592
3. Income tax paid	031	-37.017.867	-19.277.787
II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)	032	4.712.703	14.674.317
1. Receipts from sale of tangible assets	033	5.584.717	11.558.839
2. Expenditures for the purchase of tangible assets	034	-37.682.054	-42.496.129
3. Receipts from sale of intangible assets	035		
4. Expenditures for the purchase of intangible assets	036	-912.084	-2.668.343
5. Receipts from sale of land and buildings not intended for business activities of the company	037		20.000
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-16.637.850	-55.098.749
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	317.077	2.240.295
8. Receipts from investments kept till maturity	040	70.034.697	134.630.292
9. Expenditures for investments kept till maturity	041	-11.151.639	-30.689.236
10. Receipts from sale of securities and stakes	042		
11. Expenditures for investments in securities and stakes	043	-8.060.202	-4.747.803
12. Receipts from dividends and profit share	044	1.217.560	579.658
13. Receipts from long term and short term loans	045	4.947.472	5.788.565
14. Expenses for long term and short term loans	046	-2.944.991	-4.443.072
III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)	047	-45.608.183	-48.152.575
1. Receipts from capital stock increase	048	59.744	
2. Receipts from short-term and long-term loans	049	19.982.102	
3. Expenditures for short-term and long-term loans	050	-64.587.749	-27.780.883
4. Expenditures for purchase of treasury shares	051	-130.386	
5. Expenditures for payment of profit share (dividends)	052	-931.894	-20.371.692
NET CASH FLOW (AOP 001 + 032 + 049)	053	9.707.833	34.084.319
IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES	054		-647.404
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)	055	9.707.833	33.436.915
Cash and cash equivalents at the beginning of the period	056	88.487.953	85.212.974
Cash and cash equivalents at the end of the period (AOP 057 + 058)	057	98.195.786	118.649.889

II MANAGEMENT BOARD'S REPORT ON COMPANY STATUS

Following unfavourable economic situation caused by economic crisis, more than two years the insurance market is characterized by falling trend. After the first good results and optimistic announcements about the next year recovery of the insurance market, the results of the second quarter still indicated the influence of the economic crisis on the insurance industry.

In the first half of 2011, Croatia osiguranje Group realized income amounting to HRK 1,671.7 mil. that is a decrease of 8.1% compared to the same period of the previous year. Net profit after taxation and minority shareholders stake in net profit amounted to HRK 57.2 mil. that is an increase of 5.4% compared to the same period of the previous year.

In the first half of 2011, the gross written premium of the Group amounted to HRK 1,965.5 mil. that is a decrease of 3.5%. The non-life insurance gross written premium amounted to HRK 1,777.9 mil. that is a decrease of 4.1%, while the life gross written premium amounted to HRK 187.6 mil. that is an increase of 2.5%.

In the non-life and life insurance investment business, the Group registered investment income amounting to HRK 166.9 mil.

The total expenditure of the Group amounted to HRK 1,595.3 mil. that is a decrease of 8.7%. The decrease in business expenditure by 10.3% that makes 34.6% of the total expenditure of the Group is the result of the further implementation of the saving measures and reduction of unproductive expenditure in the Group.

On 30/06/2011 the total assets of the Group amounted to HRK 9,654.5 mil. that is an increase of 7.2% compared to 31/12/2010.

In the reported period the calculated technical provision amounted to HRK 6,781.9 mil. that is an increase of 8.8% compared to calculated technical provision on 31/12/2010.

Key business indicators for the Group:

DESCRIPTION	GROUP		
1	2	3	4
PROFIT&LOSS ACCOUNT	I-VI 2010	I-VI 2011	INDEX 6/5
Total income	1,819,239	1,671,721	91.9
Total expenditure	1,746,782	1,595,344	91.3
Written gross premium	2,036,356	1,965,530	96.5
- non-life	1,853,393	1,777,940	95.9
- life	182,963	187,59	102.5
Paid claims (gross)	875,815	884,551	101.0
- non-life	766,131	714,009	93.2
- life	109,684	170,542	155.5
Profit before taxation	72,457	76,377	105.4
Profit after taxation	57,060	59,887	105.0
Profit after minority interest	54,252	57,182	105.4
BALANCE	31.12.2010	30.6.2011	INDEX 6/5
Total assets	9,004,075	9,654,459	107.2
Equity and provision	1,935,295	1,972,202	101.9
- subscribed capital	442,887	442,887	100.0
- revaluation provision	560,772	535,646	95.5
- legal provision	17,462	17,462	100.0
- statutory provision	84,258	84,258	100.0
- other provision	342,211	342,211	100.0
- retained profit	402,755	492,556	122.3
- current period profit	84,95	57,182	67.3
Technical provision	6,233,096	6,781,889	108.8
- unearned premium, gross	1,177,184	1,589,776	135.0
- LIMP	1,877,152	1,897,114	101.1
- claim provision	3,117,026	3,238,154	103.9
- provision for premium returns dependent and undependent on the result (bonus & discount), gross	5,977	4,588	76.8
- other technical insurance provision, gross	55,757	52,257	93.7
Life insurance special provision-policyholder's investment risk, gross	22,375	20,874	93.3
Investment	5,929,691	6,061,867	102.2
KEY BUSINESS INDICATORS	I-VI 2010	I-VI 2011	INDEX 6/5
ROA (%) (net profit / assets)	0.6	0.6	98.7
ROE (%) (net profit / equity and provision)	3.0	2.9	96.6
Gross profit margin (%) (gross profit / total income)	4.0	4.6	114.2

In turbulent market conditions the Group takes measures and activities with the aim to reduce the negative influence of the unfavourable economic trends on its business operations. An emphasis is given to the enhancement of the market share in the region, stronger participation of CROATIA osiguranje, sales network as well as establishing new subsidiaries and enlargement of the sales' and services' scope and quality.

On 20 June the Group member company Croatia - Tehnički pregledi d.o.o. opened the new MOT test station in Virovitica, equipped to the highest contemporary standard in the region. It is the two-line MOT test station with 8 employees providing the highest contemporary and quality service in the town.

On 28 June in Skopje the new sales place of CROATIA osiguranje a.d., the company operating non-life insurance was opened.

Unaudited consolidated financial statements for the second quarter and the first half 2011 shall be available on Croatia osiguranje d.d.'s, the Zagreb Stock Exchange's, the Register of the Prescribed Information's web pages as well as publicly disclosed by HINA.

Key business events

On 11 April 2011 the meeting of the Supervisory Board of Croatia osiguranje d.d. was held and the consent of the Supervisory Board to the Annual Report 2010 as well as Annual Financial Statements 2010 was given. The consent to the Consolidated Annual Report of the Company and Consolidated Annual Financial Statements 2010 was given as well. The Supervisory Board has discussed the proposal of the Decision on Allocation of Profit 2010 which was approved at the meeting held on 20 April 2011.

The Decision on Allocation of Profit was submitted for adoption to the 35th General Assembly's meeting d.d. held 08/07/2011.

Description of major risks and uncertainties

During financial and insurance risk management, the fundamental target of the Group is to maintain the equity level according to the scope and types of the insurance business operations including the exposure to risks. The Board of Management acknowledges the importance of efficient and effective risk management system, in accordance with that the Group is in the process of introduction the centralized risk management system. Authorities supervise the Group's solvency providing the coverage of liabilities arisen from possible economic changes or natural disasters.

The Group manages its assets actively using the approach of harmonized relation between quality, diversification, compliance between assets and liabilities, solvency as well as investment proceeds. The management reviews and approves the targeted portfolios periodically determines the investment directives as well as limits and supervises the assets and liabilities process management.

The due attention is paid to the compliance with the provisions of the Law on Insurance. The Group takes over the financial risks in connection with the financial instruments transactions. These risks include market risk, credit risk as well as solvency risk. Each of these risks is described in the Annual Report 2010.

Zagreb, 29/07/2011

Članica Uprave

Silvana Ivančić

Member of the Board

Predsjednik Uprave

Zdravko Zrinušić

President of the Board

III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND THE FIRST HALF 2011

1. GENERAL

THE CROATIA OSIGURANJE GROUP ("Group") consists of Croatia osiguranje d.d. Zagreb (parent company) and 24 daughter companies:

Daughter companies	Business operation	Country
Croatia Lloyd d.d., Zagreb	Reinsurance	Croatia
- Croatia mirovni dom d.o.o., Zagreb	Construction	Croatia
- Plančić d.o.o., Vrbanj	Viticulture	Croatia
Croatia Leasing d.o.o., Zagreb	Leasing	Croatia
Croatia-Tehnički pregledi d.o.o., Zagreb	MOT tests	Croatia
- STP Pitomača, Pitomača	MOT tests	Croatia
Herz d.d., Požega	MOT tests	Croatia
Croatia osiguranje mirovinsko društvo d.o.o., Zagreb	Pension fund management	Croatia
Croatia zdravstveno osiguranje d.d., Zagreb	Insurance	Croatia
- Poliklinika Ars Medica, Pula	Health services	Croatia
- Poliklinika Croatia zdravstveno osiguranje, Zagreb	Health services	Croatia
PBZ Croatia osiguranje d.d., Zagreb	Pension fund management	Croatia
Slavonijatrans-Tehnički pregledi d.o.o., Sl. Brod	MOT tests	Croatia
Croatia Sigurimi sh.a., Priština	Insurance	Kosovo
Milenijum osiguranje a.d., Beograd	Insurance	Serbia
Croatia osiguranje d.d., Ljubuški	Insurance	Bosnia & Herzegovina
- Crotehna d.o.o., Ljubuški	MOT tests	Bosnia & Herzegovina
- Croatia remont d.d., Čapljina	MOT tests	Bosnia & Herzegovina
- Croauto d.o.o., Mostar	MOT tests	Bosnia & Herzegovina
- Croatia Vitez d.o.o., Vitez	MOT tests	Bosnia & Herzegovina
- Hotel Hum d.o.o., Ljubuški	Hotel & Catering Services	Bosnia & Herzegovina
- Ponte d.o.o., Mostar	Insurance representation	Bosnia & Herzegovina
Croatia osiguranje a.d., društvo za osiguranje života, Skopje	Insurance	Macedonia
Croatia osiguranje a.d. društvo za osiguranje neživota, Skopje	Insurance	Macedonia

Croatia osiguranje d.d. (parent company) with the seat in Zagreb, Miramarska 22, is registered at the Commercial Court Register in Zagreb under subject registration number MBS: 080051022. The principal activity of the Company is non-life and life insurance.

Management Board and Supervisory Board

In accordance with Law on Commercial Companies, Insurance Law and the Statute of the Company, bodies of the Company are: Management Board, Supervisory Board and General Assembly. Responsibilities of the members of these bodies are regulated by the above mentioned acts.

Members of the Supervisory Board of the Company:

Nikola Mijatović, D.Sc. Chairman
Nataša Duspara, Deputy chair-woman
Gzim Redžepi, D.Sc. Member
Josip Zaher, Member
Ante Obuljen, Member
Miroslav Hrašćanec

Members of the Management Board:

Zdravko Zrinušić, President
Silvana Ivančić, Member

During the period from 1 January to 30 June 2011, 24 meetings of the Management Board were held, discussing and making decisions in accordance with Laws and the Statute of the Company.

Subscribed capital and shares

On 30/06/2011 the subscribed capital is determined in the nominal amount of HRK 442,887,200.00 and consists of 316,348 shares in the nominal value of HRK 1,400.00. All shares are initial public offering shares and are marked as follows:

- 307,598 shares are ordinary shares marked as CROS-R-A
- 8,750 shares are preferred shares marked as CROS-P-A.

Each share, ordinary and preferred, relates to 1 (one) vote at the General Assembly. All shares are entirely paid, issued in non-material form, are free for transfer and are recorded in depository of the central Depository and Clearing Company.

The Group has no own shares in its ownership.

Ownership structure on 30/06/2011:

Shareholder	Number of Shares	30/06/2011	
		Amount HRK	% Share
1. AUDIO / Republic of Croatia	253,807	355,329,800.00	80.23
2. Raiffeisenbank Austria d.d.-custody account	19,695	27,573,000.00	6.23
3. Hrvatska poštanska banka d.d.-basic and custody account	6,904	9,665,600.00	2.18
4. Societe Generale- Splitska banka d.d.-custody account	6,321	8,849,400.00	2.00
5. PBZ d.d.-custody account	2,575	3,605,000.00	0.81
6. Zvon ena holding d.d.	2,122	2,970,800.00	0.67
7. Kraš d.d.	1,400	1,960,000.00	0.44
8. Erste&Steiermärkische Bank d.d. – basic and custody account	1,297	1,815,800.00	0.41
9. Hypo alpe-adria-bank d.d.- custody account	1,053	1,474,200.00	0.33
10. Auto Hrvatska d.d.	1,004	1,405,600.00	0.32
11. Komercijalna banka d.d. in liquidation	700	980,000.00	0.22
12. Zagrebačka banka d.d.-custody account	675	945,000.00	0.21
13. Bahovec Srećko	566	792,400.00	0.18
14. Adriacommerce	500	700,000.00	0.16
15. Radić Antun	408	571,200.00	0.13
16. Tankerska plovidba	400	560,000.00	0.13
17. Škaro Miroslav	380	532,000.00	0.12
18. Fran Mihaljević - klinika za infekt. bolesti	330	462,000.00	0.10
19. Cemex Hrvatska d.d.	249	348,600.00	0.08
20. Končar-elektroindustrija d.d.	230	322,000.00	0.07
21. Other shareholders	15,732	22,024,800.00	4.98
TOTAL:	316,348	442,887,200.00	100.00

2. BASIS FOR COMPOSING AND CONSOLIDATION OF FINANCIAL STATEMENTS

Financial statements are made in accordance with Law on Equity Market provisions (NN 88/08), Zagreb Stock Exchange Rules and the Decision on Form and Content of the Financial Statements' Issuer for the periods during the year (NN 132/10), which has been brought by Croatian Financial Services' Supervisory Agency (HANFA).

The financial statements are made by the appliance of the basic accounting assumption of the occurrence of business event whose effects are recognized at the moment of the occurrence and recorded in the financial statement for the related period, as well as under the accounting assumption of unlimited time of operating business.

The consolidated financial statements include the parent company Croatia osiguranje d.d. and its subsidiaries. The control is apparent in the case when the Company owns, either directly or indirectly, over 50% of votes in the company, consequently it is able to manage financial and business policy of the company with the aim to realize benefit from its activities. All significant transactions and amounts in the Group are eliminated.

Reporting Currency

The financial statements are presented in Croatian kuna (HRK). On 30 June 2011 the official exchange rate of the Croatian kuna was HRK 7.37 to 1 Euro and HRK 5.13 to 1 USD.

Use of Estimate

The making of the financial statements in accordance with IFRS requires the making of judgments, estimates and assumptions influencing the appliance of policies as well as presented amounts of assets, liabilities, income and expenditure. The estimates and assumptions are based on experience and other various factors considered rational in given circumstances accompanied by information available at the time of making financial statements, the result of which makes the basis for book value of assets and liabilities assessment which is not easy to determine on the basis of other sources. Actual results may differ from these estimates. The estimates and assumptions are continually examined. The changes in accounting assessments are recognized for the period for which they have been changed as well as for future periods if the changes influence them.

Accounting Policies

The accounting policies used during making the financial statements for the second quarter and the first half of 2011 correspond to the accounting policies used during making of the audited financial statements 2010.

Business Events After the Balance Sheet Date

On 8 July 2011, 35th General Assembly of CROATIA osiguranje d.d. was held. The General Assembly discussed the Annual Report of CROATIA osiguranje d.d. and Consolidated Annual Report of CROATIA osiguranje d.d. The report of Supervisory Board has been discussed as well, and finally Annual Financial Statements of CROATIA osiguranje d.d. 2010 and Annual Consolidated Financial Statements of CROATIA osiguranje d.d. 2010 as well, were approved together by the Management Board and the Supervisory Board of CROATIA osiguranje d.d.

All decisions were brought by major votes of the present shareholders as follows:

1. a) Decision on Allocation of Profit for 2010
b) Decision on Relieving of Duty of the Management Board of CROATIA osiguranje d.d.
c) Decision on Relieving of Duty of the Supervisory Board of CROATIA osiguranje d.d.
2. Decision on Appointing the Auditor of CROATIA osiguranje d.d. for 2011

The realized net profit of CROATIA osiguranje d.d. amounting to HRK 43,603,886.45 will be allocated as follows:

1. Legal provisions	2,180,194.32	HRK
2. Statutory provisions	10,355,923.03	HRK
3. Preferred share dividends	980,000.00	HRK
4. Ordinary share dividends	27,683,820.00	HRK
5. Retained profit	2,403,949.10	HRK

The dividend for the preferred share amounted to HRK112.00 and for the ordinary share the dividend amounted to HRK 90.00 per each share.



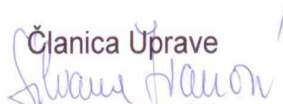
On the basis of the Article 20 of the Statute of CROATIA osiguranje d.d. of 30 April 2008 and Article 410 of the Law on Equity Market (NN 88/08) the Management Board of the Company gives the

STATEMENT

To the best of its knowledge:

- The unaudited consolidated financial statements of the issuer for the second quarter and the first half of 2011, made by applying relevant FRS, gives the whole and true presentation of assets and liabilities, losses and gains, financial position and business operation of the issuer as well as companies included in consolidation as a whole,
- The Management Board's report consists of true presentation of the development and results of business operations as well as the position of the issuer and companies included in consolidation, accompanied by the description of major risks and uncertainties the issuer as well as companies are exposed to.

Zagreb, 29/07/2011

Članica Uprave

Silvana Ivančić

Member of the Board

Predsjednik Uprave

Zdravko Zrinušić

President of the Board