



**UNAUDITED UNCONSOLIDATED ANNUAL  
REPORT FOR THE YEAR 2011**

Zagreb, February, 2012

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# I UNAUDITED FINANCIAL STATEMENTS

## ATTACHMENT 2.

Reporting period: 01.01. to 31.12.2011.

### Quarterly financial statement for insurance and reinsurance companies - TFI-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	<a href="http://www.crosig.hr">www.crosig.hr</a>		
Municipality/city code and name	133	ZAGREB	
County code and name	21	GRAD ZAGREB	Number of employees: <span style="border: 1px solid black; padding: 2px;">2.705</span>
Consolidated report:	NO		(quarter end) NKD code: <span style="border: 1px solid black; padding: 2px;">6512</span>
Companies of the consolidation subject (according to the law)	Seat:	MB:	
Bookkeeping service:			
Contact person:	KATICA KUZMANOVIĆ		
Telephone:	01/6333-117	Telefaks:	01/6332-073
E-mail address:	<a href="mailto:katica.kuzmanovic@crosig.hr">katica.kuzmanovic@crosig.hr</a>		
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

Member of the Board

President of the Board



Članica Uprave

*Silvana Ivančić*

Silvana Ivančić

Predsjednik Uprave

*Zdravko Zrinušić*

Zdravko Zrinušić

(potpis osobe ovlaštene za zastupanje)

## TOTAL GAINS REPORT (PROFIT & LOSS ACCOUNT)

For the period from 01/01/2011 until 31/12/2011

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)
<b>I. Earned premiums (AOP 125 to 132)</b>	<b>124</b>	345.294.633	2.122.001.014	2.467.295.647	341.703.274	1.988.004.619	2.329.707.893
1. Gross written premiums	125	345.214.596	2.550.202.297	2.895.416.893	341.732.078	2.447.128.712	2.788.860.790
2. Coinsurance premium	126		4.574.802	4.574.802		3.920.226	3.920.226
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-50.290.476	-50.290.476		-66.048.930	-66.048.930
4. Premiums ceded to reinsurance	128	-6.859	-454.681.019	-454.687.878	-282.572	-406.688.732	-406.971.304
5. Premiums ceded to coinsurance	129		-5.094.469	-5.094.469		-4.304.247	-4.304.247
6. Change in gross unearned premium provision	130	86.896	81.020.103	81.106.999	253.630	21.425.918	21.679.549
7. Change in unearned premium provision, reinsurer's share	131		-3.730.225	-3.730.225	138	-7.428.329	-7.428.191
8. Change in unearned premium provision, coinsurer's share	132						
<b>II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)</b>	<b>133</b>	123.889.541	192.010.695	315.900.236	125.955.184	304.785.234	430.740.418
1. Income from branch-offices, associated companies and joint ventures	134	1.483.480	30.239.640	31.723.120		34.558.009	34.558.009
2. Income from investments into land and buildings (136 to 138)	135		11.945.802	11.945.802		62.583.072	62.583.072
2.1. Income from rental fees	136		6.375.613	6.375.613		6.831.290	6.831.290
2.2. Income from increased value of land and buildings	137		5.137.070	5.137.070		55.751.782	55.751.782
2.3. Income from real estate sale	138		433.119	433.119			
3. Interest income	139	112.179.502	134.017.493	246.196.995	100.482.773	127.224.864	227.707.637
4. Unrealized profits from investment at fair value	140	3.898.786	2.785.671	6.684.457	2.460.726	2.769.591	5.230.317
5. Gain on sale (realization) of financial investments (142 to 145)	141	3.273.073	6.097.192	9.370.265	3.081.729	5.921.987	9.003.716
5.1. Investment at fair value through profit and loss account	142	3.190.003	4.345.617	7.535.620	3.081.729	4.223.430	7.305.159
5.2. Investment available for sale	143	83.070	1.751.575	1.834.645		1.698.556	1.698.556
5.3. Other gains on sale of financial investments	144						
6. Net positive exchange rate differences	145	10.844.321	8.420.408	19.264.729	19.867.052	13.086.273	32.953.324
7. Other investment income	146	-7.789.622	-1.495.511	-9.285.132	62.905	58.641.438	58.704.343
<b>III. Income from commissions and fees</b>	<b>147</b>	90.042	26.977.757	27.067.798	69.101	24.166.257	24.235.359
<b>IV. Other insurance-technical income, net of reinsurance</b>	<b>148</b>	726.683	35.587.581	36.314.264	108.336	15.831.248	15.939.584
<b>V. Other income</b>	<b>149</b>	1.783.815	40.157.931	41.941.746	1.346.297	27.522.077	28.868.374
<b>VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)</b>	<b>150</b>	-199.197.507	-1.284.918.043	-1.484.115.550	-306.871.028	-1.139.989.853	-1.446.860.881
1. Paid claims (AOP 152 to 154)	151	-199.840.892	-1.304.187.561	-1.504.028.452	-313.225.335	-1.197.308.597	-1.510.533.931
1.1. Gross amount	152	-199.840.892	-1.520.388.419	-1.720.229.310	-313.225.335	-1.427.832.183	-1.741.057.518
1.2. Coinsurer's share	153		-1.219.114	-1.219.114		-60.093	-60.093
1.3. Reinsurer's share	154		217.419.972	217.419.972		230.583.679	230.583.679
2. Change in claims provision (AOP 156 to 158)	155	643.385	19.269.518	19.912.903	6.354.306	57.318.744	63.673.050
2.1. Gross amount	156	643.385	23.299.047	23.942.432	6.354.306	-55.807.852	-49.453.546
2.2. Coinsurer's share	157						
2.3. Reinsurer's share	158		-4.029.529	-4.029.529		113.126.596	113.126.596
<b>VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)</b>	<b>159</b>	-134.687.632	-357.000	-135.044.632	-45.550.833	-8.670.000	-54.220.833
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-134.687.632		-134.687.632	-45.550.833		-45.550.833
1.1. Gross amount	161	-134.686.050		-134.686.050	-45.703.716		-45.703.716
1.2. Reinsurer's share	162	-1.582		-1.582	152.883		152.883
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163		-357.000	-357.000		-8.670.000	-8.670.000
2.1. Gross amount	164		-357.000	-357.000		-8.670.000	-8.670.000
2.2. Coinsurer's share	165						
2.3. Reinsurer's share	166						
<b>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)</b>	<b>167</b>	1.918.336		1.918.336	4.700.768		4.700.768
1. Gross amount	168	1.918.336		1.918.336	4.700.768		4.700.768
2. Coinsurer's share	169						
3. Reinsurer's share	170						
<b>IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)</b>	<b>171</b>						
1. Depending on results (bonuses)	172						
2. Irrespective of results (discounts)	173						

in HRK

<b>X. Business expenditures(AOP 175+179)</b>	<b>174</b>	-101.857.960	-858.143.647	-960.001.607	-93.974.897	-857.850.493	-951.825.390
1. Sales expenses (AOP 176 to 178)	<b>175</b>	-34.098.602	-238.888.013	-272.986.615	-26.252.743	-220.127.545	-246.380.288
1.1. Commission	<b>176</b>	-22.252.469	-135.772.794	-158.025.263	-18.379.139	-156.605.807	-174.984.946
1.2. Other sales expenses	<b>177</b>	-11.846.133	-103.115.219	-114.961.352	-7.873.604	-63.521.738	-71.395.342
1.3. Change in split sales expenses	<b>178</b>						
2. Management expenses (AOP 180 to 182)	<b>179</b>	-67.759.358	-619.255.634	-687.014.992	-67.722.155	-637.722.947	-705.445.102
2.1. Depreciation of tangible assets	<b>180</b>	-1.820.949	-46.842.535	-48.663.484	-1.629.044	-45.365.594	-46.994.638
2.2. Salaries, taxes and salary contributions (from and on salary)	<b>181</b>	-40.086.375	-331.205.132	-371.291.507	-41.165.922	-323.690.899	-364.856.821
2.3. Other management expenses	<b>182</b>	-25.852.034	-241.207.967	-267.060.001	-24.927.189	-268.666.454	-293.593.643
<b>XI. Investment expenses(AOP 184 to 189)</b>	<b>183</b>	-32.118.778	-148.162.655	-180.281.433	-20.209.546	-183.948.594	-204.158.141
1. Depreciation (buildings not intended for business activities of the company)	<b>184</b>						
2. Interest	<b>185</b>		-95	-95			
3. Investment impairments	<b>186</b>	-16.717.358	-30.842.642	-47.560.001	-12.043.534	-38.472.266	-50.515.800
4. Losses from sale (realizations) of investment	<b>187</b>	-13.739.085	-38.910.657	-52.649.743	-2.575.940	-17.360.943	-19.936.884
5. Adjustment of financial assets at fair value through P&L	<b>188</b>	-726.384	-111.231	-837.616	-5.089.978	-6.752.054	-11.842.032
6. Net foreign exchange losses	<b>189</b>						
7. Other investment costs	<b>190</b>	-935.950	-78.298.029	-79.233.979	-500.095	-121.363.330	-121.863.424
<b>XII. Other technical expenses, net of reinsurance (AOP 192 + 193)</b>	<b>191</b>	-305.749	-73.616.434	-73.922.183	-131.816	-71.469.884	-71.601.700
1. Prevention activities expenses	<b>192</b>						
2. Other technical expenses	<b>193</b>	-305.749	-73.616.434	-73.922.183	-131.816	-71.469.884	-71.601.700
<b>XIII. Other expenses, including value adjustment</b>	<b>194</b>		-301.638	-301.638		-825.855	-825.855
<b>XIV. Profit or loss before taxes</b> (124+133+147+148+149+150+159+167+171+174+183+191+194)	<b>195</b>	5.535.425	51.235.561	56.770.986	7.144.839	97.554.756	104.699.595
<b>XV. Taxation (AOP 197+198)</b>	<b>196</b>	-1.007.882	-12.159.217	-13.167.099	-1.428.968	-18.683.931	-20.112.899
1. Current tax expenses	<b>197</b>	-1.007.882	-12.159.217	-13.167.099	-1.428.968	-18.683.931	-20.112.899
2. Deferred tax expenses	<b>198</b>						
<b>XVI. Net profit or loss for the period(AOP 195-196)</b>	<b>199</b>	4.527.543	39.076.343	43.603.886	5.715.871	78.870.825	84.586.696
1. Attributable to majority owners	<b>200</b>						
2. Attributable to minority interests	<b>201</b>						
<b>XVII. TOTAL INCOME</b>	<b>202</b>						
<b>XVIII. TOTAL EXPENSES</b>	<b>203</b>						
<b>IX. Other comprehensive profit (205 to 211 - 212)</b>	<b>204</b>	16.309.458	52.116.935	68.426.393	-24.407.721	-46.199.131	-70.606.852
1. Profit / loss from translation of financial statements	<b>205</b>						
2. Profit / loss from revaluation of financial assets available for sale	<b>206</b>	16.309.458	57.473.616	73.783.074	-24.407.721	-40.080.760	-64.488.481
3. Profit / loss from revaluation of operational land and buildings	<b>207</b>		-5.356.680	-5.356.680		-6.118.371	-6.118.371
4. Profit / loss from revaluation of other tangible (except land and buildings) and intangible assets	<b>208</b>						
5. Effects of cash flow hedging instruments	<b>209</b>						
6. Actuarial profit / loss on pension plans with defined pensions	<b>210</b>						
7. Share of other comprehensive profit of associates	<b>211</b>						
8. Profit tax on other comprehensive profit	<b>212</b>						
<b>XX. Total comprehensive profit (199+204)</b>	<b>213</b>	20.837.001	91.193.279	112.030.280	-18.691.850	32.671.694	13.979.844
1. Attributable to majority owners	<b>214</b>						
2. Attributable to minority interests	<b>215</b>						
<b>XXI. Reclassification adjustments</b>	<b>216</b>						

Note: Data under AOP 200,201,214 and 215 are to be filled up by insurance companies that compose consolidated annual financial statements

## REPORT ON COMPANY STATUS (BALANCE SHEET) as at 31/12/2011

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)
<b>ASSETS</b>							
<b>A. RECEIVABLE FOR SUBSCRIBED NOT PAID CAPITAL (002+003)</b>	<b>001</b>						
1. Capital invited to be paid	002						
2. Capital that is not invited to be paid	003						
<b>B. INTANGIBLE ASSETS (005+006)</b>	<b>004</b>		11.455.283	11.455.283		7.116.440	7.116.440
1. Goodwill	005						
2. Other intangible assets	006		11.455.283	11.455.283		7.116.440	7.116.440
<b>C. TANGIBLE ASSETS (008 to 010)</b>	<b>007</b>		1.252.687.290	1.252.687.290		1.215.012.430	1.215.012.430
1. Land and buildings used for insurance activities	008		1.208.990.704	1.208.990.704		1.175.813.525	1.175.813.525
2. Equipment	009		37.965.176	37.965.176		33.736.317	33.736.317
3. Other tangible assets and reserves	010		5.731.409	5.731.409		5.462.588	5.462.588
<b>D. INVESTMENTS (012+013+017+036)</b>	<b>011</b>	1.940.695.774	3.304.055.308	5.244.751.082	1.940.782.115	3.390.168.120	5.330.950.235
<b>I. Investments in land and buildings not intended for business activities of the company</b>	<b>012</b>		677.014.955	677.014.955		814.142.982	814.142.982
<b>II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)</b>	<b>013</b>		436.930.913	436.930.913		431.372.755	431.372.755
1. Shares and stakes in branch-offices	014		428.221.613	428.221.613		424.146.655	424.146.655
2. Shares and stakes in associate companies	015		8.709.300	8.709.300		7.226.100	7.226.100
3. Participating in joint investments	016						
<b>III. Other financial investments (018 + 021 + 026 + 032)</b>	<b>017</b>	1.940.695.774	2.190.109.440	4.130.805.213	1.940.782.115	2.144.652.383	4.085.434.498
1. Investments kept till maturity date (019 + 020)	018	1.181.787.763	690.876.535	1.872.664.298	1.253.893.760	755.313.902	2.009.207.662
1.1. Debt securities and other securities with fixed income	019	1.181.787.763	690.876.535	1.872.664.298	1.253.893.760	755.313.902	2.009.207.662
1.2. Other investments kept till maturity date	020						
2. Investments available for sale (022 to 025)	021	115.155.931	293.450.484	408.606.414	60.422.034	192.541.118	252.963.152
2.1. Stocks, shares and other securities with variable income	022	54.417.013	176.533.184	230.950.197	24.314.237	113.622.134	137.936.371
2.2. Debt securities and other securities with fixed income	023						
2.3. Stakes in investment funds	024	60.738.917	116.917.300	177.656.217	36.107.797	78.918.984	115.026.780
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	140.184.465	320.229.347	200.501.903	211.571.393	412.073.295
3.1. Stocks, shares and other securities with variable income	027		1.195.364	1.195.364		7.515.667	7.515.667
3.2. Debt securities and other securities with fixed income	028	9.879.000	27.022.500	36.901.500	83.590.987	92.961.341	176.552.328
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	170.165.882	111.966.600	282.132.482	116.910.916	111.094.385	228.005.300
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	463.707.198	1.065.597.957	1.529.305.155	425.964.418	985.225.970	1.411.190.388
4.1. Bank deposits	033	410.000.000	768.717.370	1.178.717.370	383.060.840	662.923.629	1.045.984.469
4.2. Loans	034	53.707.198	296.880.587	350.587.785	42.903.578	322.302.341	365.205.919
4.3. Other loans and receivables	035						
<b>IV. Deposits at insurance activities ceded to reinsurance (deposits with cedent)</b>	<b>036</b>						
<b>E. INVESTMENTS FOR THE ACCOUNT AND OWN RISK OF LIFE INSURANCE POLICYHOLDER</b>	<b>037</b>	22.374.967		22.374.967	16.320.627		16.320.627
<b>F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)</b>	<b>038</b>	11.607	306.071.448	306.083.055	164.628	411.769.714	411.934.342
1. Unearned premiums, reinsurance share	039		54.131.734	54.131.734	138	46.703.405	46.703.543
2. Mathematical insurance provision, reinsurance share	040	11.607		11.607	164.490		164.490
3. Claims provision, reinsurance share	041		251.939.714	251.939.714		365.066.310	365.066.310
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042						
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						
<b>G. DEFERRED AND CURRENT TAX ASSETS (047+048)</b>	<b>046</b>	3.343.472	6.844.913	10.188.385	3.343.472	2.947.669	6.291.141
1. Deferred tax assets	047	3.343.472	2.947.669	6.291.141	3.343.472	2.947.669	6.291.141
2. Current tax assets	048		3.897.244	3.897.244			
<b>H. RECEIVABLES (050 + 053 + 054)</b>	<b>049</b>	46.730.724	784.086.611	830.817.335	9.379.193	732.098.263	741.477.456
<b>1. Receivables from direct insurance activities (051 + 052)</b>	<b>050</b>	41.193.220	609.562.350	650.755.570	43.746	588.601.577	588.645.323
1.1. Receivables from policyholders	051	41.126.015	605.928.668	647.054.683		585.059.115	585.059.115
1.2. Receivables from insurance agents	052	67.205	3.633.682	3.700.887	43.746	3.542.462	3.586.208
<b>2. Receivables from coinsurance and reinsurance activities</b>	<b>053</b>					16.129.222	16.129.222
<b>3. Other receivables (055 to 057)</b>	<b>054</b>	5.537.503	174.524.261	180.061.764	9.335.447	127.367.463	136.702.910
3.1. Receivables for other insurance activities	055		34.058.441	34.058.441		26.964.094	26.964.094
3.2. Receivables for returns on investments	056	1.485.844	6.363.575	7.849.419	1.935.304	5.862.135	7.797.439
3.3. Other receivables	057	4.051.659	134.102.245	138.153.904	7.400.143	94.541.235	101.941.377
<b>I. OTHER ASSETS (059 + 063 + 064)</b>	<b>058</b>	6.277.906	32.539.307	38.817.213	1.889.059	36.919.101	38.808.160
<b>1. Money in bank and in cash (060 to 062)</b>	<b>059</b>	6.184.384	12.856.713	19.041.097	1.824.734	24.132.430	25.957.164
1.1. Money on business account	060		12.651.116	12.651.116		23.956.132	23.956.132
1.2. Money on mathematical provision account	061	6.181.919		6.181.919	1.819.331		1.819.331
1.3. Cash money	062	2.465	205.597	208.063	5.403	176.298	181.700
<b>2. Long-term assets intended for sale and business termination</b>	<b>063</b>						
3. Other	064	93.522	19.682.594	19.776.116	64.325	12.786.672	12.850.996
<b>J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDEUE COLLECTION OF INCOME (066 to 068)</b>	<b>065</b>	18.055.825	25.259.444	43.315.270	22.229.797	30.797.002	53.026.799
1. Split interest and rental fees	066	18.012.109	14.350.144	32.362.253	22.185.161	14.966.325	37.151.486
2. Split sales costs	067						
3. Other paid expenses of the future period and undue income collection	068	43.716	10.909.300	10.953.016	44.636	15.830.677	15.875.313
<b>K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)</b>	<b>069</b>	2.037.490.275	5.722.999.604	7.760.489.879	1.994.108.890	5.826.828.739	7.820.937.628
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>070</b>		646.551.949	646.551.949		615.302.250	615.302.250

in HRK

<b>LIABILITIES</b>								
<b>A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)</b>	<b>071</b>	138.333.787	1.514.859.332	1.653.193.119	116.656.458	1.530.353.878	1.647.010.336	
<b>1. Subscribed capital (073 to 075)</b>	<b>072</b>	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							
<b>2. Capital reserves</b>	<b>076</b>							
<b>3. Revaluation reserves (078 to 080)</b>	<b>077</b>	8.753.985	521.944.423	530.698.408	-15.653.736	475.745.293	460.091.556	
3.1. Revaluation of land and buildings	078		492.595.123	492.595.123		486.476.752	486.476.752	
3.2. Revaluation of investments in financial assets	079	8.753.985	29.349.300	38.103.285	-15.653.736	-10.731.460	-26.385.196	
3.3. Other revaluation reserves	080							
<b>4. Reserves (082 to 084)</b>	<b>081</b>	77.013.268	366.917.394	443.930.661	78.314.936	378.151.842	456.466.778	
4.1. Legal provision	082	263.177	17.198.799	17.461.976	489.554	19.152.617	19.642.171	
4.2. Statutory provision	083	1.250.091	83.007.767	84.257.857	2.325.382	92.288.398	94.613.780	
4.3. Other reserves	084	75.500.000	266.710.827	342.210.827	75.500.000	266.710.827	342.210.827	
<b>5. Retained profit or loss (086 + 087)</b>	<b>085</b>	3.750.272	188.322.692	192.072.963	3.990.667	198.987.438	202.978.105	
5.1. Retained profit	086	3.750.272	188.322.692	192.072.963	3.990.667	198.987.438	202.978.105	
5.2. Retained loss (-)	087							
<b>6. Profit or loss for the period (089 + 090)</b>	<b>088</b>	4.527.543	39.076.343	43.603.886	5.715.871	78.870.825	84.586.696	
6.1. Profit for the period	089	4.527.543	39.076.343	43.603.886	5.715.871	78.870.825	84.586.696	
6.2. Loss for the period (-)	090							
<b>B. MINORITY INTEREST</b>	<b>091</b>							
<b>C. TECHNICAL PROVISION (093 to 098)</b>	<b>092</b>	1.816.883.663	3.807.206.248	5.624.089.912	1.855.979.443	3.850.258.182	5.706.237.624	
1. Unearned premiums, gross amount	093	3.614.061	967.835.435	971.449.496	3.360.431	946.409.517	949.769.947	
2. Mathematical insurance provision, gross amount	094	1.770.878.195		1.770.878.195	1.816.581.911		1.816.581.911	
3. Claims provision, gross amount	095	42.391.407	2.824.613.813	2.867.005.220	36.037.101	2.880.421.665	2.916.458.766	
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096							
5. Provision for claims fluctuation, gross amount	097							
6. Other technical insurance provision, gross amount	098		14.757.000	14.757.000		23.427.000	23.427.000	
<b>D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount</b>	<b>099</b>	22.374.967		22.374.967	16.320.627		16.320.627	
<b>E. OTHER PROVISION (101 + 102)</b>	<b>100</b>	2.537.568	78.007.964	80.545.532	2.443.980	80.050.119	82.494.099	
1. Provision for pensions	101	2.537.568	76.127.583	78.665.151	2.443.980	78.169.739	80.613.719	
2. Other provision	102		1.880.381	1.880.381		1.880.381	1.880.381	
<b>F. DEFERRED AND CURRENT TAX LIABILITY (104 + 105)</b>	<b>103</b>		125.399.231	125.399.231	1.428.968	140.473.253	141.902.221	
1. Deferred tax liability	104		123.123.052	123.123.052		121.789.322	121.789.322	
2. Current tax liability	105		2.276.179	2.276.179	1.428.968	18.683.931	20.112.899	
<b>G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE</b>	<b>106</b>							
<b>H. FINANCIAL LIABILITIES (108 to 110)</b>	<b>107</b>		149.704	149.704		105.193	105.193	
1. Loan liabilities	108		149.704	149.704		105.193	105.193	
2. Outstanding securities	109							
3. Other financial liabilities	110							
<b>I. OTHER LIABILITIES (112 to 115)</b>	<b>111</b>	15.379.752	185.634.644	201.014.397	1.258.486	191.006.642	192.265.127	
1. Liabilities derived from direct insurance activities	112	248.556	98.448.932	98.697.488	1.223.389	96.882.454	98.105.843	
2. Liabilities derived from coinsurance and reinsurance activities	113	1.665	8.805.514	8.807.179	1.693	5.602.704	5.604.397	
3. Liabilities for misappropriation and discontinued operations	114							
4. Other liabilities	115	15.129.532	78.380.197	93.509.729	33.403	88.521.484	88.554.887	
<b>J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)</b>	<b>116</b>	41.980.537	11.742.481	53.723.017	20.929	34.581.471	34.602.400	
1. Reinsurance commission split	117							
2. Other deferred costs payment and future income	118	41.980.537	11.742.481	53.723.017	20.929	34.581.471	34.602.400	
<b>K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)</b>	<b>119</b>	2.037.490.275	5.722.999.604	7.760.489.879	1.994.108.890	5.826.828.739	7.820.937.628	
<b>L. NON-BALANCE SHEET RECORDS</b>	<b>120</b>		646.551.949	646.551.949		615.302.250	615.302.250	
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>								
<b>M. CAPITAL AND RESERVES (122+123)</b>	<b>121</b>	0	0	0	0	0	0	
1. Attributable to majority owners	122			0			0	
2. Attributable to minority interests	123			0			0	

Note: Data under AOP 121 to 123 are to be filled up by insurance companies that compose consolidated annual financial statements

## REPORT ON CHANGES IN EQUITY

### for the period from 01/01/2011 until 31/12/2011

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
<b>I. Balance at 1 January - previous year</b>	<b>001</b>	442.887.200		462.272.015	423.894.652	136.702.656	69.690.466	1.535.446.989		1.535.446.989
1. Change in accounting policy	002									
2. Correction of previous period errors	003									
<b>II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)</b>	<b>004</b>	442.887.200		462.272.015	423.894.652	136.702.656	69.690.466	1.535.446.989		1.535.446.989
<b>III. Comprehensive profit or loss - previous year (AOP 006+007)</b>	<b>005</b>			68.426.394		6.695.850	43.603.886	118.726.130		118.726.130
1. Profit/loss of the previous period	006						43.603.886	43.603.886		43.603.886
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			68.426.394		6.695.850		75.122.244		75.122.244
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			-5.356.680		5.356.680				
2.2. Unrealized profit/loss from financial assets available for sale	009			-12.150.805				-12.150.805		-12.150.805
2.3. Realized profit/loss from financial assets available for sale	010			85.933.879				85.933.879		85.933.879
2.4. Other non-ownership changes in capital	011						1.339.170	1.339.170		1.339.170
<b>IV. Transactions with owners (previous period) (AOP 013 to 016)</b>	<b>012</b>				20.036.009	48.674.457	-69.690.466	-980.000		-980.000
1. Increase/decrease of share capital	013									
2. Other payments by the owners	014									
3. Payment of shares in profit/dividends	015						-980.000	-980.000		-980.000
4. Other distribution to the owners	016				20.036.009	48.674.457	-68.710.466			
<b>V. Balance at 31 December - previous period (AOP 004+005+012)</b>	<b>017</b>	442.887.200		530.698.409	443.930.661	192.072.963	43.603.886	1.653.193.119		1.653.193.119
<b>VI. Balance at 1 January - current year</b>	<b>018</b>	442.887.200		530.698.408	443.930.661	192.072.963	43.603.886	1.653.193.118		1.653.193.118
1. Change in accounting policy	019									
2. Correction of previous period errors	020			-783.466		825.966		42.500		42.500
<b>VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)</b>	<b>021</b>	442.887.200		529.914.942	443.930.661	192.898.929	43.603.886	1.653.235.618		1.653.235.618
<b>VIII. Comprehensive profit or loss - current period (AOP 023+024)</b>	<b>022</b>			-69.823.385		7.675.227	84.586.696	22.438.538		22.438.538
1. Profit/loss of the previous period	023						84.586.696	84.586.696		84.586.696
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			-69.823.385		7.675.227		-62.148.158		-62.148.158
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-6.118.371		6.780.040		661.670		661.670
2.2. Unrealized profit/loss from financial assets available for sale	026			-45.640.035				-45.640.035		-45.640.035
2.3. Realized profit/loss from financial assets available for sale	027			-18.064.979				-18.064.979		-18.064.979
2.4. Other non-ownership changes in capital	028						895.187	895.187		895.187
<b>IX. Transactions with owners (current period) (AOP 030 to 033)</b>	<b>029</b>				12.536.117	2.403.949	-43.603.886	-28.663.820		-28.663.820
1. Increase/decrease of share capital	030									
2. Other payments by the owners	031									
3. Payment of shares in profit/dividends	032						-28.663.820	-28.663.820		-28.663.820
4. Other distribution to the owners	033				12.536.117	2.403.949	-14.940.066			
<b>X. Balance at 31 December - current period (AOP 021+022+029)</b>	<b>034</b>	442.887.200		460.091.557	456.466.778	202.978.105	84.586.696	1.647.010.336		1.647.010.336



## REPORT ON MONEY FLOW – INDIRECT METHOD

### for the period from 01/01/2011 until 31/12/2011

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)</b>	<b>001</b>	<b>266.968.346</b>	<b>226.398.034</b>
<b>1. Cash flow before change in business property and liabilities (AOP 003+004)</b>	<b>002</b>	<b>162.315.423</b>	<b>-168.919.092</b>
1.1. Profit before tax	<b>003</b>	56.770.986	104.699.595
1.2. Adjustment: (AOP 005 to 012)	<b>004</b>	105.544.437	-273.618.687
1.2.1. Depreciation and amortization of immovables and equipment	<b>005</b>	46.337.562	44.284.222
1.2.2. Depreciation and amortization of intangible property	<b>006</b>	2.325.921	2.710.415
1.2.3. Impairment and profits/losses from adjustment to fair value	<b>007</b>	75.521.546	57.127.515
1.2.4. Interest expenses	<b>008</b>		0
1.2.5. Interest income	<b>009</b>		-227.707.637
1.2.6. Share in profit of associated companies	<b>010</b>		-34.558.009
1.2.7. Profits/losses from sale of tangible property (including real estate)	<b>011</b>		10.933.168
1.2.8. Other adjustments	<b>012</b>	-18.640.592	-126.408.362
<b>2. Increase/decrease in business property and liabilities (AOP 014 to 030)</b>	<b>013</b>	<b>145.401.068</b>	<b>415.430.025</b>
2.1. Increase /decrease in investments available for sale	<b>014</b>	853.939	155.643.263
2.2. Increase /decrease in investment estimated at fair value	<b>015</b>	-40.529.619	-126.951.308
2.3. Increase / decrease in deposits, loans and receivables	<b>016</b>	61.374.444	132.732.901
2.4. Increase/decrease of deposits at insurance activities ceded to reinsurance	<b>017</b>		0
2.5. Increase / decrease in investment for the account and own risk of life insurance policyholders	<b>018</b>	-47.302	6.054.340
2.6. Increase /decrease of reinsurance stakes in tehcnical provision	<b>019</b>	7.761.336	-105.851.287
2.7. Increase/decrease of taxable property	<b>020</b>	-9.594.756	3.897.244
2.8. Increase/decrease in receivables	<b>021</b>	140.213.293	280.501.157
2.9. Increase/decrease in other assets	<b>022</b>		0
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	<b>023</b>	-22.271.637	-9.711.530
2.11. Increase/decrease in tehcnical provision	<b>024</b>	31.667.220	82.147.713
2.12. Increase/decrease in life insurance tehcnical provision when the policyholder bears investment risk	<b>025</b>	47.302	-6.054.340
2.13. Increase/decrease in tax liabilities	<b>026</b>	-18.731.831	16.502.990
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	<b>027</b>		0
2.15. Increase/decrease in financial liabilities	<b>028</b>	-41.792	0
2.16. Increase/decrease in other liabilities	<b>029</b>	1.808.993	5.639.499
2.17. Increase/decrease in deferred payment of expenses and income of the future period	<b>030</b>	-7.108.522	-19.120.617
<b>3. Income tax paid</b>	<b>031</b>	<b>-40.748.145</b>	<b>-20.112.899</b>
<b>II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)</b>	<b>032</b>	<b>-269.338.900</b>	<b>-160.856.152</b>
1. Receipts from sale of tangible assets	<b>033</b>	77.585	0
2. Expenditures for the purchase of tangible assets	<b>034</b>	-50.305.297	-6.609.362
3. Receipts from sale of intangible assets	<b>035</b>		0
4. Expenditures for the purchase of intangible assets	<b>036</b>	-6.681.199	1.628.428
5. Receipts from sale of land and buildings not intended for business activities of the company	<b>037</b>	433.119	0
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	<b>038</b>	-11.888.003	-81.376.244
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	<b>039</b>	14.203.919	40.116.167
8. Receipts from investments kept till maturity	<b>040</b>	8.763.659	0
9. Expenditures for investments kept till maturity	<b>041</b>	-252.874.335	-136.543.365
10. Receipts from sale of securities and stakes	<b>042</b>		0
11. Expenditures for investments in securities and stakes	<b>043</b>		0
12. Receipts from dividends and profit share	<b>044</b>	28.931.652	36.546.359
13. Receipts from long term and short term loans	<b>045</b>		313.725.823
14. Expenses for long term and short term loans	<b>046</b>		-328.343.958
<b>III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)</b>	<b>047</b>	<b>-988.427</b>	<b>-32.597.611</b>
1. Receipts from capital stock increase	<b>048</b>		0
2. Receipts from short-term and long-term loans	<b>049</b>	0	6.569
3. Expenditures for short-term and long-term loans	<b>050</b>		-51.079
4. Expenditures for purchase of treasury shares	<b>051</b>	0	0
5. Expenditures for payment of profit share (dividends)	<b>052</b>	-988.427	-32.553.100
<b>NET CASH FLOW (AOP 001 + 032 + 049)</b>	<b>053</b>	<b>-3.358.981</b>	<b>32.944.271</b>
<b>IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES</b>	<b>054</b>	<b>624.137</b>	<b>-32.953.324</b>
<b>V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)</b>	<b>055</b>	<b>-2.734.844</b>	<b>-9.053</b>
Cash and cash equivalents at the beginning of the period	<b>056</b>	41.552.057	38.817.213
Cash and cash equivalents at the end of the period (AOP 057 + 058)	<b>057</b>	38.817.213	38.808.160

**Note: The positions that reduce the cash flows are entered with a negative sign**

## II MANAGEMENT BOARD'S REPORT ON COMPANY STATUS

Croatia osiguranje ended one more challenging business year as for the insurers as for the rest subjects of the financial industry. The stabile and profitable business operations have stayed unchanged and in spite of the recession the gross profit of the Company increased. Although income records decrease compared to the same period of the previous year, expenditures decreased significantly at the same time.

The third year in a row, the Croatian insurance industry records the decrease in the written premium. During the period I-XII 2011, the total written premium of all insurance companies in the Republic of Croatia amounted to HRK 9,144.2 mil. that is a decrease of 1.1 % compared to the same period of the previous year.

During the period I-XII 2011, the total written premium of CROATIA osiguranje d.d. in non-life insurance recorded a decrease of 4.1 % compared to the same period of the previous year, while the total written premium in life insurance recorded a decrease of 1.0 %.

During the period I-XII 2011, the market share of CROATIA osiguranje d.d. in the total written premium of all insurance companies amounted to 30.5 % (without Croatia zdravstveno osiguranje that recorded the share of 1.1 %).

During the period I-XII 2011, the gross paid claims amounted to HRK 1,741.1 mil. that is an increase of 1.2 % i.e. HRK 20.8 mil. compared to the year 2010. The gross paid claims in non-life insurance amounted to HRK 1,427.8 mil. that is a decrease of 6.1 % i.e. HRK 92.5 mil. compared to the previous year. The gross paid claims in life insurance recorded an increase of 56.7% i.e. HRK 113.4 mil due to policy expiration. Although the gross paid claims recorded an increase in provision for claims as well as reinsurance share in claims they resulted with a decrease in total expenses for the insured events.

In 2011 the total income of CROATIA osiguranje d.d. amounted to HRK 2,829.5 mil. that is a decrease of 2.0 % compared to the same period of the previous year. The total income compared to plan for 2011 was realized by 99.5 %.

The total expenditure amounted to HRK 2,724.8 mil. that is a decrease of 3.8 % compared to the same period of the previous year. The total expenditure was realized by 98.2 % compared to the annual plan.

The gross profit of the Company amounted to HRK 104.7 mil. that is an increase of 84.4 % compared to the same period of the previous year. The gross profit of the Company increased by 50.5% compared to the annual plan.

On 31/12/2011 the solvency indicator <sup>1</sup> amounted to 19.7.

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<sup>1</sup> The solvency indicator is calculated in accordance with Croatian Financial Services' Supervisory Agency's Regulation on the Manner of Calculating Solvency Indicators and the Smallest Value of the Solvency Indicator of the Insurance i.e. Reinsurance Company (Narodne novine 119 of 01/01/2009). The company is solvent when the solvency indicator is higher than one (Article 7 of the Regulation).

**Key business indicators:**

in HRK

DESCRIPTION	PLAN 2011.	XII 2010.	XII 2011.	Index 4 : 3	Index 4 : 2
1	2	3	4	5	6
Total income	2.843.874.850	2.888.519.691	2.829.491.628	99,5	98,0
Total expenditure (profit tax excluded)	2.774.295.000	2.831.748.705	2.724.792.033	98,2	96,2
Written gross premium*	2.931.180.850	2.899.991.693	2.792.781.932	95,3	96,3
- non-life	2.580.494.000	2.550.202.297	2.447.128.712	94,8	96,0
- life	350.686.850	345.214.596	341.732.078	97,4	99,0
Paid claims (gross)	1.783.767.000	1.720.229.310	1.741.057.518	97,6	101,2
- non-life	1.513.767.000	1.520.388.419	1.427.832.183	94,3	93,9
- life	270.000.000	199.840.892	313.225.335	116,0	156,7
Profit before taxation	69.579.850	56.770.986	104.699.595	150,5	184,4
Profit after taxation	49.372.740	43.603.886	84.586.696	171,3	194,0
Total assets	7.961.103.720	7.760.489.879	7.820.937.628	98,2	100,8
Investments	5.459.000.000	5.244.751.082	5.330.950.235	97,7	101,6
Equity and provision	1.721.392.516	1.653.193.119	1.647.010.336	95,7	99,6
- subscribed capital	442.887.200	442.887.200	442.887.200	100,0	100,0
- revaluation provision	541.660.000	530.698.408	460.091.556	84,9	86,7
- legal provision	19.563.637	17.461.976	19.642.171	100,4	112,5
- statutory provision	94.240.745	84.257.857	94.613.780	100,4	112,3
- other provision	342.210.827	342.210.827	342.210.827	100,0	100,0
- retained profit	230.280.797	192.072.963	202.978.105	88,1	105,7
- current period profit	50.549.310	43.603.886	84.586.696	167,3	194,0
Technical provision	5.734.108.912	5.624.089.912	5.706.237.624	99,5	101,5
- unearned premium, gross	985.833.496	971.449.496	949.769.947	96,3	97,8
- LIMP	1.861.378.195	1.770.878.195	1.816.581.911	97,6	102,6
- claim provision	2.871.740.220	2.867.005.220	2.916.458.766	101,6	101,7
- other technical insurance provision, gross	15.157.000	14.757.000	23.427.000	154,6	158,8
Life insurance special provision-policyholder's investment risk, gross	24.327.665	22.374.967	16.320.627	67,1	72,9
ROA (%)					
(net profit / assets)	0,62	0,56	1,08	174,4	192,5
ROE (%)					
(net profit / equity and provision)	2,87	2,64	5,14	179,1	194,7
Gross profit margin (%)					
(gross profit / total income )	2,45	1,97	3,70	151,2	188,3

\* includes coinsurance premium

The temporary unaudited unconsolidated annual financial statements 2011 will be available on CROATIA osiguranje d.d.'s, the Zagreb Stock Exchange's and the Prescribed Information Register's web pages as well as publicly disclosed by HINA.

In the scope of the temporary unaudited unconsolidated annual report the Company fulfills the obligation to publicly disclose the financial statements for the fourth quarter. The final audited financial statements will be published within the prescribed time.

## Description of Main Risks and Uncertainties

The Company acknowledges the importance of efficient and effective risk management system. The basic target during financial, insurance, operative as well as other risk management is the maintenance of the equity level adequate to the scope and types of business as well as to the risk exposure. The Company has to ensure continuous business operations in unpredictable situations (unexpected economic changes or natural disasters and the like).

The Company 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 Company reviews and approves the targeted portfolios, 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 Company manages its liabilities actively by timely determining its obligations in the manner prescribed by the insurance regulations as well as by the Insurance Law. The main risks and uncertainties will be described in the audited annual report for the year 2011.

Zagreb, 15/02/2012

**Woman Member of the Board**

  
Članica Uprave  
Silvana Ivančić

**President of the Board**

  
Predsjednik Uprave  
Zdravko Zrinušić

### III NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

#### 1. General

CROATIA osiguranje d.d. was established in 1884. From that time until today CROATIA osiguranje d.d. takes the leading position on the insurance market of the Republic of Croatia that makes it the most successful insurance company in the country as in the region.

CROATIA osiguranje d.d. (Company) with the seat in Zagreb, Miramarska 22, is registered at the Commercial Court Register in Zagreb under subject registration number (MBS): 080051022. The Company operates all types of life and non-life insurance as well as closely connected business.

The company operates business directly or indirectly connected with insurance business:

- Sale mediation i.e. sale of the property belonging to the Company on the basis of operating insurance business,
- Taking measures with the aim to prevent and reject danger which jeopardizes insured property and persons,
- Assessment of risk exposure level of the insured object and loss assessment,
- Other intellectual and technical services connected with operating insurance business.

#### Supervisory Board and Management Board

In accordance with the Law on Commercial Companies, the Insurance Law and the Statute of the Company, the bodies of the Company are: the Management Board, the Supervisory Board and the General Assembly. The previously mentioned acts regulate the responsibilities of the members of these bodies.

#### 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, Member

#### Members of the Management Board of the Company:

Zdravko Zrinušić, President  
Silvana Ivančić, Woman Member

## Capital stock and shares

The capital stock 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 of the Company. All shares are entirely paid, issued in non-material form, are free for transfer and are recorded in the depository of the central Depository and Clearing Company.

CROATIA osiguranje d.d. has no own shares in its ownership.

### *Ownership structure of CROATIA osiguranje d.d. on 31/12/2011*

Shareholder	Number of Shares	31/12/2011	
		Amount HRK	% Share
1. AUDIO / Republika Hrvatska	253.807	355.329.800,00	80,23
2. Raiffeisenbank Austria d.d.-skrbnički račun	19.692	27.568.800,00	6,22
3. Hrvatska poštanska banka d.d.-osnovni i skrbnički račun	6.505	9.107.000,00	2,06
4. Societe Generale- Splitska banka d.d.-skrbnički račun	6.441	9.017.400,00	2,04
5. PBZ d.d.-skrbnički račun	2.753	3.854.200,00	0,87
6. Zvon ena holding d.d.	2.122	2.970.800,00	0,67
7. Hypo alpe-adria-bank d.d.- skrbnički račun	1.497	2.095.800,00	0,47
8. Kraš d.d.	1.400	1.960.000,00	0,44
9. Erste&Steiermärkische Bank d.d. - osnovni i skrbnički račun	1.231	1.723.400,00	0,39
10. Auto Hrvatska d.d.	1.004	1.405.600,00	0,32
11. Zagrebačka banka d.d.-skrbnički račun	711	995.400,00	0,22
12. Komercijalna banka d.d. u stečaju	700	980.000,00	0,22
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. Ostali dioničari	15.422	21.590.800,00	4,88
<b>UKUPNO:</b>	<b>316.348</b>	<b>442.887.200,00</b>	<b>100,00</b>

## **2. Basis for composing the financial statements**

The financial statements of the Company are made in accordance with Insurance Law (NN 151/05, 87/08, 82/09), Accounting Law (NN 109/07) and International Financial Reporting Standards ("MSFI") (NN 140/06, 30/08, 130/08, 137/08, 29/09) brought by the Financial Reporting Standards Board in accordance with Structure and Contents of the Insurance Companies Supervision Reports Regulation (NN 132/10).

The financial statements are made by appliance of the basic accounting assumption of the occurrence of the 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 basic accounting assumption of unlimitedness of business operations.

### **Reporting Currency**

The financial statements are presented in Croatian kuna (HRK). On 31 December 2011 the official exchange rate of the Croatian kuna was HRK 7.53 to 1 Euro and HRK 5.82 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 the 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 the 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 unaudited unconsolidated financial statements for the year 2011 correspond to the accounting policies used during making the audited financial statements for the year 2010 apart from the accounting policy applied to the life insurance premium receivables.

### **Major events after the balance sheet date**

On the basis of the Election Board Decision, Mr. Miroslav Hrašćanec has been elected for the member of the Supervisory Board as the employees' representative in the Supervisory Board.



On the basis of the Article 20 of the Statute of CROATIA osiguranje d.d. of 30 April 2008 and the 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 financial statements of the issuer for the year 2011, made by applying the relevant FRS, gives the whole and true presentation of assets and liabilities, losses and gains, financial status and business operation of the issuer,
- The Management Board's report consists of true presentation of the development and results of the business operations as well as the status of the issuer, accompanied by the description of major risks and uncertainties the issuer is exposed to.

Zagreb, 15/02/2012

**Woman Member of the Bord**

*Silvana Ivančić*  
Članica Uprave  
Silvana Ivančić

**President of the Board**

*Zdravko Zrinušić*  
Predsjednik Uprave  
Zdravko Zrinušić