



**UNAUDITED CONSOLIDATED BUSINESS
REPORT FOR THE SECOND QUARTER AND
FIRST HALF OF THE YEAR 2012**

Zagreb, July 2012

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I UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

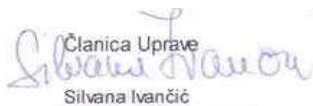
Reporting period: to

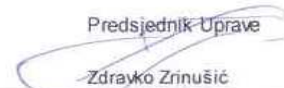
Quarterly financial statement for insurance and reinsurance companies - TFI-OSIG

Tax number(MB)	<input type="text" value="03276147"/>		
Company registration number (MBS):	<input type="text" value="080051022"/>		
Personal identification number (OB):	<input type="text" value="26187994862"/>		
Issuing company:	<input type="text" value="CROATIA osiguranje d.d."/>		
Postal code and place	<input type="text" value="10000"/>	<input type="text" value="ZAGREB"/>	
Street and house number:	<input type="text" value="MIRAMARSKA 22"/>		
E-mail address:	<input type="text"/>		
Internet address:	<input type="text" value="www.crosig.hr"/>		
Municipality/city code and name	<input type="text" value="133"/>	<input type="text" value="ZAGREB"/>	
County code and name	<input type="text" value="21"/>	<input type="text" value="GRAD ZAGREB"/>	Number of employees: <input type="text" value="3.960"/>
Consolidated report:	<input type="text" value="YES"/>		(quarter end) NKD code: <input type="text" value="65.12"/>
Companies of the consolidation subject (according to)	Seat:	MB:	
<input type="text" value="CROATIA LLOYD D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="03276236"/>	
<input type="text" value="CROATIA OSIGURANJE D.D."/>	<input type="text" value="LJUBUŠKI"/>	<input type="text" value="20097647"/>	
<input type="text" value="PBZ CROATIA OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01583999"/>	
<input type="text" value="CROATIA ZDRAVSTVENO OSIGURANJE D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01808435"/>	
<input type="text" value="CROATIA TEHNIČKI PREGLEDI D.D."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01450930"/>	
<input type="text" value="CROATIA LEASING D.O.O."/>	<input type="text" value="ZAGREB"/>	<input type="text" value="01892037"/>	
Bookkeeping service:	<input type="text"/>		
Contact person:	<input type="text" value="Golub Levanić Gordana"/>		
Telephone:	<input type="text" value="01/6333 108"/>	Telefaks:	<input type="text" value="01/6332 073"/>
E-mail address:	<input type="text" value="izdavatelj@crosig.hr"/>		
Family name and name:	<input type="text" value="ZRINUŠIĆ ZDRAVKO, IVANČIĆ SILVANA"/>		
	<small>(person authorized to represent the company)</small>		

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 ovlaštenje za zastupanje)

CONSOLIDATED REPORT ON COMPREHENSIVE PROFIT (PROFIT & LOSS ACCOUNT)

For period: 01.01.2012.-30.06.2012.

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	187.852.468	1.189.624.143	1.377.476.611	189.099.144	1.170.942.550	1.360.041.694
1. Gross written premiums	125	187.590.281	1.777.940.838	1.965.531.119	189.281.521	1.721.106.192	1.910.387.713
2. Coinsurance premium	126		664.116	664.116		907.477	907.477
3. Value adjustment and collected insurance/coinsurance premium value adjustment	127		-52.316.234	-52.316.234		-47.504.935	-47.504.935
4. Premiums ceded to reinsurance	128	-192.621	-210.717.128	-210.909.749	-12.014	-212.569.114	-212.581.129
5. Premiums ceded to coinsurance	129		-4.009.535	-4.009.535		-4.176.759	-4.176.759
6. Change in gross unearned premium provision	130	449.251	-411.558.848	-411.109.597	-216.530	-333.696.617	-333.913.148
7. Change in unearned premium provision, reinsurer's share	131	5.557	89.620.935	89.626.492	46.168	46.876.306	46.922.474
8. Change in unearned premium provision, coinsurer's share	132						
II. Income from investments (AOP 134 + 135 + 139 + 140 + 141 + 145 + 146)	133	57.176.618	109.673.488	166.850.105	66.432.868	111.102.111	177.534.980
1. Income from branch-offices, associated companies and joint ventures	134		770.726	770.726		905.517	905.517
2. Income from investments into land and buildings (136 to 138)	135	2.268	4.745.041	4.747.309	4.627	11.642.628	11.647.255
2.1. Income from rental fees	136	2.268	3.312.691	3.314.959	4.627	11.642.628	11.647.255
2.2. Income from increased value of land and buildings	137		1.412.350	1.412.350			
2.3. Income from real estate sale	138		20.000	20.000			
3. Interest income	139	52.736.258	74.953.398	127.689.656	55.874.277	77.486.288	133.360.565
4. Unrealized profits from investment at fair value	140	2.653.499	4.431.744	7.085.243	8.632.697	9.524.570	18.157.267
5. Gain on sale (realization) of financial investments (142 to 145)	141	1.603.270	2.124.806	3.728.076	1.792.591	2.805.292	4.597.883
5.1. Investment at fair value through profit and loss account	142	930.011	1.925.517	2.855.528	973.718	1.384.447	2.358.165
5.2. Investment available for sale	143		199.289	199.289	497.284	1.420.845	1.918.129
5.3. Other gains on sale of financial investments	144	673.259		673.259	321.589		321.589
6. Net positive exchange rate differences	145					5.322.491	5.322.491
7. Other investment income	146	181.322	22.647.774	22.829.095	128.676	3.415.325	3.544.001
III. Income from commissions and fees	147	50.250	23.582.739	23.632.989	14.228	24.402.154	24.416.383
IV. Other insurance-technical income, net of reinsurance	148	105.930	5.472.738	5.578.668	39.889	6.106.075	6.145.965
V. Other income	149	100.961	98.081.954	98.182.915	201.473	123.785.269	123.986.742
VI. Expenses for insured events, net of reinsurance (AOP 151 + 155)	150	-166.631.675	-699.344.853	-865.976.528	-139.466.588	-686.618.931	-826.085.518
1. Paid claims (AOP 152 to 154)	151	-170.541.550	-673.783.290	-844.324.840	-145.999.442	-676.279.166	-822.278.608
1.1. Gross amount	152	-170.541.550	-714.009.050	-884.550.600	-145.999.442	-757.187.074	-903.186.515
1.2. Coinsurer's share	153					1.310.642	1.310.642
1.3. Reinsurer's share	154		40.225.760	40.225.760		79.597.266	79.597.266
2. Change in claims provision (AOP 156 to 158)	155	3.909.875	-25.561.563	-21.651.688	6.532.854	-10.339.764	-3.806.911
2.1. Gross amount	156	3.909.875	-122.537.392	-118.627.517	6.532.854	58.655.805	65.188.659
2.2. Coinsurer's share	157					-65.448	-65.448
2.3. Reinsurer's share	158		96.975.829	96.975.829		-68.930.121	-68.930.121
VII. Change in mathematical reserve and other technical reserves (AOP 160 + 163)	159	-20.179.146	3.500.000	-16.679.146	-43.280.620	-5.500.000	-48.780.620
1. Change in mathematical insurance provision (AOP 161 + 162)	160	-20.179.146		-20.179.146	-43.280.620		-43.280.620
1.1. Gross amount	161	-20.249.177		-20.249.177	-43.258.951		-43.258.951
1.2. Reinsurer's share	162	70.030		70.030	-21.670		-21.670
2. Change in other technical provision, net of reinsurance (AOP 164 do 166)	163		3.500.000	3.500.000		-5.500.000	-5.500.000
2.1. Gross amount	164		3.500.000	3.500.000		-5.500.000	-5.500.000
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	2.593.584		2.593.584	2.212.761		2.212.761
1. Gross amount	168	2.593.584		2.593.584	2.212.761		2.212.761
2. Coinsurer's share	169						
3. Reinsurer's share	170						
IX. Outlays for premium returns (bonuses and discounts), net of reinsurance (AOP 172 + 173)	171		883.491	883.491		2.057.985	2.057.985
1. Depending on results (bonuses)	172		880.000	880.000		2.170.362	2.170.362
2. Irrespective of results (discounts)	173		3.491	3.491		-112.377	-112.377

X. Business expenditures (AOP 175+179)	174	-53.611.838	-497.760.593	-551.372.430	-51.189.812	-480.053.056	-531.242.867
1. Sales expenses (AOP 176 to 178)	175	-15.897.574	-126.919.509	-142.817.083	-14.655.221	-140.662.788	-155.318.009
1.1. Commission	176	-12.350.447	-74.592.654	-86.943.102	-10.975.680	-92.664.807	-103.640.487
1.2. Other sales expenses	177	-3.547.127	-54.518.951	-58.066.078	-3.679.541	-48.119.830	-51.799.372
1.3. Change in split sales expenses	178		2.192.096	2.192.096		121.850	121.850
2. Management expenses (AOP 180 to 182)	179	-37.714.264	-370.841.083	-408.555.347	-36.534.591	-339.390.268	-375.924.858
2.1. Depreciation of tangible assets	180	-944.433	-26.768.762	-27.713.195	-1.094.540	-28.036.203	-29.130.743
2.2. Salaries, taxes and salary contributions (from and on salary)	181	-21.908.456	-188.739.702	-210.648.158	-22.454.007	-192.435.407	-214.889.414
2.3. Other management expenses	182	-14.861.375	-155.332.618	-170.193.993	-12.986.043	-118.918.658	-131.904.701
XI. Investment expenses (AOP 184 to 189)	183	-2.292.212	-39.527.905	-41.820.117	-15.666.708	-60.076.388	-75.743.096
1. Depreciation (buildings not intended for business activities of the company)	184		-251.746	-251.746			
2. Interest	185		-1.286	-1.286	-17.618		-17.618
3. Investment impairments	186		-1.483.200	-1.483.200	-10.624.798	-12.322.090	-22.946.888
4. Losses from sale (realizations) of investment	187		-2.108.726	-2.108.726	-2.918.028	-346.602	-3.264.631
5. Adjustment of financial assets at fair value through P&L	188	-448.365	-472.271	-920.636	-462.983	-754.074	-1.217.057
6. Net foreign exchange losses	189	-1.579.270	-9.401.600	-10.980.870	-1.293.883		-1.293.883
7. Other investment costs	190	-264.577	-25.809.077	-26.073.653	-349.398	-46.653.622	-47.003.020
XII. Other technical expenses, net of reinsurance (AOP 192 + 193)	191	-28.569	-41.459.371	-41.487.941	-136.891	-44.652.836	-44.789.727
1. Prevention activities expenses	192		-2.436.247	-2.436.247		-2.939.414	-2.939.414
2. Other technical expenses	193	-28.569	-39.023.124	-39.051.694	-136.891	-41.713.421	-41.850.313
XIII. Other expenses, including value adjustment	194		-81.485.128	-81.485.128		-66.923.934	-66.923.934
XIV. Profit or loss before taxes (124+133+147+148+149+150+159+167+171+174+183+191+194)	195	5.136.371	71.240.703	76.377.074	8.259.745	94.571.000	102.830.745
XV. Taxation (AOP 197+198)	196	-611.594	-15.878.306	-16.489.900	-1.018.565	-20.113.282	-21.131.847
1. Current tax expenses	197	-611.594	-15.878.306	-16.489.900	-1.018.565	-20.113.282	-21.131.847
2. Deferred tax expenses	198						
XVI. Net profit or loss for the period (AOP 195-196)	199	4.524.777	55.362.397	59.887.174	7.241.180	74.457.718	81.698.898
1. Attributable to majority owners	200	4.271.049	52.911.366	57.182.415	6.646.169	71.882.591	78.528.760
2. Attributable to minority interests	201	253.728	2.451.031	2.704.759	595.011	2.575.127	3.170.138
XVII. TOTAL INCOME	202	245.286.227	1.426.435.062	1.671.721.288	255.787.603	1.436.338.159	1.692.125.763
XVIII. TOTAL EXPENSES	203	-240.761.450	-1.371.072.665	-1.611.834.115	-248.546.423	-1.361.880.441	-1.610.426.865
IX. Other comprehensive profit (205 to 211 - 212)	204	-3.090.301	-22.036.457	-25.126.758	8.356.232	-9.595.528	-1.239.296
1. Profit / loss from translation of financial statements	205		-17.581	-17.581		-3.790.953	-3.790.953
2. Profit / loss from revaluation of financial assets available for sale	206	-3.090.301	-18.576.900	-21.667.201	8.356.232	-4.175.162	4.181.070
3. Profit / loss from revaluation of operational land and buildings	207		-3.441.976	-3.441.976		-1.629.413	-1.629.413
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	1.434.476	33.325.940	34.760.416	15.597.412	64.862.190	80.459.602
1. Attributable to majority owners	214	1.180.748	30.905.282	32.086.030	15.002.401	65.502.156	80.504.557
2. Attributable to minority interests	215	253.728	2.420.657	2.674.385	595.011	-639.966	-44.955
XXI. Reclassification adjustments	216						

CONSOLIDATED REPORT ON FINANCIAL POSITION (BALANCE SHEET) AS AT 30.06.2012.

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	59.932	63.309.339	63.369.271	98.130	61.778.963	61.877.094
1. Goodwill	005		42.263.906	42.263.906		43.016.694	43.016.694
2. Other intangible assets	006	59.932	21.045.433	21.105.365	98.130	18.762.269	18.860.400
C. TANGIBLE ASSETS (008 to 010)	007	4.305.464	1.484.861.407	1.489.166.870	4.709.174	1.488.391.330	1.493.100.504
1. Land and buildings used for insurance activities	008	3.679.148	1.347.814.385	1.351.493.534	3.644.683	1.315.253.839	1.318.898.522
2. Equipment	009	491.763	98.488.524	98.980.287	948.610	80.338.431	81.287.041
3. Other tangible assets and reserves	010	134.553	38.558.497	38.693.050	115.881	92.799.060	92.914.941
D. INVESTMENTS (012+013+017+036)	011	2.106.295.797	3.947.245.974	6.053.541.771	2.178.488.795	3.999.537.376	6.178.026.171
I. Investments in land and buildings not intended for business activities of the company	012	437.198	968.976.989	969.414.187	436.018	995.218.917	995.654.936
II. Investments in branch-offices, associated companies and participating in joint investments (014 to 016)	013		17.607.576	17.607.576		25.209.236	25.209.236
1. Shares and stakes in branch-offices	014						
2. Shares and stakes in associate companies	015		16.295.014	16.295.014		23.882.962	23.882.962
3. Participating in joint investments	016		1.312.562	1.312.562		1.326.273	1.326.273
III. Other financial investments (018 + 021 + 026 + 032)	017	2.105.858.599	2.960.661.409	5.066.520.008	2.178.052.777	2.979.109.223	5.157.162.000
1. Investments kept till maturity date (019 + 020)	018	1.312.794.201	918.652.533	2.231.446.734	1.155.870.519	919.104.767	2.074.975.286
1.1. Debt securities and other securities with fixed income	019	1.312.794.201	904.550.884	2.217.345.085	1.155.870.519	898.494.860	2.054.365.379
1.2. Other investments kept till maturity date	020		14.101.649	14.101.649		20.609.907	20.609.907
2. Investments available for sale (022 to 025)	021	60.422.034	198.835.404	259.257.438	36.197.002	168.270.184	204.467.185
2.1. Stocks, shares and other securities with variable income	022	24.314.237	118.648.920	142.963.157	19.902.368	114.401.677	134.304.045
2.2. Debt securities and other securities with fixed income	023		1.267.500	1.267.500		1.297.075	1.297.075
2.3. Stakes in investment funds	024	36.107.797	78.918.984	115.026.780	16.294.634	52.571.431	68.866.065
2.4. Other investments available for sale	025						
3. Investments at fair value through the profit and loss account (027 to 031)	026	200.501.903	383.929.268	584.431.170	476.363.648	529.238.972	1.005.602.620
3.1. Stocks, shares and other securities with variable income	027		8.213.904	8.213.904		22.307.106	22.307.106
3.2. Debt securities and other securities with fixed income	028	83.590.987	110.355.342	193.946.328	85.645.974	145.219.578	230.865.552
3.3. Derivative financial instruments	029						
3.4. Stakes in investment funds	030	116.910.916	265.360.022	382.270.938	390.717.674	361.712.288	752.429.961
3.5. Other investments	031						
4. Deposits, loans and receivables (033 to 035)	032	532.140.461	1.459.244.205	1.991.384.666	509.621.608	1.362.495.301	1.872.116.909
4.1. Bank deposits	033	474.809.212	1.073.025.807	1.547.835.019	445.049.444	1.012.875.012	1.457.924.456
4.2. Loans	034	56.645.349	381.059.384	437.704.732	60.781.177	344.936.787	405.717.964
4.3. Other loans and receivables	035	685.901	5.159.014	5.844.914	3.790.988	4.683.501	8.474.489
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	16.320.627		16.320.627	14.619.793		14.619.793
F. REINSURANCE PORTION IN TECHNICAL RESERVES (039 to 045)	038	164.628	236.107.174	236.271.802	189.126	213.223.461	213.412.587
1. Unearned premiums, reinsurance share	039	138	19.806.023	19.806.161	46.306	66.296.252	66.342.558
2. Mathematical insurance provision, reinsurance share	040	164.490		164.490	142.820		142.820
3. Claims provision, reinsurance share	041		215.781.823	215.781.823		146.713.064	146.713.064
4. Provision for premium returns depending and not depending on result (bonuses and discounts), reinsurance share	042		519.328	519.328		214.145	214.145
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	2.451.330	3.588.575	6.039.905	2.408.707	3.565.745	5.974.452
1. Deferred tax assets	047	2.408.707	3.588.575	5.997.282	2.408.707	3.565.745	5.974.452
2. Current tax assets	048	42.623		42.623			
H. RECEIVABLES (050 + 053 + 054)	049	10.292.727	1.001.153.666	1.011.446.393	7.213.116	1.297.000.515	1.304.213.631
1. Receivables from direct insurance activities (051 + 052)	050	162.077	681.383.908	681.545.985	208.395	1.020.969.891	1.021.178.286
1.1. Receivables from policyholders	051	118.331	673.981.679	674.100.010	159.752	1.013.123.214	1.013.282.966
1.2. Receivables from insurance agents	052	43.746	7.402.229	7.445.975	48.643	7.846.677	7.895.320
2. Receivables from coinsurance and reinsurance activities	053		61.234.875	61.234.875	133.018	74.167.870	74.300.888
3. Other receivables (055 to 057)	054	10.130.650	258.534.883	268.665.533	6.871.703	201.862.755	208.734.457
3.1. Receivables for other insurance activities	055		29.563.633	29.563.633		21.228.310	21.228.310
3.2. Receivables for returns on investments	056	3.943.028	13.160.606	17.103.634	3.375.569	13.917.537	17.293.106
3.3. Other receivables	057	6.187.622	215.810.644	221.998.266	3.496.133	166.716.908	170.213.041
I. OTHER ASSETS (059 + 063 + 064)	058	6.117.246	88.539.542	94.656.787	6.141.252	70.988.765	77.130.018
1. Money in bank and in cash (060 to 062)	059	6.052.921	75.750.040	81.802.961	6.102.713	54.318.729	60.421.442
1.1. Money on business account	060	3.918.390	75.407.245	79.325.635	4.205.847	53.939.856	58.145.703
1.2. Money on mathematical provision account	061	2.127.973		2.127.973	1.893.546		1.893.546
1.3. Cash money	062	6.558	342.795	349.353	3.321	378.873	382.193
2. Long-term assets intended for sale and business termination	063						
3. Other	064	64.325	12.789.502	12.853.826	38.539	16.670.037	16.708.576
J. PREPAID EXPENSES OF THE FUTURE PERIOD AND UNDUE COLLECTION OF INCOME (066 to 068)	065	22.259.902	59.037.498	81.297.400	20.470.590	57.380.055	77.850.645
1. Split interest and rental fees	066	22.185.161	16.024.052	38.209.213	20.172.908	17.884.308	38.057.217
2. Split sales costs	067		20.454.677	20.454.677		18.648.618	18.648.618
3. Other paid expenses of the future period and undue income collection	068	74.741	22.558.770	22.633.510	297.682	20.847.129	21.144.811
K. TOTAL ASSETS (001+004+007+011+037+038+046+049+058+065)	069	2.168.267.651	6.883.843.174	9.052.110.826	2.234.338.683	7.191.866.212	9.426.204.894
L. NON-BALANCE SHEET RECORDS	070		734.133.071	734.133.071		715.239.827	715.239.827

LIABILITIES							
A. CAPITAL AND RESERVES (072 + 076 + 077 + 081 + 085 + 088)	071	121.188.229	1.837.865.705	1.959.053.933	135.571.202	1.897.819.872	2.033.391.074
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	-15.718.730	512.712.440	496.993.709	-7.362.323	503.116.737	495.754.413
3.1. Revaluation of land and buildings	078	-64.994	520.883.395	520.818.401	-64.819	518.793.423	518.728.604
3.2. Revaluation of investments in financial assets	079	-15.653.736	-15.000.350	-30.654.086	-7.297.504	-18.731.294	-26.028.798
3.3. Other revaluation reserves	080		6.829.395	6.829.395		3.054.607	3.054.607
4. Reserves (082 to 084)	081	78.314.936	378.151.843	456.466.779	79.651.090	399.432.378	479.083.468
4.1. Legal provision	082	489.554	19.152.617	19.642.171	721.928	22.853.580	23.575.508
4.2. Statutory provision	083	2.325.382	92.288.398	94.613.780	3.429.162	109.867.971	113.297.133
4.3. Other reserves	084	75.500.000	266.710.828	342.210.828	75.500.000	266.710.827	342.210.827
5. Retained profit or loss (086 + 087)	085	7.517.828	448.141.312	455.659.140	12.347.546	524.789.687	537.137.233
5.1. Retained profit	086	7.517.828	448.141.312	455.659.140	12.347.546	524.789.687	537.137.234
5.2. Retained loss (-)	087						
6. Profit or loss for the period (089 + 090)	088	6.785.475	100.261.630	107.047.104	6.646.168	71.882.591	78.528.760
6.1. Profit for the period	089	6.785.475	100.261.630	107.047.104	6.646.168	71.882.591	78.528.760
6.2. Loss for the period (-)	090						
B. MINORITY INTEREST	091	7.791.231	67.654.463	75.445.694	8.066.290	58.918.493	66.984.783
C. TECHNICAL PROVISION (093 to 098)	092	1.986.686.474	4.320.732.309	6.307.418.783	2.023.946.448	4.588.479.744	6.612.426.191
1. Unearned premiums, gross amount	093	3.929.192	1.114.848.550	1.118.777.742	4.151.187	1.442.952.499	1.447.103.685
2. Mathematical insurance provision, gross amount	094	1.945.987.781		1.945.987.781	1.989.558.819		1.989.558.819
3. Claims provision, gross amount	095	36.769.501	3.133.643.782	3.170.413.284	30.236.442	3.070.355.357	3.100.591.799
4. Provision for premium returns dependent upon or independent of result (bonuses and discounts), gross amount	096		5.812.976	5.812.976		3.244.888	3.244.888
5. Provision for claims fluctuation, gross amount	097						
6. Other technical insurance provision, gross amount	098		66.427.000	66.427.000		71.927.000	71.927.000
D. SPECIAL PROVISION FOR THE GROUP LIFE INSURANCE WHERE THE POLICYHOLDER ASSUMES THE INVESTMENT RISK, gross amount	099	16.320.627		16.320.627	14.619.793		14.619.793
E. OTHER PROVISION (101 + 102)	100	2.557.348	87.913.892	90.471.240	2.558.673	111.876.112	114.434.784
1. Provision for pensions	101	2.557.348	82.502.608	85.059.956	2.558.673	107.281.275	109.839.947
2. Other provision	102		5.411.285	5.411.285		4.594.837	4.594.837
F. DEFERED AND CURRENT TAX LIABILITY (104 + 105)	103	55.052	134.844.757	134.899.809	1.018.865	135.023.212	136.042.078
1. Deferred tax liability	104		122.317.431	122.317.431		121.648.602	121.648.602
2. Current tax liability	105	55.052	12.527.327	12.582.379	1.018.865	13.374.611	14.393.476
G. DEPOSITS RETAINED FROM BUSINESS CEDED TO REINSURANCE	106						
H. FINANCIAL LIABILITIES (108 to 110)	107	100.067	88.400.064	88.500.131	341.209	71.859.610	72.200.819
1. Loan liabilities	108		84.079.870	84.079.870		69.393.323	69.393.323
2. Outstanding securities	109						
3. Other financial liabilities	110	100.067	4.320.194	4.420.261	341.209	2.466.287	2.807.496
I. OTHER LIABILITIES (112 to 115)	111	33.390.208	305.054.135	338.444.342	48.007.855	310.730.995	358.738.850
1. Liabilities derived from direct insurance activities	112	2.025.459	110.716.980	112.742.439	3.196.523	117.162.097	120.358.620
2. Liabilities derived from coinsurance and reinsurance activities	113	1.693	67.958.283	67.959.976	2.066	82.750.281	82.752.347
3. Liabilities for misappropriation and discontinued operations	114						
4. Other liabilities	115	31.363.056	126.378.871	157.741.927	44.809.265	110.818.618	155.627.883
J. DEFERRED PAYMENT OF EXPENSES AND INCOME OF THE FUTURE PERIOD (117+118)	116	178.417	41.377.850	41.556.267	208.348	17.158.174	17.366.522
1. Reinsurance commission split	117						
2. Other deferred costs payment and future income	118	178.417	41.377.850	41.556.267	208.348	17.158.174	17.366.522
K. TOTAL LIABILITIES (071+091+092+099+100+103+106+107+111+116)	119	2.168.267.652	6.883.843.174	9.052.110.826	2.234.338.683	7.191.866.212	9.426.204.894
L. NON-BALANCE SHEET RECORDS	120		734.133.072	734.133.072		715.239.827	715.239.827
ADDITION TO BALANCE SHEET (only for consolidated financial statements)							
M. CAPITAL AND RESERVES (122+123)	121	128.979.460	1.905.520.168	2.034.499.627	143.637.492	1.956.738.365	2.100.375.857
1. Attributable to majority owners	122	121.188.229	1.837.865.705	1.959.053.933	135.571.202	1.897.819.872	2.033.391.074
2. Attributable to minority interests	123	7.791.231	67.654.463	75.445.694	8.066.290	58.918.493	66.984.783

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD FROM 01.01.2012 UNTIL 30.06.2012

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 and 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		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	002									
2. Correction of previous period errors	003			74.365		-39.842		34.523		34.523
II. Balance at 1 January - previous year (corrected) (AOP 001 to 003)	004	442.887.200		560.846.761	443.930.661	402.715.077	84.949.765	1.935.329.464	68.598.004	2.003.927.468
III. Comprehensive profit or loss - previous year (AOP 006+007)	005			-63.853.052		9.194.235	107.047.105	52.388.288	8.948.863	61.337.151
1. Profit/loss of the previous period	006						107.047.105	107.047.105	2.645.353	109.692.457
2. Other comprehensive profit/loss of the previous year (AOP 008 do 011)	007			-63.853.052		9.194.235		-54.658.816	6.303.511	-48.355.306
2.1. Unrealized profit/loss from tangible assets (land and buildings)	008			2.320.408		6.835.588		9.155.996	8.144.812	17.300.807
2.2. Unrealized profit/loss from financial assets available for sale	009			-48.173.323				-48.173.323	-1.494.807	-49.668.130
2.3. Realized profit/loss from financial assets available for sale	010			-18.064.979				-18.064.979		-18.064.979
2.4. Other non-ownership changes in capital	011			64.842		2.358.648		2.423.490	-346.494	2.076.996
IV. Transactions with owners (previous period) (AOP 013 to 016)	012				12.536.118	43.749.827	-84.949.765	-28.663.820	-2.101.173	-30.764.993
1. Increase/decrease of share capital	013									
2. Other payments by the owners	014									
3. Payment of shares in profit/dividends	015						-28.663.820	-28.663.820	-2.101.173	-30.764.993
4. Other distribution to the owners	016				12.536.118	43.749.827	-56.285.945			
V. Balance at 31 December - previous period (AOP 004+005+012)	017	442.887.200		496.993.709	456.466.779	455.659.139	107.047.105	1.959.053.932	75.445.694	2.034.499.626
VI. Balance at 1 January - current year	018	442.887.200		496.993.709	456.466.779	455.659.139	107.047.105	1.959.053.932	75.445.694	2.034.499.626
1. Change in accounting policy	019									
2. Correction of previous period errors	020					-583.377		-583.377		-583.377
VII. Balance at 1 January - current period (corrected) (AOP 018 to 020)	021	442.887.200		496.993.709	456.466.779	455.075.762	107.047.105	1.958.470.555	75.445.694	2.033.916.249
VIII. Comprehensive profit or loss - current period (AOP 023+024)	022			-1.239.296		-986.149	78.528.760	76.303.315	-44.955	76.258.360
1. Profit/loss of the previous period	023						78.528.760	78.528.760	3.170.138	81.698.898
2. Other comprehensive profit/loss of the current year (AOP 025 to 028)	024			-1.239.296		-986.149		-2.225.445	-3.215.093	-5.440.538
2.1. Unrealized profit/loss from tangible assets (land and buildings)	025			-1.629.413		3.344.130		1.714.717	996.586	2.711.303
2.2. Unrealized profit/loss from financial assets available for sale	026			5.252.351				5.252.351	-320	5.252.031
2.3. Realized profit/loss from financial assets available for sale	027			-1.071.281				-1.071.281		-1.071.281
2.4. Other non-ownership changes in capital	028			-3.790.953		-4.330.279		-8.121.232	-4.211.359	-12.332.591
IX. Transactions with owners (current period) (AOP 030 to 033)	029				22.616.689	83.047.620	-107.047.105	-1.382.796	-8.415.956	-9.798.752
1. Increase/decrease of share capital	030									
2. Other payments by the owners	031									
3. Payment of shares in profit/dividends	032						-980.000	-980.000	-1.342.456	-2.322.456
4. Other distribution to the owners	033				22.616.689	83.047.620	-106.067.105	-402.796	-7.073.500	-7.476.296
X. Balance at 31 December - current period (AOP 021+022+029)	034	442.887.200		495.754.413	479.083.468	537.137.233	78.528.760	2.033.391.074	66.984.783	2.100.375.857

CONSOLIDATED REPORT ON CASH FLOWS - INDIRECT METHOD

For the period from 01.01.2012 until 30.06.2012

in HRK

Position	AOP	Previous period	Current period
1	2	3	4
I. CASH FLOWS FROM OPERATING ACTIVITIES (002+013+031)	001	67.562.577	-224.280.840
1. Cash flow before change in business property and liabilities (AOP 003+004)	002	114.363.059	70.875.532
1.1. Profit before tax	003	76.377.074	102.830.745
1.2. Adjustment: (AOP 005 to 012)	004	37.985.985	-31.955.213
1.2.1. Depreciation and amortization of immovables and equipment	005	39.781.305	36.613.921
1.2.2. Depreciation and amortization of intangible property	006	3.771.979	3.189.926
1.2.3. Impairment and profits/losses from adjustment to fair value	007	-4.909.930	20.745.645
1.2.4. Interest expenses	008		17.802
1.2.5. Interest income	009	2.883.218	-111.727.677
1.2.6. Share in profit of associated companies	010	-6.517	-744.555
1.2.7. Profits/losses from sale of tangible property (including real estate)	011		-851.602
1.2.8. Other adjustments	012	-3.534.070	20.801.327
2. Increase/decrease in business property and liabilities (AOP 014 to 030)	013	-27.522.695	-273.452.476
2.1. Increase /decrease in investments available for sale	014	31.274.057	54.790.253
2.2. Increase /decrease in investments estimated at fair value	015	-199.344.957	-445.452.044
2.3. Increase / decrease in deposits, loans and receivables	016	35.067.183	86.655.045
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	1.500.626	1.700.834
2.6. Increase /decrease of reinsurance stakes in technical provision	019	-186.938.543	22.859.215
2.7. Increase/decrease of taxable property	020	3.519.334	65.453
2.8. Increase/decrease in receivables	021	-295.950.493	-292.767.238
2.9. Increase/decrease in other assets	022		
2.10. Increase/decrease in prepaid expenses of the future period and undue collection of income	023	-4.322.088	3.446.754
2.11. Increase/decrease in technical provision	024	548.792.748	305.007.409
2.12. Increase/decrease in life insurance technical provision when the policyholder bears investment risk	025	-1.500.626	-1.700.834
2.13. Increase/decrease in tax liabilities	026	4.271.449	1.142.268
2.14. Increase/decrease in deposits held from activities ceded to reinsurance	027		
2.15. Increase/decrease in financial liabilities	028	-52.587.787	-16.299.312
2.16. Increase/decrease in other liabilities	029	63.976.810	31.289.470
2.17. Increase/decrease in deferred payment of expenses and income of the future period	030	24.719.592	-24.189.749
3. Income tax paid	031	-19.277.787	-21.703.896
II. CASH FLOW FROM INVESTMENT ACTIVITIES (AOP 033 to 046)	032	14.674.317	210.650.245
1. Receipts from sale of tangible assets	033	11.558.839	1.934.458
2. Expenditures for the purchase of tangible assets	034	-42.496.129	-9.423.263
3. Receipts from sale of intangible assets	035		72.348
4. Expenditures for the purchase of intangible assets	036	-2.668.343	-1.984.460
5. Receipts from sale of land and buildings not intended for business activities of the company	037	20.000	564.795
6. Expenditures for the purchase of land and buildings not intended for business activities of the company	038	-55.098.749	-14.043.633
7. Increase/decrease of investments in branch-offices, associated companies and participation in joint investments	039	2.240.295	39.796.614
8. Receipts from investments kept till maturity	040	134.630.292	238.796.104
9. Expenditures for investments kept till maturity	041	-30.689.236	-77.494.104
10. Receipts from sale of securities and stakes	042		
11. Expenditures for investments in securities and stakes	043	-4.747.803	-191.996
12. Receipts from dividends and profit share	044	579.658	
13. Receipts from long term and short term loans	045	5.788.565	137.181.879
14. Expenses for long term and short term loans	046	-4.443.072	-104.558.497
III. CASH FLOW FROM FINANCIAL ACTIVITIES (AOP 050 to 054)	047	-48.152.575	-535.379
1. Receipts from capital stock increase	048		
2. Receipts from short-term and long-term loans	049		386.291
3. Expenditures for short-term and long-term loans	050	-27.780.883	-217.794
4. Expenditures for purchase of treasury shares	051		
5. Expenditures for payment of profit share (dividends)	052	-20.371.692	-703.876
NET CASH FLOW (AOP 001 + 032 + 049)	053	34.084.319	-14.165.974
IV. EFFECTS OF CHANGES IN RATES OF FOREIGN CURRENCIES	054	-647.404	-3.360.796
V. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (055+056)	055	33.436.915	-17.526.770
Cash and cash equivalents at the beginning of the period	056	85.212.974	94.656.787
Cash and cash equivalents at the end of the period (AOP 057 + 058)	057	118.649.889	77.130.017

II MANAGEMENT INTERIM REPORT

The long-term recession and the continuation of weak business activity in the real sector affects the insurance market as well, which in turn, as well as the real economy, shows no signs of recovery. According to the projections for the rest of the business year it will be another one marked by the decrease in premium, or at best the year in which the premium will remain the same as in the previous period. This statement is supported by the fact that in the first half of 2012 we still have to cope with the negative trends in written premium.

In the first half of 2012 Croatia osiguranje Group realized the revenues amounting to HRK 1,692.1 million which is an increase of 1.2% in comparison to the same period of the previous year. The total expenditures of the Group amounted to HRK1,589.3 million and recorded a decrease of 0.4%. The net profit after tax and minority interest amounted to HRK 78.5 million which is an increase of 37.3% in comparison to the same period of the previous year.

The gross written premium of the Group in the first half of 2012 amounted to HRK 1,910.4 million and recorded a total decrease of 2.8%. The non-life gross written premium amounting to HRK 1,721.1 million recorded a decrease of 3.2%, whereas the life gross written premium amounting to HRK 189.3 million recorded an increase of 0.9%.

The gross paid claims in the first half of 2012 amounted to HRK 903.2 million which is an increase of 2.1% in comparison to the same period of the previous year. Non-life gross paid claims rose, with the increase amounting to 6.0%, whereas life business recorded a decrease of 14.4% in comparison to the same period of the previous year.

Through its investment activity in both life and non-life business the Group recorded revenue amounting to HRK 177.5 million.

As at 30th June, 2012 the total assets of the Group amounted to HRK 9,426.2 million which is an increase of 4.1% compared to 31st December, 2011.

The accounted technical provisions in the reporting period amounted to HRK 6,612.4 million which is an increase of 4.8% compared to the accounted technical provisions at 31st December, 2011.

Key business indicators for the Group:

DESCRIPTION	GROUP			
	1	2	3	4
PROFIT&LOSS ACCOUNT	I-VI 2011.	I-VI 2012.	INDEX 3/2	
Total income	1,671,721	1,692,126	101.2	
Total expenditure	1,595,344	1,589,295	99.6	
Written gross premium	1,965,530	1,910,388	97.2	
- non-life	1,777,940	1,721,106	96.8	
- life	187,590	189,282	100.9	
Paid claims (gross)	884,551	903,186	102.1	
- non-life	714,009	757,187	106.0	
- life	170,542	145,999	85.6	
Profit before taxation	76,377	102,831	134.6	
Profit after taxation	59,887	81,699	136.4	
Profit after minority interest	57,182	78,529	137.3	
BALANCE	31.12.2011.	30.06.2012.	INDEX 3/2	
Total assets	9,052,111	9,426,205	104.1	
Equity and provision	1,959,054	2,033,391	103.8	
- subscribed capital	442,887	442,887	100	
- revaluation provision	496,994	495,754	99.8	
- legal provision	19,642	23,576	120.0	
- statutory provision	94,614	113,297	119.7	
- other provision	342,211	342,211	100.0	
- retained profit	455,659	537,137	117.9	
- current period profit	107,047	78,529	73.4	
Technical provision	6,307,419	6,612,427	104.8	
- unearned premium, gross	1,118,778	1,447,104	129.3	
- LIMP	1,945,988	1,989,559	102.2	
- claim provision	3,170,413	3,100,592	97.8	
- provision for premium returns dependent and independent on the result (bonus & discount), gross	5,813	3,245	55.8	
- other technical insurance provision, gross	66,427	71,927	108.3	
Life insurance special provision-policyholder's investment risk, gross	16,321	14,620	89.6	
Investment	6,053,542	6,178,026	102.1	
KEY BUSINESS INDICATORS	I-VI 2011.	I-VI 2012.	INDEX 3/2	
ROA (%) (net profit / assets)	0.6	0.8	138.8	
ROE (%) (net profit / equity and provision)	2.9	3.9	133.2	
Gross profit margin (%) (gross profit / total income)	4.6	6.1	132.1	

Faced with turbulent market conditions the Group undertakes numerous activities to reduce negative influence of unfavourable economic trends on business operations. The stress is put on achieving market share increase at the regional markets, larger presence of CROATIA osiguranje, sales network expansion and establishing of new subsidiaries as well as increasing the scope and quality of insurance products.

After five MOT test stations opened last year, the member of the Croatia osiguranje Group - Tehnički pregledi d.o.o. opened one more situated in Bjelovar. Built according to the European standards, with its two technological lines it is one of the most state-of-the-art equipped stations.

The unaudited consolidated financial statements for the second quarter and the first half of 2012 shall be available at the websites of Croatia osiguranje d.d., and the Zagreb Stock Exchange (Zagrebačka burza), as well as published in the Official Register of Prescribed Information and publicly disclosed by the Croatian News Agency (HINA).

Key events

At the meeting of the Supervisory Board of Croatia osiguranje held on 27th April, 2012, the approval of the following reports was granted: the Annual Report on the position of the Company in 2011, the Annual financial statements for 2011, as well as the Consolidated Annual Report of the Company and the Consolidated Annual Financial Statements for 2011. The Supervisory Board also granted approval of the proposal Decision on the distribution of profit for 2011.

The Decision on the distribution of profit was submitted for approval to the 36th General Assembly of Croatia osiguranje d.d. held on 15th June 2012.

On 15th June, 2012 36th General Assembly of CROATIA osiguranje d.d was held. The General Assembly considered the Annual Report on the position of Croatia osiguranje d.d. and the Consolidated Annual Report of Croatia osiguranje d.d. The report of the Supervisory Board and the Annual Financial Statements of Croatia osiguranje d.d. for 2011 were also considered as well as the Consolidated Annual Financial Statements of Croatia osiguranje d.d. for 2011 that were approved by both the Management Board and the Supervisory Board of Croatia osiguranje d.d.

The following decisions that were on the agenda of the 36th General Assembly were adopted by a majority of the voting rights held by the shareholders present:

1. a) Decision on the distribution of profit for the year 2011
b) Decision on granting discharge to the Management Board of Croatia osiguranje d.d.
c) Decision on granting discharge to the Supervisory Board of Croatia osiguranje d.d.
2. Decision on the appointment of the auditor of CROATIA osiguranje d.d. for the year 2012
3. Decision on the recall of the members of the Supervisory Board of Croatia osiguranje d.d.
4. Decision on the appointment of members of the Supervisory Board of Croatia osiguranje d.d.

The realized profit of CROATIA osiguranje d.d. amounting to HRK 78,666,744.93 shall be distributed as follows:

1. Legal provisions	HRK	3,933,337.25
2. Statutory reserves	HRK	18,683,351.92
3. Dividend on preferred stock	HRK	980,000.00
4. Retained profit	HRK	55,070,055.76

The dividend on preferred stock amounts to HRK 112.00 per share

Description of main risks and uncertainties


The basic goal of the Group in managing financial and insurance risks is to keep the capital level adequate to the scope and type of insurance business it writes, as well as taking into account the risks to which it is exposed. The Management recognizes the significance of the existence of an efficient and effective risk management system, so the Group is currently in the process of introducing a centralized risk management system.

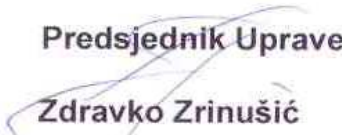
The regulatory bodies supervise the Group's solvency in order to make sure that the liabilities arising from possible economic changes and natural disasters are covered.

The Group actively manages the assets using the approach that creates a balance between the quality, diversification, coordination of assets and liabilities, solvency and return on investments. The Management examines and approves target portfolios periodically, determines investment guidelines and limits, and supervises the process of managing assets and liabilities.

Due attention is also paid to the compliance with the regulations defined by the Insurance Act. In performing transactions using financial instruments the Group takes financial risks. These risks include market, credit and solvency risk. The most important risks and uncertainties are described in the Audited 2011 Annual Report.

Zagreb, 27th July, 2012

Članica Uprave

 Silvana Ivančić

Predsjednik Uprave

 Zdravko Zrinušić

III NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FIRST HALF OF 2012

1. GENERAL

The CROATIA OSIGURANJE GROUP ("Group") consists of Croatia osiguranje d.d. Zagreb (parent company) and 24 daughter companies as is set below:

Daughter companies	Activity	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 and 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 headquarters 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 business.

Management Board and Supervisory Board

Pursuant to the Companies' Act, Insurance Act and the Articles of Association the bodies of the Company are as follows: the Management Board, The Supervisory Board and the General Assembly. The liability and responsibility of the members of these bodies are regulated by the above mentioned acts.

Members of the Supervisory Board of the Company:

On 15th June 2012 36th General Assembly of Croatia osiguranje d.d. passed the Decision on the recall of the members of the Supervisory Board of Croatia osiguranje d.d., as well as the Decision on the appointment of members of the Supervisory Board of Croatia osiguranje d.d.

The following members of the Supervisory Board were recalled:

D.Sc. Nikola Mijatović, Chairman
Nataša Duspara, Deputy Chairwoman
D.Sc. Gzim Redžepi, Member
Josip Zaher, Member
Ante Obuljen, Member

Newly appointed members of the Supervisory Board are:

Mladen Blažević, Chairman
Vesna Trnokop - Tanta, Deputy Chairwoman
D.Sc. Josip Tica, Member
D.Sc. Petar Miladin, Member
Đurđa Hunjet, Member
Miroslav Hrašćanec, Member, Representative of the employees

Members of the Management Board:

Zdravko Zrinušić, President
Silvana Ivančić, Member

Capital stock and shares

On 30th June, 2012 the capital stock amounts to HRK 442,887,200.00 and is divided in 316,348 shares with 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, either the ordinary or the preferred one, entitles to 1 (one) vote at the General Assembly of the Company. All shares are paid in total, issued in a dematerialized form, freely transferable and recorded in the depository of the Central Depository & Clearing Company Inc.

The Group has no ownership stake in its shares.

Ownership structure as at 30th June 2012:

Shareholder	Number of shares	30 th Jun, 2012	
		Amount HRK	% of shares
1. AUDIO/ Republika Hrvatska	253,807	355,329,800.00	80.23
2. Raiffeisenbank Austria d.d.- custodial account	19,747	27,645,800.00	6.24
3. Hrvatska poštanska bka d.d.- basic and custodial account	6,510	9,114,000.00	2.06
4. Societe Generale- Splitska banka d.d.- custodial account	6,488	9,083,200.00	2.05
5. Zvon ena holding d.d.	2,122	2,970,800.00	0.67
6. PBZ d.d.-skrbnički račun	1,804	2,525,600.00	0.57
7. Hypo alpe-adria-bank d.d.- custodial account	1,498	2,097,200.00	0.47
8. Kraš d.d.	1,400	1,960,000.00	0.44
9. Auto Hrvatska d.d.	1,004	1,405,600.00	0.32
10. Erste&Steiermarkische b dd.- basic and custodial account	709	992,600.00	0.22
11. Komercijalna banka d.d. in receivership	700	980,000.00	0.22
12. Bahovec Srečko	567	793,800.00	0.18
13. Adriacommerce	500	700,000.00	0.16
14. Radić Antun	408	571,200.00	0.13
15. Tankerska plovidba	400	560,000.00	0.13
16. Škaro Miroslav	380	532,000.00	0.12
17. Fran Mihaljević - klinika za infekt. bolesti	330	462,000.00	0.10
18. Cemex Hrvatska d.d.	249	348,600.00	0.08
19. Interkapital vrijednosni papiri d.o.o.- basic and custodial account	235	329,000.00	0.07
20. Končar-elektroindustrija d.d.	230	322,000.00	0.07
21. Other shareholders	17,260	24,164,000.00	5.47
TOTAL:	316,348	442,887,200.00	100.00

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation and consolidation

Financial statements are prepared pursuant to the provisions of the Capital Market Act (Official Gazette 88/08), the Zagreb Stock Exchange Rules and the Ordinance on the structure and content of the Issuer's periodic financial statements (Official Gazette 132/10) passed by the Croatian Financial Services' Supervisory Agency.

Financial statements are prepared by considering the fundamental accounting assumption of recognizing the business transaction effects as they occur and recording them in the respective periodic financial statements. Another fundamental accounting assumption considered when preparing financial statements is that of the going concern.

The consolidated financial statements include the parent company Croatia osiguranje d.d. and the companies it controls. The control is evident in the fact that the Company directly or indirectly owns over 50% voting rights in this other company, which

enables it to make decisions on the financial and business policy of the other company with the aim of gaining profits from its activities. All significant transactions and amounts within the Group have been eliminated.

Reporting currency

The financial statements are presented in Croatian kuna (HRK). On 30th June, 2012 the official exchange rate of the Croatian kuna was HRK 7.51 to 1 Euro and HRK 5.97 to 1 USD.

Use of estimate

The preparation of financial statements in conformity with IFRSs requires the management to pass judgements, make use of estimates and assumptions that affect the application of accounting policies and the presented amounts of assets, liabilities, revenues and expenditures. The estimates and the underlying assumptions are based on historical experience, various other factors considered reasonable under the given circumstances and the information available by the day of the preparation of financial statements. The result of all these factors makes up the basis for judging the book value of assets and liabilities that is otherwise not easy to determine from other sources. The actual results can differ from these estimates. The estimates and the underlying assumptions are continuously questioned. Changes in accounting estimates are recognized in the period in which they were made as well as in the future periods, if they affect them, too.

Accounting Policies

The accounting policies used in the preparation of the financial statements for the second quarter and the first half of 2012 are consistent to the accounting policies used in the preparation of the audited financial statements for the year 2011.



Based on article 20 of the Articles of Association of CROATIA osiguranje d.d. from 30th April, 2008 and article 410 of the Capital Market Act (Official Gazette 88/08) the Management Board of the Company issues the following

STATEMENT

that to the best of its knowledge:

- the consolidated unaudited financial statements for the second quarter and the first half of 2012, prepared by application of the relevant FRSs, offer a wholesome and true presentation of assets and liabilities, losses and gains, financial position and business operations of both the Issuer and the companies included in the consolidation as a whole,
- the Management Interim Report contains a true presentation of the development, business operation results and the financial position of the Issuer and the companies included in the consolidation, as well as the description of major risks and uncertainties that the Issuer and the companies as a whole are exposed to.

Zagreb, 27th July, 2012

Članica Uprave
Silvana Ivančić
Silvana Ivančić

Predsjednik Uprave
Zdravko Zrinušić
Zdravko Zrinušić