



Grant Thornton

Financial Statements and Independent Auditors' Report

Croatia Sigurimi Sh.a.

31 December 2009

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## Independent Auditors' Report

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To the Management and Shareholders of  
Croatia Sigurimi sh.a. Insurance Company

We have audited the accompanying financial statements of Croatia Sigurimi sh.a. Insurance Company ("further referred to as "the Company") which comprise of the Statement of the financial position as at 31 December 2009, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 29.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, and its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

  
**Grant Thornton**

Pristina,  
10 March 2010

## Statement of comprehensive income

	Notes	Amounts in EUR Year ended 31 December	
		2009	2008
Gross premiums written	6	2,862,003	2,539,722
Less: Premium tax		(200,340)	(177,028)
Less: Re-insurers' share of gross premiums		(349,911)	(633,727)
<b>Net written premiums, net of premium tax</b>		<b>2,311,752</b>	<b>1,728,967</b>
Net change in provision for unearned premiums		(166,369)	(139,585)
<b>Net earned premiums, net of premium tax</b>		<b>2,145,383</b>	<b>1,589,382</b>
Financial income	7	149,414	159,753
Financial expense	7	(766)	(1,003)
Other income	8	63,405	38,430
<b>Total revenues</b>		<b>2,357,436</b>	<b>1,786,562</b>
Losses and loss adjustment expenses		(726,723)	(391,121)
Share of expenses to IAK		(221,193)	(275,481)
Contribution to Guarantee Fund		(178,669)	(155,040)
Other operating expenses	9	(899,534)	(726,797)
<b>Total expenses</b>		<b>(2,026,119)</b>	<b>(1,548,439)</b>
<b>Net profit for the year</b>		<b>331,317</b>	<b>238,123</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>331,317</b>	<b>238,123</b>
Net profit attributable to holders of ordinary shares		331,317	238,123
Total comprehensive income attributable to holders of ordinary shares		331,317	238,123

## Statement of financial position


	Notes	2009	Amounts in EUR As at 31 December 2008
<b>Assets</b>			
Cash and cash equivalents	11	821,360	2,413,153
Loans and advances to banks	12	4,203,000	2,095,000
Insurance receivables	13	263,589	123,081
Deferred acquisition costs		101,213	38,130
Property and equipment	14	80,780	77,109
Other current assets	15	258,545	74,432
<b>Total assets</b>		<b>5,728,487</b>	<b>4,820,905</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Shareholders' capital	16	3,000,000	3,000,000
Retained earnings		865,200	533,883
<b>Total equity</b>		<b>3,865,200</b>	<b>3,533,883</b>
<b>Liabilities</b>			
Outstanding claims provision	17	987,610	503,231
Provision for unearned premium		713,676	547,307
Interest - bearing borrowings	18	5,150	7,205
Trade and other payables	19	156,851	229,279
<b>Total liabilities</b>		<b>1,863,287</b>	<b>1,287,022</b>
<b>Total equity and liabilities</b>		<b>5,728,487</b>	<b>4,820,905</b>

These financial statements were approved by the Board of Directors on 30 January 2010.

Signed on its behalf by,

  
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**Mr. Ivica Pezo**  
General Director



  
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**Mrs. Leme Xhema**  
Financial Director