

ZAVAROVALNICA TRIGLAV D.D.
HEADQUARTERS
MIKLOŠIČEVA CESTA 19, 1000 LJUBLJANA

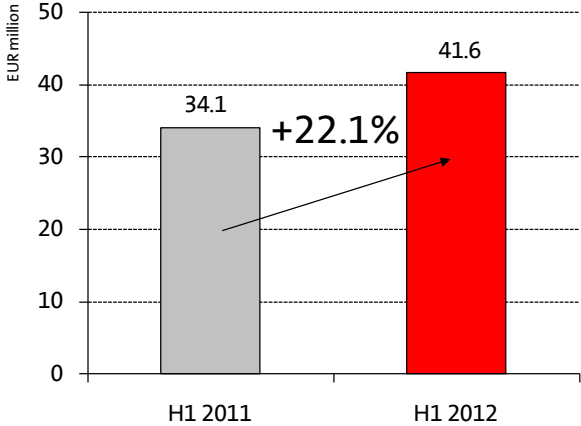


**UNAUDITED INTERIM REPORT OF ZAVAROVALNICA
TRIGLAV AND THE TRIGLAV GROUP FOR THE PERIOD
FROM 1 JANUARY 2012 TO 30 JUNE 2012**

Ljubljana, 29 August 2012

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2012

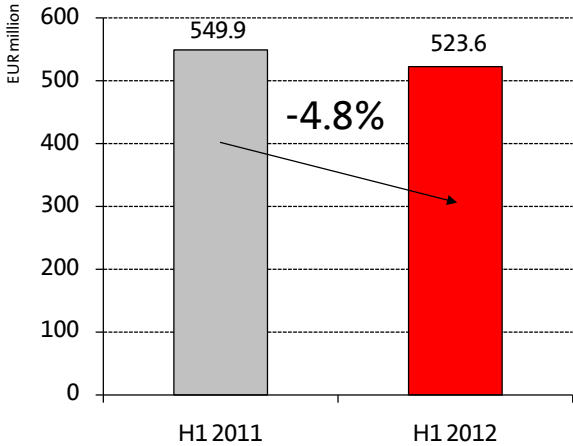
Net profit



The new business policy in non-life insurance resulted in higher profit.

For additional information see page 37.

Gross written premium for insurance and co-insurance contracts



The decrease in gross written premium is a consequence of a strategic focus on profitability and unfavourable economic conditions.

For additional information see page 18.



Dear Shareholders,

The results achieved in the first half of 2012 are the fruit of hard work and strict adherence to our strategic guidelines. By focusing on insurance as the core business and profitability of operations, despite difficult economic and financial environment, we earned **EUR 41.6 million in profit**, and had a **22.1% growth rate** compared to the respective period of 2011. At the same time we managed to maintain high financial stability.

Even though the third quarter of 2011 witnessed a downgrade of the Triglav Group by one notch from »A« to »A-«, Zavarovalnica Triglav's operations remained stable. This rating cut was caused by a downgrade of the Republic of Slovenia, which reflects the general state of public finances and economy of Slovenia. In view of the current economic situation, the credit rating of the Triglav Group has remained high and comparable to those of other reputable insurers in Europe.

In the first two quarters of 2012 Triglav's core business was profitable and further consolidated with success, despite tighter conditions in the insurance industry. **A 4.8% decrease in premium** is due to lower demand for some insurance products, since the countries in the region covered by the Triglav Group continue to face negative pressures on economic activity, decline in exports and imports, new bankruptcies, reduced purchasing power of households, higher unemployment, reduction of bank lending, etc. Increased competitiveness in the motor vehicle insurance market and the consequent adjustments to the actuarial basis reduced the volume of written premiums for car insurance. Additional loss of planned premium income resulted also from the systematic insurance portfolio selection and the intense measures taken to mitigate poorer insurance technical results in non-life insurance, aimed to improve the claims ratios of both the parent company and the Group. The **combined ratio** - a measure of profitability in core insurance operations - **reached 88.0%**.

Profit generated in the reporting period was affected by **individual mass loss events** - the largest were the bora wind storms around Nova Gorica and Ajdovščina in February, causing EUR 5.1 million of damage. Due to spring frost in early April, which considerably reduced crop output, especially in fruit growing and to a lesser extent also in viticulture, crop and fruit insurance claims amounted to approximately EUR 3 million. In the area of Ljubljana a hailstorm in June caused around EUR 2 million of damage. Zavarovalnica Triglav's business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's total assets. Despite a conservative investment policy of Zavarovalnica Triglav and the Triglav Group, the global financial crisis continued to adversely affect the situation on capital markets and to have a negative impact on the value of certain assets. A lower value of portfolio investments was primarily reflected in the decrease of the Company's share capital and net profit. As a consequence **financial assets were permanently impaired by EUR 32.8 million** in the first half of 2012. The profit earned in the reporting period

was also adversely affected by loss arising from Greek securities holdings, owing to the effect of a unilateral write-off of the Greek government debt.

According to forecasts, conditions in the markets in which the Company operates, will remain uncertain until the end of the year, further limiting growth in its volume of operations. Our ambitious goals with regard to **profit** will thus be supported by cuts in operating costs, selection of the existing portfolio, redesign and development of insurance products, greater focus on risk assessment and underwriting as well as by a prudent investment policy with the focus on a stable and profitable portfolio.

Matjaž Rakovec

CEO and President of the Management Board of Zavarovalnica Triglav

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1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2012

1.1 Performance of the Triglav Group

	in million EUR		
	H1 2012	H1 2011	INDEX
Gross written premium for insurance and co-insurance contracts	523.6	549.9	95
Net premium earned	443.5	456.9	97
Gross claims settled	301.7	296.7	102
Net claims incurred	291.5	282.5	103
Gross operating costs*	112.7	112.3	100
Profit/loss before tax	49.5	49.0	101
Net profit/loss	41.6	34.1	122
Net profit/loss attributable to the controlling company	40.6	32.9	124
	30 June 2012	31 Dec. 2011	INDEX
Insurance technical provisions as at	2,304.7	2,234.1	103
Equity as at	539.3	489.5	110
Equity attributable to the controlling company as at	518.3	465.3	111
Number of employees	5,447	5,064	108

* Insurance business gross operating costs

Key performance indicators of the Triglav Group

	H1 2012	H1 2011
Claims ratio in non-life insurance	60.4%	61.3%
Expense ratio in non-life insurance	27.6%	27.8%
Combined ratio in non-life insurance	88.0%	89.0%

1.2 Performance of Zavarovalnica Triglav d.d.

	in million EUR		
	H1 2012	H1 2011	INDEX
Gross written premium for insurance and co-insurance contracts	373.2	396.1	94
Net premium income	303.3	316.4	96
Gross claims settled	210.6	208.7	101
Net claims incurred	193.2	188.3	103
Gross operating costs	79.7	80.6	99
Profit/loss before tax	32.0	44.2	72
Net profit/loss	25.0	30.4	82
	30 June 2012	31 Dec. 2011	INDEX
Insurance technical provisions as at.	1,995.4	1,940.8	103
Equity as at	469.3	437.7	107
Number of employees	2,420	2,400	101

Key performance indicators of Zavarovalnica Triglav d.d.

	H1 2012	H1 2011
Claims ratio in non-life insurance	53.9%	57.4%
Expense ratio in non-life insurance	26.9%	26.3%
Combined ratio in non-life insurance	80.8%	83.7%

1.3 Activities and standing of the Triglav Group

The Triglav Group is the leading insurance/financial group in Slovenia and one of the leading groups in South-East Europe, where it is gaining ground and expanding its operations. It is present in eight markets and seven countries. The Group's key business pillars are:

- insurance;
- asset management;
- banking; and
- support activities for the three key financial pillars.

The Triglav Group's core business, accounting for the bulk of its operations, is **insurance**, including non-life, life, supplementary voluntary pension and health insurance.

The insurance oriented part of the Group encompasses:

- in Slovenia: Zavarovalnica Triglav d.d., Triglav Zdravstvena zavarovalnica d.d. and Pozavarovalnica Triglav Re d.d.;
- abroad: insurance undertakings in the Czech Republic, Croatia, Slovakia, Bosnia and Herzegovina, Montenegro, Serbia and the Former Yugoslav Republic of Macedonia.

Asset management is the activity of Triglav Skladi d.o.o., Triglav Naložbe d.d. and Triglav nepremičnine d.d. Their business involves investments in securities, real property, etc.

Banking represents a strategic businesses line of the Triglav Group, which integrates the range or products and services as well as enables the development of bancassurance. Zavarovalnica Triglav is a shareholder in Abanka Vipava, one of the largest Slovene banks.

Table: Subsidiaries of the Triglav Group whose business is one of the core business lines of the Group or supports such a core business

	INSURANCE	ASSET MANAGEMENT	BANKING	OTHER
Slovenia	- Zavarovalnica Triglav d.d. - Pozavarovalnica Triglav Re d.d. - Triglav, Zdravstvena zavarovalnica d.d.	- Triglav Skladi d.o.o. - Triglav Naložbe d.d. - Triglav nepremičnine d.d. - Investicijsko podjetje d.o.o.	- Abanka Vipava d.d.	- Triglav INT d.d. - TRI - PRO d.o.o. - AS Triglav d.o.o. - Triglavko d.o.o. - Skupna pokojninska družba d.d.
Croatia	- Triglav Osiguranje d.d., Zagreb			
Bosnia and Herzegovina	- Triglav Osiguranje d.d., Sarajevo - Triglav Osiguranje a.d.o., Banja Luka	- Polara Invest d.d. - PROF-IN d.o.o.		- TRI-PRO BH d.o.o. - Triglav Auto d.o.o. - Autocentar BH d.o.o. - Unis automobili i dijelovi d.o.o.
Serbia	- Triglav Osiguranje a.d.o., Belgrade	- Triglav Penzijski fondovi a.d.		- Pista d.o.o.
Montenegro	- Lovćen Osiguranje a.d., Podgorica - Lovćen životna osiguranja a.d., Podgorica			- Lovćen Avto a.d.
Former Yugoslav Republic of Macedonia	- Triglav Osigurivanje a.d., Skopje			
Czech Republic	- Triglav Pojišťovna a.s., Brno			

1.4 Composition and markets of the Triglav Group



As at 30 June 2012 the Triglav Group consisted of the following companies:

Controlling company:

- Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

- Pozavarovalnica Triglav Re d.d.
- Triglav, Zdravstvena zavarovalnica d.d.
 - Zdravstveni center morje d.o.o.
- Triglav INT d.d.
 - Triglav Osiguranje d.d., Zagreb
 - Triglav Osiguranje d.d., Sarajevo
 - Autocentar BH d.o.o.
 - Unis automobili i dijelovi d.o.o.
 - Sarajevostan d.d.
 - Triglav Pojišt'ovna a.s., Brno
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d.
 - Lovćen avto d.o.o.
 - Triglav Osiguranje a.d.o., Belgrade
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav avto d.o.o.
 - Triglav Osiguruvanje a.d., Skopje
- Triglav Skladi, družba za upravljanje d.o.o.
 - PROF-IN d.o.o.
 - Polara Invest d.d.
- Triglav Naložbe, finančna družba d.d.
 - Golf Arboretum d.o.o.
 - SALNAL d.d.
 - SIANAL d.o.o.
 - AVRIGO, družba za avtobusni promet in turizem d.d.

- Integral Notranjska d.o.o.
- Alptours Turizem d.o.o.
- Integral Zagorje d.o.o.
- Integral Stojna Kočevje d.o.o.
- Triglav penzijski fondovi a.d.
- TRI - PRO d.o.o.
- TRI-PRO d.o.o.
- AS Triglav - servis in trgovina d.o.o.
- Triglav Skladi d.o.o.
- IP Nova d.o.o.
- IP Nova A d.o.o.
- Triglav nepremičnine, upravljanje in svetovanje d.d.
- Pista d.o.o.
- Slovenijales d.d.
- Slovenijales trgovina d.o.o.
- Gradis IPGI d.d.
- Hotel Grad Podvin d.d.

Associated companies of the Triglav Group:

- Skupna pokojninska družba d.d.
- TriglavKo, zavarovalno zastopniška družba d.o.o.
- Tehnološki center varne vožnje Vransko d.o.o.
- Nama trgovsko podjetje d.d.
- Goriške opekarne d.d.
- Elan Skupina (Skimar) d.o.o.
- Info TV d.d.
- IF Prof Plus
- ZIP Polara Invest Fond a.d., Banja Luka

Changes to the Triglav Group composition in the first half of 2012:

- By purchasing the shares of AVRIGO d.d. from Nova Gorica, Triglav Naložbe d.d. acquired a 100% stake of that company. AVRIGO d.d., Nova Gorica is the 100% owner of Integral Notranjska d.o.o. and has a 97.66% stake in Alptours Turizem d.o.o., a 78.57% stake in Integral Zagorje d.o.o. and a 79.88% stake in Integral Stojna Kočevje d.o.o.
- Zavarovalnica Triglav d.d., transferred its shareholdings in Triglav Osiguranje d.d., Zagreb to Triglav INT d.d.
- Zavarovalnica Triglav d.d. from small shareholders acquired 1,950 shares in Pozavarovalnica Triglav Re d.d., Ljubljana, and thus increased its stake in the latter to 100%.
- By acquiring 3,029 shares of Triglav, Zdravstvena zavarovalnica d.d. and by squeezing out small shareholders, Zavarovalnica Triglav became the sole shareholder of Triglav, Zdravstvena zavarovalnica.
- After paying the purchase price of EUR 14.8 million, Zavarovalnica Triglav became the sole shareholder of Investicijsko podjetje, Trgovanje z lastnimi nepremičninami d.o.o. (former Sava IP d.o.o.). Investicijsko podjetje d.o.o. holds 100% of IP Nova d.o.o. and 100% of IP Nova A d.o.o.
- Triglav INT provided additional capital to Triglav Osiguranje a.d.o., Belgrade. Additional capital was raised by issuing 377,000 shares with a nominal value of RSD 700 each or RSD 263,900,000 in total. By raising additional capital Zavarovalnica Triglav increased its stake in the said company from 96.08% to 97.10%.

1.5 Significant events in the reporting period

Significant events in the first half of 2012 included:

- In the lawsuit Zavarovalnica Triglav d.d. as the plaintiff vs. the defendants Nadežda Klemenčič and Milan Marolt, Zavarovalnica Triglav received a decision of the Ljubljana District Court, in which the Court rejected the claim of the plaintiff. Zavarovalnica Triglav will appeal against the judgement.
- In a scrutiny by the Insurance Supervision Agency - Risk management review with focus on unit-linked life insurance - on 6 March 2012, the Insurance Supervision Agency sent the request to Zavarovalnica Triglav to review its operations, in which the Agency wants to re-examine the facts and evidence of the case, as well as review the operations related to the daughter company, Vardar osiguruvanje a.d. (Triglav Osiguruvanje a.d.).
- On 16 March 2012 Zavarovalnica Triglav d.d. published the Management Policy of Zavarovalnica Triglav d.d., including the amendments thereto, which were approved by the Management Board and Supervisory Board on 15 March 2012.
- On 15 March 2012 the Supervisory Board of Zavarovalnica Triglav appointed Stanislav Vrtunski, the current executive director of the Non-Life Insurance Claims Department, as a new member of the Management Board with a five-year term of office. As a Member of the Management Board, Stanislav Vrtunski is in charge of the sales and marketing of property, life, health and accident insurance, excluding key accounts. The resolution on the appointment of the new member of the Management Board became effective as of the date the authorisation to serve on the Management Board was issued by the Insurance Supervision Agency.
- On 26 March 2012, the Supervisory Board of Zavarovalnica Triglav agreed to continue with the procedures related to the entry of a new strategic partner (International Finance Corporation - IFC) and became a shareholder of the holding company Triglav INT d.d.
- On 26 March 2012 the Supervisory Board took note of the resignation letter by Mr Igor Stebernak and approved the termination of his term of office and employment. Mr Stebernak's term of office as a Member of the Management Board was to end no later than by 30 June 2012.
- On 30 March 2012 Zavarovalnica Triglav d.d. and Triglav INT d.d. signed a Subscription Agreement and a Shareholders Agreement with IFC, a member of the World Bank Group, in the amount of EUR 25 million. This additional capital formation is the beginning of a strategic partnership between IFC and the Triglav Group, aimed at the expansion and consolidation of the Triglav Group's operations in existing and potential new markets.
- On 23 May 2012, Stanislav Vrtunski je received from the Insurance Supervision Agency an authorisation to serve on the Management Board of Zavarovalnica Triglav, whereby the Supervisory Board's resolution on his appointment, dated 15 March 2012, took effect.
- On 29 May 2012, Zavarovalnica Triglav d.d. received a judgement of the Supreme Court of the Republic of Slovenia rejecting Zavarovalnica Triglav's challenge of a decision by the Securities Market Agency prohibiting it from exercising its voting rights in Abanka Vipa d.d.
- On 12 June 2012, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. Dunajska cesta 111, Ljubljana, as the auditors for 2012.
- The General Meeting of Shareholders appointed Mr Adolf Zupan as replacement member of the Supervisory Board with a term of office starting on the date resolution was passed and ending on 7 April 2013.

- The General Meeting of Shareholders as of 12 June 2012 recalled the following two members of the Supervisory Board, shareholder representatives: Mr Anton Ribnikar and Mr Vladimir Uršič and appointed Mr Jovan Lukovac and Mr Gregor Kastelic in their stead with a term of office from 13 June 2012 to 7 April 2012.
- Pursuant to the changes of the composition of the Supervisory Board, approved by the General Meeting of Shareholders, the Supervisory Board on 21 June 2012 elected Mr Igor Mihajlović its new Chairman and Mr Gregor Kastelic its new Vice-Chairman.
- On 29 June 2012 Zavarovalnica Triglav issued an order on partial deletion of subordinated registered bonds, bearing the ZT01 ticker, ISIN: SI0022102063, kept by the Central Securities Clearing Corporation (KDD) and applied to change their number on the official market of the Ljubljana Stock Exchange down to 8,769 bonds at a nominal value of EUR 1,000 totalling EUR 8,769,000 in nominal terms.
- The term of office of Mr. Igor Stebernak as Member of the Management Board of Zavarovalnica Triglav was terminated on 30 June 2012.

2. GOVERNANCE OF THE TRIGLAV GROUP

2.1 Governance of Zavarovalnica Triglav d.d.

Zavarovalnica Triglav is managed and governed according to a two-tier system. The management bodies, i.e. the General Meeting of Shareholders, the Management Board and the Supervisory Board, operate in compliance with primary and secondary legislation, the Articles and Memorandum of Association of the Company and their own rules of procedure. The Articles and Memorandum of Association are published on www.triglav.eu.

2.2 General Meetings of Shareholders

Shareholders of Zavarovalnica Triglav exercise their rights in respect of matters concerning the Company through the General Meeting of Shareholders, which is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders may also be convened in other circumstances set out by law and by the Articles and Memorandum of Association, and when it is in the interest of the Company.

The competences and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles and Memorandum of Association. The Articles and Memorandum of Association do not set out any specific provisions regarding their amendments and supplements.

2.2.1 General Meeting of Shareholders in the first half of 2012

In the first half of 2012, the General Meeting of Shareholders of Zavarovalnica Triglav was convened once. At the 36th General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 12 June 2012, the shareholder representatives:

- passed a resolution on the distribution of the accumulated profit of EUR 93,322,070.68 as at 31 December 2011 as follows:
 - EUR 15,914,603.60 to dividend payments to the shareholders, i.e. EUR 0.70 gross per share,
 - the remaining profit of EUR 77,407,467.08 to be distributed in the following years;

- granted discharge for the financial year 2011 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
- appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
- appointed to the Supervisory Board a replacement member, shareholder representative;
- recalled and appointed a member to the Supervisory Board, as explained in Section 1.5.

2.3 The Management Board

Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act can be appointed to the Management Board as its President or member. The Management Board of Zavarovalnica Triglav manages the company independently and at its own responsibility, and presents and represents the Company without limitations. In legal transactions, the insurance company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

According to the Articles and Memorandum of Association, the Management Board has no less than three and no more than six members, of whom one is the President. The Management Board is appointed by the Supervisory Board. The number of Management Board members, their competences, the manner of representation and presentation and the transfer of the Management Board's authorities are determined by the Supervisory Board in the Management Board Rules. The term of office of an individual Management Board is up to five years, with the possibility of the reappointment of its members. In Zavarovalnica Triglav, the employee representative is a member of the Management Board.

The appointment or recall of all members or an individual member of the Management Board is proposed to the Supervisory Board by the President of the Management Board. The Supervisory Board may recall a member of the Management Board or its President if it establishes that they have been in serious breach of obligations set out by primary and secondary legislation and in other circumstances set out by law.

2.3.1 Management Board as at 30 June 2012

As at 30 June 2012 the Management Board of Zavarovalnica Triglav included:

- Matjaž Rakovec, President;
- Andrej Slapar, member;
- Stanislav Vrtunski, member;
- Marica Makoter, Member of the Management Board, employee representative.

2.4 Supervisory Board

The nine members of the Supervisory Board, of whom six are representatives of the shareholders and three of employees, supervise the conducting of the Company's business with full responsibility.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council of Zavarovalnica Triglav. Their appointment or recall is subject to the law and the Articles and Memorandum of Association. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Members of the Supervisory Board are given a four-year mandate and can be re-elected without limitation.

The General Meeting of Shareholders may recall a Supervisory Board member before the end of their term of office. To substitute for members deprived of their office, the General Meeting of Shareholders elects a new member with a term of office lasting until the end of the term of office of the Supervisory Board.

2.4.1 Supervisory Board as at 30 June 2012

As at 30 June 2012, the Supervisory Board of Zavarovalnica Triglav had the following members:

- Igor Mihajlovič, shareholder representative,
- Uroš Slavinec, Vice Chairman, shareholder representative,
- Aljoša Valentinčič, member, shareholder representative,
- Adolf Zupan, member, shareholder representative,
- Vladimir Uršič, member, shareholder representative,
- Jovan Lukovac, shareholder representative,
- Branko Gorjan, member, employee representative,
- Peter Celar, member, employee representative,
- Miran Krštinc, member, employee representative.

3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV D.D.

3.1 Share capital

As at 30 June 2012, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79. It is divided into 22,735,148 ordinary registered par value shares bearing the ticker ZVTG and the ISIN code SI0021111651, which are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been paid up in full.

3.2 The share of Zavarovalnica Triglav

Table: Key figures for the shares of Zavarovalnica Triglav d.d.

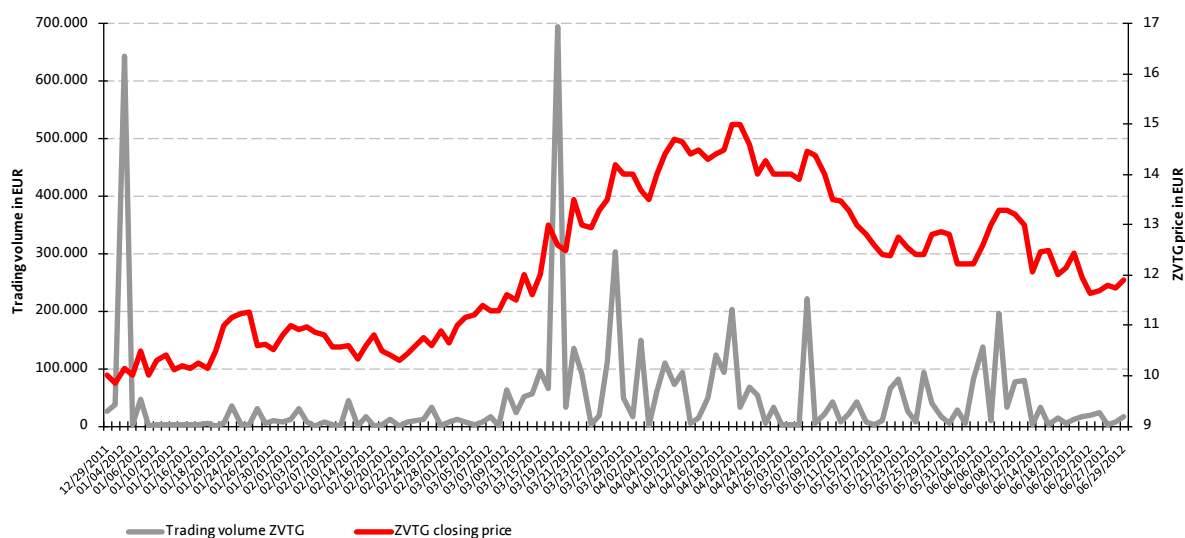
ITEMS	30 June 2012	31 Dec. 2011
Number of shares	22,735,148	22,735,148
Book value per share (in EUR)	20.64	19.25
Share market value - closing price (in EUR)	11.90	10.00
Market capitalisation - closing price (in EUR)	270,548,261	227,351,480
Net earnings/loss per share (in EUR)	1.10	1.93
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Traded on	Ljubljana Stock Exchange - LJSE	
Credit rating	Standard & Poor's; »A-«, negative medium-term outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

Trading on the Ljubljana Stock Exchange - LJSE

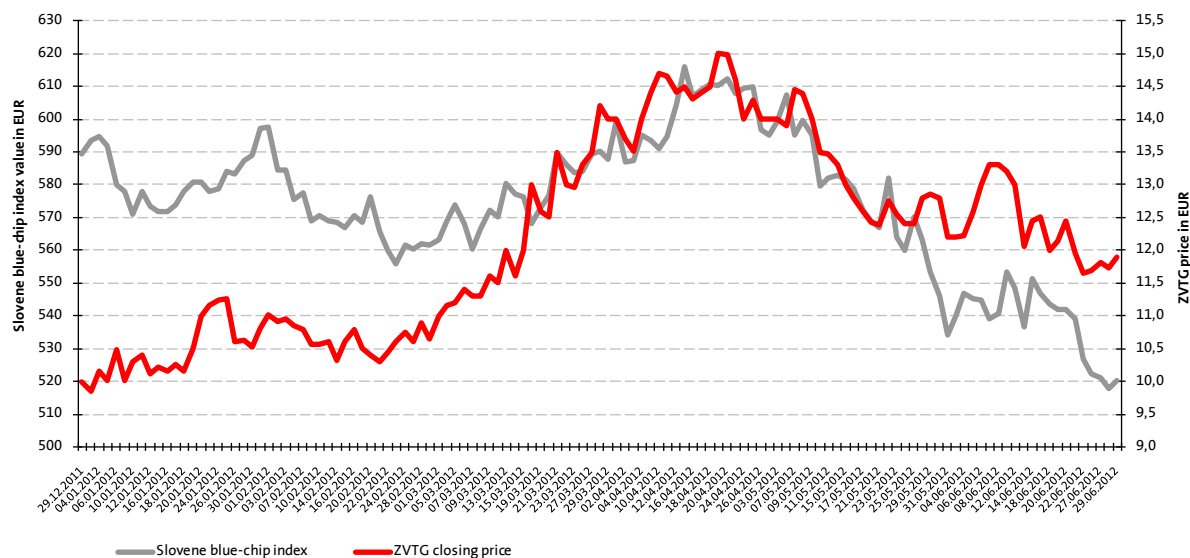
Price fluctuations of the ZVTG share were characterised by an upward trend. From 31 December 2011 to 30 June 2012, the closing price of the Zavarovalnica Triglav's share increased by 19% and reached EUR 11.90 as at 30 June 2012.

The average turnover per trading day in the first half of 2012 totalled EUR 45,711.43, which was above the 2011 average of EUR 53,930.40. In the reporting period the Slovene Blue-Chip Index first half dropped in value by 12%, whilst the value of the ZVTG share as at 30 June 2012 was 19% higher.

Graph: Movements in the closing price (right axis) and turnover in EUR (left axis) of the ZVTG share of Zavarovalnica Triglav



Graph: Movements in the closing price of the ZVTG share of Zavarovalnica Triglav (right axis) and movements in the value of the Slovene blue-chip index in EUR (left axis)



Graph: Movements in the average daily price of the ZVTG share of Zavarovalnica Triglav and movements in the value of the Slovene blue-chip index in EUR in the first half of 2012 compared to 31 December 2011

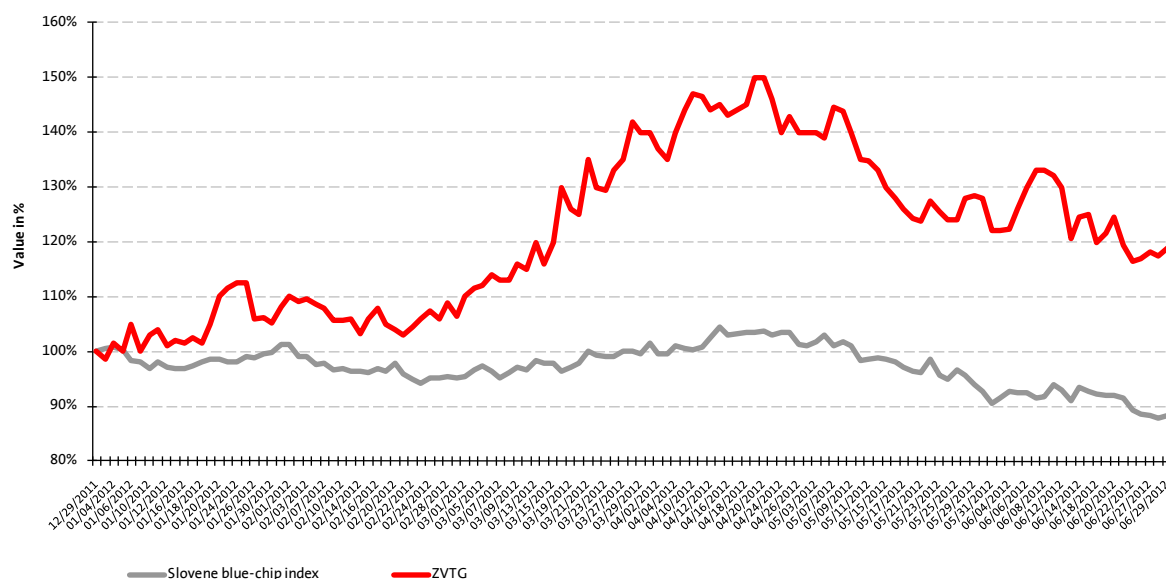
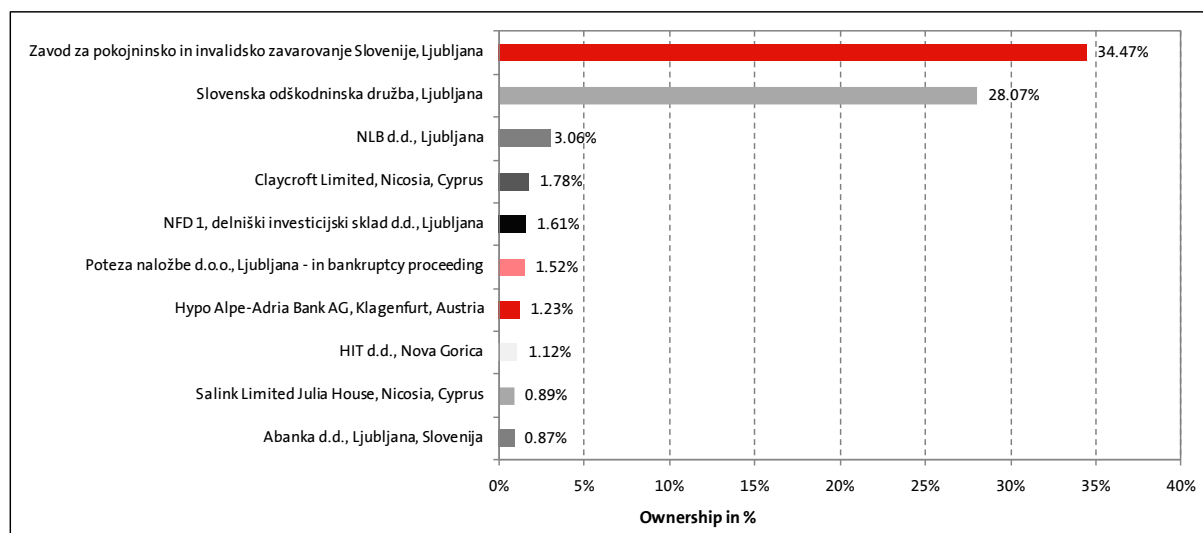


Table: Shareholder structure of Zavarovalnica Triglav as at 30 June 2012

	TOTAL	DOMESTIC	FOREIGN	LEGAL ENTITIES	NATURAL PERSONS
Number of shares	22,735,148	20,980,619	1,754,529	20,887,337	1,847,811
Number of shareholders	28,536	28,063	473	673	27,863
Number of shares - percentage	100.00%	92.28%	7.72%	91.87%	8.13%
Number of shareholders - percentage	100.00%	98.34%	1.66%	2.36%	97.64%

Graph: Top ten shareholders of Zavarovalnica Triglav as at 30 June 2012



3.3 Credit rating of Zavarovalnica Triglav

On 7 August 2012 the rating agency Standard & Poor's Ratings Services (hereinafter S&P) cut the long-term credit rating and financial strength credit rating of the Triglav Group (which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re) by one notch from »A« to »A-«. This rating cut was caused by a recent downgrade of the Republic of Slovenia, reflecting the general state of public finances and economy of Slovenia. The medium-term outlook for the Triglav Group remained negative.

With respect to the long-term rating of the Triglav Group, which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re, S&P back in mid December 2011 published a warning saying that due to highly probable extraordinary financial assistance to the Republic of Slovenia in the event of its financial distress the credit rating of the Triglav Group may be cut by no more than one notch, i.e. down to »A-«. According to S&P, due to the increasingly difficult economic and financial environment the level of expected support from the sovereign to the Triglav Group, as a government-related entity, is lower.

3.4 Dividends

At the 36th Annual General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 12 June 2012, the shareholders voted in favour of the following distribution of the accumulated profit of EUR 93,322,070.68 as at 31 December 2011:

- EUR 15,914,603.60 to dividend payments to the shareholders, i.e. EUR 0.70 gross per share,
- the remaining profit of EUR 77,407,467.08 to be distributed in future years;

Dividend payment fell due within 30 days of the date this resolution was passed.

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012

4.1 Impact of the environment on performance

In the first half of 2012, the operations of Zavarovalnica Triglav were marked by the global economic and financial crisis. As a financial organisation, Zavarovalnica Triglav is closely intertwined with financial markets and cannot avoid their influence entirely. In spite of a relatively conservative investment policy, the value of some investments decreased, which was reflected in a lower net profit of Zavarovalnica Triglav. Owing to significant or long-term decreases in the value of investments, permanent impairment of investments was carried out in the amount of EUR 32.8 million. The year-end profit was also adversely affected by loss arising from Greek securities holdings, owing to the effect of unilateral write-off of the Greek government debt.

The rating downgrade of the Republic of Slovenia due to the general state of public finances and economy of Slovenia caused a one-notch cut of the long-term rating and financial strength rating of the Triglav Group down to »A«, applying also to Zavarovalnica Triglav and Pozavarovalnica Triglav Re.

The rating cut of the Triglav Group by one notch from »A« to »A-« was caused by a downgrade of the Republic of Slovenia.

The crisis also affected the insurance business of Zavarovalnica Triglav. Its consequences can be seen in lower demand for some insurance products due to lower economic activity, decline in

exports and imports, new bankruptcies, reduced purchasing power of households, higher unemployment, reduction of bank lending, etc. Increased competitiveness in the motor vehicle insurance market and the consequent adjustments to the actuarial basis reduced the volume of written premiums for car insurance. An additional loss of planned premium income resulted from the insurance portfolio selection and the intense measures taken to mitigate poorer insurance technical results in non-life insurance, manifested in a significantly higher claims ratio for both the parent company and the Group.

Profit generated in the first half was affected by individual mass loss events (the largest were the bora wind storms around Nova Gorica and Ajdovščina in February), which caused EUR 5.1 million of damage. Crop and fruit insurance claims amounted to approximately EUR 3 million due to spring frost in early April, which considerably reduced crop output, especially in fruit growing and to a lesser extent also in viticulture. In the area of Ljubljana a hailstorm in June caused around EUR 2 million of damage.

With consistent implementation of its business policy measures, designed to neutralise the adverse effects of the financial crisis, and an adequate portfolio management investment policy, Zavarovalnica Triglav ended the first half of 2012 with a profit, i.e. profit after tax was EUR 25.0 million (index 82), while profit after tax of the Triglav Group amounted to EUR 41.6 million (index 122).

4.2 The insurance market and market position of group members in the first half of 2012

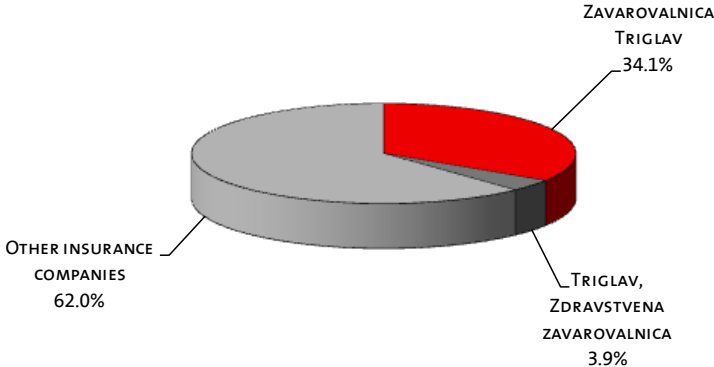
There were 16 insurance companies and 3 foreign branch offices active in the Slovene insurance market in the first half of 2012. Together they recorded a gross written premium amounting to EUR 1,093.8 million, which was 3.8% less than in first quarter of 2011. Traditional insurance companies (18) booked a total of EUR 1,093.8 million in premium, of which 73% stemmed from non-life insurance and the remainder from life insurance. In October of 2011 Modra zavarovalnica was included among the traditional insurance companies. It was founded in the process of division by exclusion from Kapitalska družba (upon incorporation it took over the management of Closed Mutual Pension Fund for Civil Servants, Capital Mutual Pension Fund, First Pension Fund of the Republic of Slovenia and Guarantee Fund of the First Pension Fund). Non-life insurance premiums decreased by 0.9% and life insurance premiums by 11.1%. The data do not include insurance business in Slovenia written directly by insurance companies from other EU member states (FOS). This share is growing, but the Company still considers it to be negligible.

The market is characterised by a high degree of concentration. The four largest insurers controlled over 72.5% of the traditional insurance market (vs. 71.3% in 2011). By holding 34.1% of the market, Zavarovalnica Triglav remained the market leader (excluding Modra zavarovalnica the market share of Zavarovalnica Triglav was 35.7%). The second largest market share was held by Zavarovalnica Maribor, a company 2.4 times smaller. At the end of the June 2012, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 38.0%, which was 0.3 percentage points less than in 2011 (excluding Modra zavarovalnica their combined market share was 39.8%). Predominantly foreign-owned insurance companies (Generali, Merkur, Grawe, Arag, Ergo življenjska zavarovalnica, Victoria Volksbanken, ERGO branch office, Wiener Städtische, Allianz) continued to increase their market shares. In the first half of 2012, they recorded a total of EUR 106.1 million in premium and had a combined market share of 9.7% (vs. 9.2% in the respective period of 2011).

In Slovenia, the Triglav Group has a market share of 38.0%.

The Company held 34.3% of the non-life insurance market and 33.7% of the life insurance market. After excluding Modra zdravstvena zavarovalnica, the market share of Zavarovalnica Triglav in life insurance was 40.3%. Since the Slovene insurance market is one of the more developed markets with a relatively high market concentration, the competition is directed at the existing clients. Maintaining the leading position and increasing comparative advantages are therefore both demanding and stimulating for development.

Graph: The market share of Zavarovalnica Triglav and other traditional insurance companies domiciled in Slovenia in the first half of 2012



Source: Slovenian Insurance Association

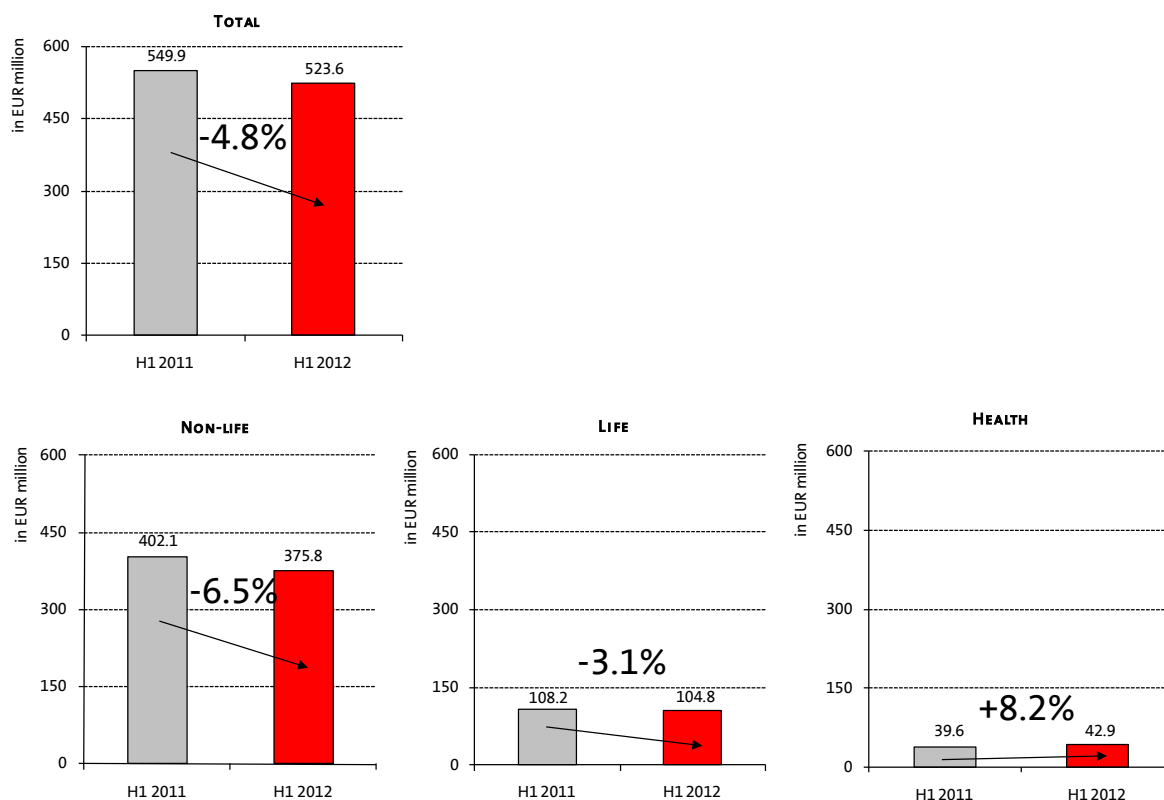
4.3 Operations of the Triglav Group

4.3.1 Gross written premium for insurance and co-insurance contracts

In the first half of 2012, the Triglav Group posted a total of EUR 523.6 million in consolidated gross insurance and co-insurance premium or 5% less than in the respective period of 2011. Gross **non-life insurance** premium was EUR 375.8 million (index 93), **life insurance** premium totalled EUR 104.8 million (index 97) and **health insurance** premium reached EUR 42.9 million (index 108).

In the first half of 2012, the Triglav Group charged EUR 523.6 million in gross insurance and co-insurance premium.

Graph: Gross written premium on insurance and co-insurance contracts in H1 2012 compared to H1 2011



The structure of consolidated written premium was the following:

- non-life insurance accounted for 71.8%,
- life insurance for 20.0% and
- health insurance for 8.2%.

In the first half of 2012, 82.7% of the consolidated gross written premium was charged in the Slovene insurance market. The share of gross written premium charged in Slovenia increased by 0.6 percentage point compared to the respective period in the previous year.

The Triglav Group members (excluding Triglav Re) booked EUR 503.3 million in non-consolidated gross insurance and co-insurance premium, which was 5% less than in the same period last year. Trends varied depending on company and market. The written premium of Zavarovalnica Triglav was lower by 6% in comparison with the respective period of 2011, whilst that of Triglav Zdravstvena zavarovalnica was higher by 8%. Premium growth was recorded in Triglav Osiguranje, Sarajevo, (by 10%) and in Lovćen životna osiguranja (by 18%). Lower premium was written by Triglav Osiguranje, Zagreb, by 10%, Lovćen Osiguranje by 12%, Triglav Osiguranje, Belgrade, by 17%, Triglav Osiguranje, Banja Luka, by 35% and Triglav Osiguruvanje, Skopje, by 8%. In Triglav Pojišt'ovna premium remained at the same level as the year before (index 100).

Pozavarovalnica Triglav Re booked a total of EUR 68.7 million in gross reinsurance premium or 6% less than in the first half of 2011. This decrease in gross reinsurance premium was mostly caused by lower reinsurance premium from the class of other damage to property (28%) and the class of land motor vehicle insurance (12%). Pozavarovalnica Triglav Re recorded as much as 16% growth rate was in fire and natural forces insurance, which is in the largest class. Lower gross reinsurance premium is primarily the result of lower less optional business with Zavarovalnica Triglav, whereas reinsurance premium earned outside the Triglav Group rose by 6%.

Table: Gross written premium for insurance and co-insurance contracts in the first half of 2012 by insurance company of the Triglav Group

INSURANCE COMPANY	GROSS WRITTEN PREMIUM IN H1 2012			INDEX			STRUCTURE
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	H1 2012
1 Zavarovalnica Triglav	275,099,903	98,148,820	373,248,723	93	97	94	74.2%
2 Triglav, Zdravstvena zavarovalnica	42,875,553	0	42,875,553	108		108	8.5%
3 Triglav Osiguranje, Zagreb	23,224,220	4,614,595	27,838,815	89	96	90	5.5%
4 Triglav Osiguranje, Sarajevo	8,076,577	1,195,341	9,271,918	108	128	110	1.8%
5 Triglav Pojišt'ovna, Brno	14,395,250	0	14,395,250	100		100	2.9%
6 Lovćen Osiguranje, Podgorica	14,038,661	0	14,038,661	88		88	2.8%
7 Triglav Osiguranje, Belgrade	8,446,835	303,646	8,750,481	83	102	83	1.7%
8 Triglav Osiguranje, Banja Luka	1,847,772	0	1,847,772	65		65	0.4%
9 Triglav Osiguruvanje, Skopje	10,290,229	0	10,290,229	92		92	2.0%
10 Lovćen životna osiguranja, Podgorica	0	747,150	747,150		118	118	0.1%
TOTAL	398,295,000	105,009,552	503,304,552	94	97	95	100.0%
11 Pozavarovalnica Triglav Re	68,743,156	0	68,743,156	94		94	
Consolidation eliminations	-48,313,864	-164,921	-48,478,785	90		91	
TOTAL - CONSOLIDATED	418,724,292	104,844,631	523,568,923	95	97	95	

4.3.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 398.3 million of unconsolidated insurance and co-insurance premium from non-life insurance contracts in the first half of 2012, which represents a 6% nominal decrease compared to the same period last year.

The best performing class by size of gross written premium was **motor vehicle insurance**, accounting for 35.3% of the total written premium. In **comprehensive car insurance**, the members of the Triglav Group recorded a 9% decrease in premium compared to the respective period of 2011. Triglav Pojišt'ovna posted a 5% growth in premium, whereas in all the other insurance companies of the Triglav Group written premium decreased, with the highest decrease recorded in Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje. In **motor liability insurance**, the insurance companies of the Triglav Group in the first half of 2012 booked EUR 101.9 million of written premium, which represents an 11% decline compared to the same period of 2011. Among the Group members, written premium grew by 4% in Triglav Osiguranje, Sarajevo, whereas in all the other insurance companies of the Triglav Group written premium decreased. This decrease in written premium results from continuing price competition among insurers in the motor vehicle insurance market, greater prudence of policy holders, lower prices of insurance products and premium discounts for large policy holders through public tenders (stricter tender requirements, competition, participation of insurance brokers and agencies in drafting tender requirements and their commissions), as well as being a consequence of the economic crisis (reduced purchasing power, lower economic growth, higher unemployment, stricter borrowing terms and conditions, lower sales volumes of motor vehicle in certain countries covered by the Group's subsidiaries, fewer insurance policies taken out for leased cars where comprehensive car insurance is obligatory). The insurance markets in Serbia, Bosnia and Herzegovina, Montenegro and the Former Yugoslav Republic of Macedonia are characterised by the insufficient role of the supervisory bodies and lack of respect for established rules of conduct (premium system, bonus-malus system, insurance codes), which is the result of underdeveloped insurance markets. Characteristic for these markets are competitive insurers that pay high commissions to agents, brokers, agencies and roadworthiness test providers, as well as unfair competition among insurers on most markets, where competitive insurers offer

Motor vehicle insurance remained the best performing class by size of gross written premium, accounting for 35.3% of total premium earned.

clients large discounts and different material incentives, such as roadworthiness test or registration vouchers, partial premium reimbursement, gas coupons etc. The decrease in premium written from statutory insurance recorded in Triglav Osiguranje, Banja Luka resulted from the strategic decision to change the insurance portfolio structure, causing motor liability insurance to account for a lesser share of total premium. In addition to the above mentioned causes, the drop in premium in Triglav Osiguranje, Zagreb was caused by the portfolio clean-up performed to restructure the technical result in comprehensive car insurance.

A high growth of 8% was recorded in **health insurance**, mostly owing to the results of Triglav Zdravstvena zavarovalnica. The growth of written premium stems from successful marketing of supplementary health insurance products and a consequent increase in the portfolio of the insurance company, as well as from the increased price of the supplementary health insurance premium valid as of 1 March 2011. Triglav Zdravstvena zavarovalnica earned a total of EUR 42.9 million in gross written premium or 8% more than in the corresponding period of 2011.

A growth of 8% was achieved in health insurance.

In the **property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 99.3 million was booked, representing a 6% decrease. In fire and natural disaster insurance a nominal growth of 7% was achieved, whilst other damage to property insurance recorded a 15% premium decrease. More premium was booked by Triglav Pojišt'ovna, Triglav Osiguranje, Banja Luka, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Belgrade. Zavarovalnica Triglav's share in total premium from proper non-life insurance represents 80%. Its premium decreased by 8% as a result of lower premium in combined property insurance. The decrease in premium booked by Lovćen Osiguranje is a result of a smaller number of public procurements, the increase in deductibles and a large pressure from the competition to lower the price of insurance products. The decrease in premium in Triglav Osiguranje, Zagreb, is due to the fact that business with a major client was discontinued and the occurrence of numerous bankruptcies on account of the economic crisis.

Accident insurance represented 5.3% of total written premium or nominally EUR 26.5 million. Compared to the previous year, the premium booked fell by 6%. More than a half of premium from accident insurance arises from two insurance sub-classes taken out simultaneously with car insurance (driver and passenger accident insurance and AO-plus insurance), where the decrease in written premium results from the developments in the motor vehicle insurance market. The decline of premium written from other accident insurance was influenced mostly by the poor state of economies and growing unemployment. The strongest decrease of premium was recorded in Triglav Osiguranje, Belgrade and Triglav Osiguranje, Banja Luka. However, premium written increased in Triglav Pojišt'ovna, Lovćen Osiguranje, Triglav Zdravstvena zavarovalnica and Triglav Osiguranje, Sarajevo.

In **general liability insurance**, the Triglav Group recorded EUR 24.0 million, representing 4.8% of total premium. Most insurance companies within the Triglav Group posted a growth in premium; less premium was collected only in Triglav Osiguranje, Zagreb and Lovćen Osiguranje, Podgorica. Zavarovalnica Triglav (accounting for 86% of total premium) recorded a 6% growth in written premium.

Credit insurance with 1% nominal growth accounted for 2.0% of total written premium. A significant growth in premium was recorded in Triglav Osiguranje, Sarajevo, achieved as a result of business co-operation with one of the banks. Zavarovalnica Triglav (accounting for 95% of total premium) recorded a 2% decrease in written premium, mostly due to the decline in consumer loan insurance.

Premium from other non-life insurance (accounting for 3.5% of total premium) remained at the same level as in 2011 (index 100). A high growth in premium was seen in railway insurance, suretyship insurance, goods in transit insurance and marine insurance, while the highest decline was recorded in aircraft insurance and aircraft liability insurance in Lovćen Osiguranje, Podgorica due to the loss of a large client.

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 105.0 million in unconsolidated gross written premium from **life insurance** contracts or 3% less than in the first half of 2011. Life insurance represented 20.9% of total gross written premium of the Triglav Group, which was 0.5 percentage point higher than in the respective period of 2011.

Due to a continuation of uncertain conditions in the financial markets and the economic crisis, clients were more prudent when purchasing long-term life insurance policies.

The premium generated by **unit-linked life insurance** totalled EUR 46.0 million or 43.8% of total gross written premium in the life insurance class. It is estimated that an 8% premium decrease was caused by the continuing uncertainty in the financial markets and the economic crisis, as clients were more prudent when purchasing long-term life insurance policies. In addition to Zavarovalnica Triglav, unit-linked products are also available from Triglav Osiguranje, Zagreb, which booked a total of EUR 2.0 million in written premium or 9% less than a year earlier.

Premium from **life insurance** (traditional life insurance, annuity insurance, voluntary pension insurance) amounted to EUR 48.3 million or 46.0% of the total. Life insurance generated 1% less premium than in the same period of 2011. The remaining EUR 10.8 million (or 10.3% of total premium) was accounted for by **supplementary voluntary pension insurance** (capital redemption insurance), which experienced a 12% growth.

Table: Gross written premium for insurance and co-insurance contracts of the Triglav Group (excluding Pozavarovalnica Triglav Re) and growth indexes per insurance class

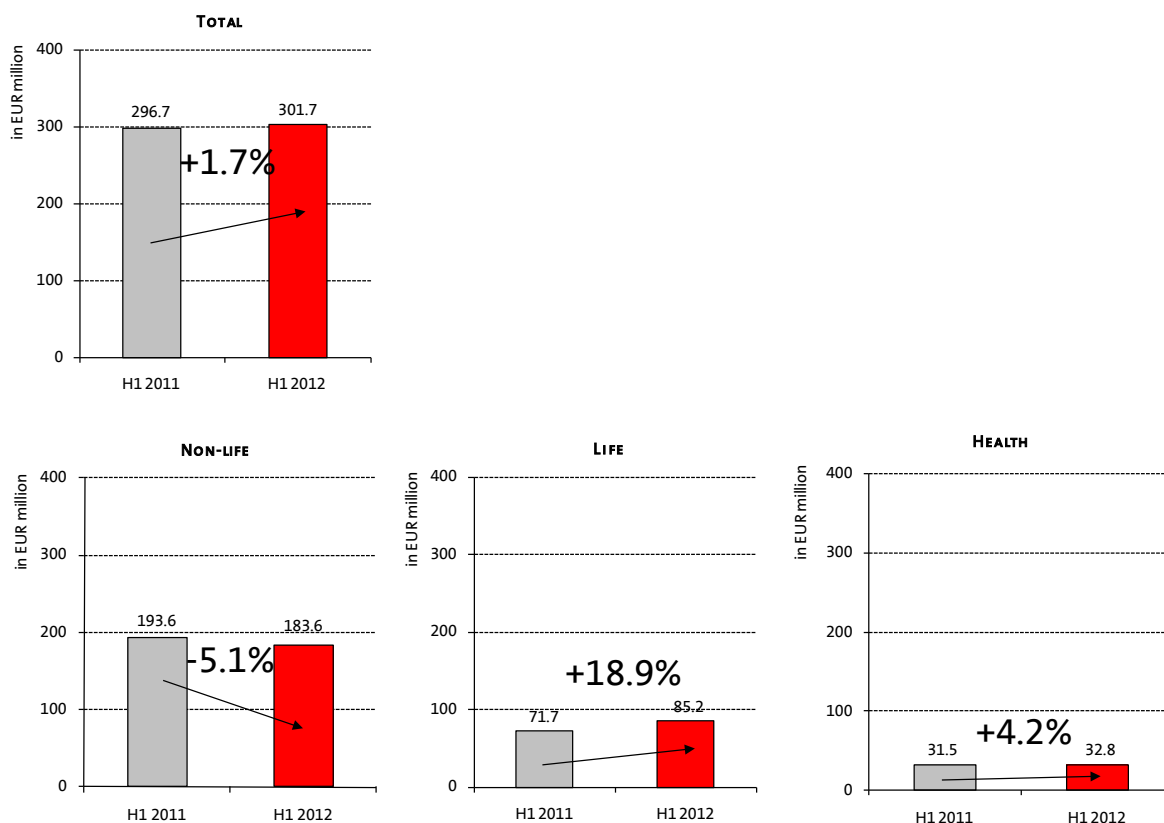
No.	INSURANCE CLASS	GROSS WRITTEN PREMIUM		INDEX	STRUCTURE
		H1 2012	H1 2011	2012/2011	H1 2012
1	Accident insurance	26,461,763	28,216,986	94	5.3%
2	Health insurance	43,223,190	40,036,961	108	8.6%
3	Comprehensive car insurance	75,531,732	83,325,218	91	15.0%
4	Property insurance	99,341,873	105,691,965	94	19.7%
5	Motor liability insurance	101,917,386	114,662,734	89	20.2%
6	General liability insurance	23,954,778	22,722,856	105	4.8%
7	Credit insurance	10,085,058	10,027,236	101	2.0%
8	Other non-life insurance	17,779,220	17,696,720	100	3.5%
	NON-LIFE INSURANCE	398,295,000	422,380,678	94	79.1%
9	Life insurance	48,271,604	48,829,837	99	9.6%
10	Unit-linked life insurance	45,956,828	49,734,494	92	9.1%
11	Capital redemption insurance	10,781,120	9,599,802	112	2.1%
	LIFE INSURANCE	105,009,552	108,164,132	97	20.9%
	TOTAL	503,304,552	530,544,810	95	100.0%

4.3.2 Gross claims paid

In the first half of 2012, the Triglav Group posted a total of EUR 301.7 million in consolidated gross claims (including claim handling costs and subrogation receivables) or 2% more than in the first half of 2011. In **non-life insurance**, the Triglav Group recorded EUR 183.6 million (index 95), in life insurance EUR 85.2 million (index 119) and in **health insurance** EUR 32.8 million (index 104) in gross claims.

In the first half of 2012, gross claims paid in non-life insurance decreased by 5%.

Graph: Gross claims paid in H1 2012 compared to H1 2011



Excluding Pozavarovalnica Triglav Re, the insurance companies of the Triglav Group posted EUR 289.2 million in non-consolidated gross claims, representing an increase of 1% over the preceding year. The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 144), Triglav Osiguranje, Banja Luka (index 118) and Triglav Osiguranje, Sarajevo (index 114). Triglav Pojišt'ovna recorded a 9%, Triglav Osiguranje, Zagreb a 5%, Triglav Zdravstvena zavarovalnica a 4% and Zavarovalnica Triglav a 1% increase in gross claims paid. Triglav Osiguruvanje, Skopje, Triglav Osiguranje, Belgrade and Lovćen Osiguranje, Podgorica recorded less gross claims paid than in the corresponding period of 2011.

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 26.9 million, or 10% less than a year earlier. This decrease was caused by lower gross claims settled in the Triglav Group in fire and natural disaster insurance, other damage to property insurance and land motor vehicle insurance. Gross claims paid in business outside the Triglav Group increased by 17%, mostly due to claims arising from the devastating weather events in 2011.

Table: Gross claims paid in the first half of 2012 by insurance company of the Triglav Group

INSURANCE COMPANY	GROSS CLAIMS PAID IN H1 2012			INDEX			STRUCTURE
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	H1 2012
1 Zavarovalnica Triglav	128,028,934	82,579,480	210,608,414	92	119	101	72.8%
2 Triglav, Zdravstvena zavarovalnica	32,777,930	0	32,777,930	104		104	11.3%
3 Triglav Osiguranje, Zagreb	11,742,168	1,944,325	13,686,493	102	124	105	4.7%
4 Triglav Osiguranje, Sarajevo	3,392,649	287,920	3,680,569	110	190	114	1.3%
5 Triglav Pojišt'ovna, Brno	9,566,302	0	9,566,302	109		109	3.3%
6 Lovćen Osiguranje, Podgorica	8,310,613	0	8,310,613	97		97	2.9%
7 Triglav Osiguranje, Belgrade	3,796,297	81,086	3,877,383	86	47	85	1.3%
8 Triglav Osiguranje, Banja Luka	961,111	0	961,111	118		118	0.3%
9 Triglav Osiguruvanje, Skopje	5,378,433	0	5,378,433	84		84	1.9%
10 Lovćen životna osiguranja, Podgorica	0	341,375	341,375		144	144	0.1%
TOTAL	203,954,437	85,234,186	289,188,623	95	119	101	100.0%
11 Pozavarovalnica Triglav Re	26,863,569	0	26,863,569	90		90	
Consolidation eliminations	-14,371,241	0	-14,371,241	77	0	77	
TOTAL - CONSOLIDATED	216,446,765	85,234,186	301,680,951	96	119	102	

4.3.2.1 Non-life insurance

The increase in claims in **non-life insurance** was 1 index point higher than the growth of premium written. Non-consolidated gross claims in non-life insurance amounted to EUR 204.0 million or 5% less than in the respective period of 2011.

Claims related to **motor liability insurance** represented 18.5% of total gross claims paid by the Triglav Group insurance companies. Total claims paid amounted to EUR 53.6 million, which was 14% less than in the first half of 2011. Most Group members recorded a slower growth of gross claims settled in this insurance class, particularly Lovćen Osiguranje, Podgorica, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Belgrade. In Zavarovalnica Triglav, which accounts for almost 64% of the total, claims settled in motor vehicle liability insurance fell by 15%. A growth in claims settled was recorded only in Triglav Osiguranje, Banja Luka.

A 10% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 47.4 million, which was 16.4% of all claims settled. A decrease in gross claims paid in this insurance class was recorded by the majority of the Triglav Group insurance companies and is mainly the consequence of the lower number of mass claims arising from devastating weather events. A growth in claims in this insurance class was recorded only in Triglav Osiguranje, Banja Luka.

In **property insurance**, total claims paid amounted to EUR 38.7 million or 8% more than the year before. The highest growth in claims was recorded in Triglav Pojišt'ovna and Triglav Osiguranje, Sarajevo due to certain large claims paid, as well as in Lovćen Osiguranje on account of the weather conditions in February. Zavarovalnica Triglav holding 78% of this insurance class, recorded a 2% growth in claims, mostly as a result of a greater number of weather-related loss events.

In **health insurance** gross claims increased by 4%. Their growth was lower than in the preceding years, due to measures adopted by the Health Insurance Institute of Slovenia. Following the adoption of the Public Finance Balance Act (ZUJF), a part of health care costs was transferred from compulsory to supplementary health insurance. In the first half of 2012, equalisation scheme expenses totalled EUR 3.6 million or 7% more than in the first half of 2011 (an increase of EUR 224 thousand).

Gross claims paid in **accident insurance** decreased by 1%. The decrease in claims in this insurance class was mostly due to the decline in claims paid in group accident insurance in Zavarovalnica Triglav (Zavarovalnica Triglav's accident insurance accounts for two thirds of the Group's premium). A decline in claims settled was also recorded in Triglav Osiguranje, Skopje and Triglav Osiguranje, Belgrade.

The volume of gross claims settled in the **general liability insurance** class decreased by as much as 18%. The majority of gross claims paid represent claims paid by Zavarovalnica Triglav and Triglav Osiguranje, Zagreb, which recorded a significant decrease in claims settled. Gross claims paid in this insurance class also decreased in Triglav Osiguranje, Belgrade, whereas other insurance companies of the Group recorded an increase in gross claims paid.

In **credit insurance**, a 9% growth in gross claims paid was recorded. The growth was affected by an increase in gross claims paid in this insurance class in Zavarovalnica Triglav and Triglav Osiguranje, Zagreb, which account for the majority of claims in this insurance group.

A 38% increase in gross claims paid was recorded in **other non-life insurance**, mostly due to higher claims paid in railway insurance, suretyship insurance, marine insurance and assistance insurance. However, a decrease in claims paid was registered in goods in transit insurance, miscellaneous financial loss insurance and aircraft insurance. A significant growth was recorded in most of the Group's insurance companies, the highest in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade and Zavarovalnica Triglav.

4.3.2.2 Life insurance

Non-consolidated gross claims paid in **life insurance** totalled EUR 85.2 million and were 19% higher than in the respective period of 2011. Claims in the life insurance group accounted for 29.5% of total claims paid or 4.4 percentage points more than a year earlier.

The increase in claims paid from life insurance was caused by maturities, due to the aging of the portfolio, and surrenders.

The bulk of all claims settled is accounted for by the **life insurance class** (traditional life insurance, annuity insurance, voluntary pension insurance), which totalled EUR 48.0 million, i.e., 3% less than one year earlier. A high increase in gross claims was recorded in **unit-linked life insurance**, where the growth index rose to 192 and claims paid amounted to EUR 19.6 million. In **supplementary voluntary pension insurance** claims rose by 46%. The increase in claims paid from life insurance was caused by maturities, due to the aging of the portfolio, and surrenders.

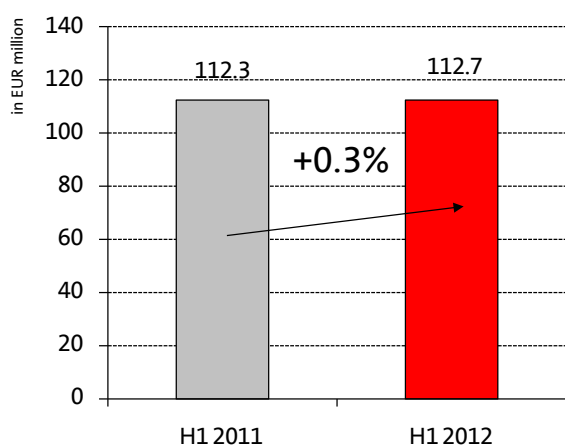
Table: Gross claims paid by member of the Triglav Group (excluding Pozavarovalnica Triglav Re) and growth indexes by insurance class

No.	INSURANCE CLASS	GROSS CLAIMS PAID		STRUCTURE	
		H1 2012	H1 2011	INDEX	H1 2012
1	Accident insurance	13,005,955	13,100,797	99	4.5%
2	Health insurance	33,091,472	31,720,093	104	11.4%
3	Comprehensive car insurance	47,383,392	52,934,404	90	16.4%
4	Property insurance	38,748,190	35,914,785	108	13.4%
5	Motor liability insurance	53,605,820	62,407,633	86	18.5%
6	General liability insurance	8,929,226	10,850,950	82	3.1%
7	Credit insurance	2,582,943	2,369,007	109	0.9%
8	Other non-life insurance	6,607,439	4,798,991	138	2.3%
	NON-LIFE INSURANCE	203,954,437	214,096,659	95	70.5%
9	Life insurance	48,040,722	49,391,946	97	16.6%
10	Unit-linked life insurance	19,592,628	10,219,808	192	6.8%
11	Capital redemption insurance	17,600,836	12,060,628	146	6.1%
	LIFE INSURANCE	85,234,186	71,672,383	119	29.5%
	TOTAL	289,188,623	285,769,042	101	100.0%

4.3.3 Gross operating costs

In the first half of 2012, total insurance business gross operating costs of the Triglav Group reached EUR 112.7 million, remaining approximately the same as a year earlier (index 100). Operating costs accounted for 21.5% of total gross written premium, which was 1.1 percentage point less more than in the first half of 2011.

Graph: Gross operating costs in the first half of 2012 compared to the same period of 2011



Gross operating costs in non-life insurance came to EUR 91.4 million (index 101), in the life-insurance segment they amounted to EUR 17.8 million (index 96) and in health insurance they totalled EUR 3.5 million (index 103).

Acquisition costs (fees and charges) increased by 11% and totalled EUR 16.3 million. Depreciation expenses of EUR 6.5 million were 29% higher than in the first half of 2011. Labour costs, accounting for the majority of gross operating costs (51%), totalled EUR 59.4 million or 3% less than a year before. Costs of services provided by outsourced persons decreased by 8% compared to the respective period of

Labour costs, accounting for the majority of gross operating costs, fell by 3%.

2011 and amounted to EUR 1.3 million, while other operating costs decreased by 7% totalling EUR 32.5 million.

Table: Insurance business gross operating costs in H1 2012 by nature

OPERATING COSTS BY NATURE	GROSS OPERATING COSTS		INDEX	STRUCTURE
	H1 2012	H1 2011	2012/2011	H1 2012
1. Acquisition costs	16,273,086	14,600,791	111	14.1%
2. Changes in accrued acquisition costs	-322,325	-1,948,764	17	-0.3%
3. Depreciation	6,510,056	5,030,357	129	5.6%
4. Labour costs	59,361,740	61,118,823	97	51.3%
- wages and salaries	41,388,352	41,672,078	99	35.8%
- social security and pension insurance costs	9,109,222	9,908,849	92	7.9%
- other labour costs	8,864,166	9,537,896	93	7.7%
5. Costs of services provided by outsourced persons other than	1,333,863	1,448,272	92	1.2%
6. Other operating costs	32,492,498	34,769,703	93	28.1%
- costs of entertainment, advertising, trade shows	6,476,863	7,514,057	86	5.6%
- costs of material and energy	3,776,903	3,800,435	99	3.3%
- maintenance costs	4,594,817	4,537,352	101	4.0%
- reimbursement of labour-related costs	2,533,802	2,573,761	98	2.2%
- costs of intellectual and personal services	1,976,911	1,760,827	112	1.7%
- non-income-related costs, excluding insurance	1,322,593	1,557,350	85	1.1%
- costs of services - transport and communications	2,250,190	2,388,026	94	1.9%
- costs for insurance premiums	642,520	1,006,097	64	0.6%
- payment transaction costs and banking services	2,017,555	1,986,265	102	1.7%
- rents	3,356,364	4,043,913	83	2.9%
- costs of services of professional training	606,468	590,332	103	0.5%
- other costs of services	2,669,076	3,011,288	89	2.3%
- long-term employee benefits	268,436	0	0	0.2%
TOTAL OPERATING COSTS	115,648,918	115,019,182	101	100.0%
Consolidation eliminations	-2,962,637	-2,677,791	111	
TOTAL - CONSOLIDATED	112,686,281	112,341,391	100	

Gross operating costs of non-insurance operations totalled EUR 33.3 million (index 154). The rise in costs for non-insurance operations results from the inclusion of the Avrigo Group and Investicijsko podjetje d.o.o among the Triglav Group subsidiaries.

4.3.4 Reinsurance

In the first half of 2012, the Triglav Group allocated EUR 49.0 million of reinsurance and coinsurance premium to external equalisation, which was 8% less than in the first half of 2011. Reinsurance premium accounted for 9.4% of total gross written insurance and coinsurance premium. An amount of EUR 8.7 million was received from reinsurance (index 65).

4.3.5 Insurance technical provisions

As at 30 June 2012, the Triglav Group allocated EUR 2,304.7 million to gross insurance technical provisions. The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2011.

The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2011.

Growth by provision type:

- Compared to the end of 2011, gross unearned premiums increased by 18% and as at 30 June 2012 reached EUR 344.5 million.

- Gross claims provisions remained at approximately the same level as at the end of 2011 and as at 30 June 2012 totalled EUR 702.5 million.
- As at the end of June 2012, mathematical provisions stood at EUR 1,231.7 million, which was 2% more than at the end of 2011. Of the total amount of mathematical provisions, EUR 849.4 million originated in the long-term business fund backing life insurance and long-term business fund backing SVPI and EUR 382.3 million in long-term business fund backing unit-linked life insurance.
- Compared to the end of 2011, provisions for bonuses and rebates increased by 11% and as at 30 June 2012 equalled EUR 18.4 million.
- As at the end of June 2011, other insurance technical provisions amounted to EUR 7.7 million, or 26% less than as at 31 December 2011.

Table: Gross insurance technical provisions as at 30 June 2012

	GROSS INSURANCE TECHNICAL PROVISIONS		
	30 June 2012	31 December 2011	INDEX
Unearned premium	344,450,706	291,740,398	118
Mathematical provisions	1,231,686,954	1,209,960,825	102
Claims provisions	702,464,296	705,464,250	100
Provisions for bonuses and rebates	18,410,502	16,599,643	111
Other insurance technical provisions	7,665,724	10,377,656	74
INSURANCE TECHNICAL PROVISIONS	2,304,678,182	2,234,142,772	103

4.3.6 Structure of financial investments as at 30 June 2012

Financial investments and investment property as at 30 June 2012 stood at EUR 2,485.5 million, which was 2% more compared to 31 December 2011. Their share in total assets was 79.7%.

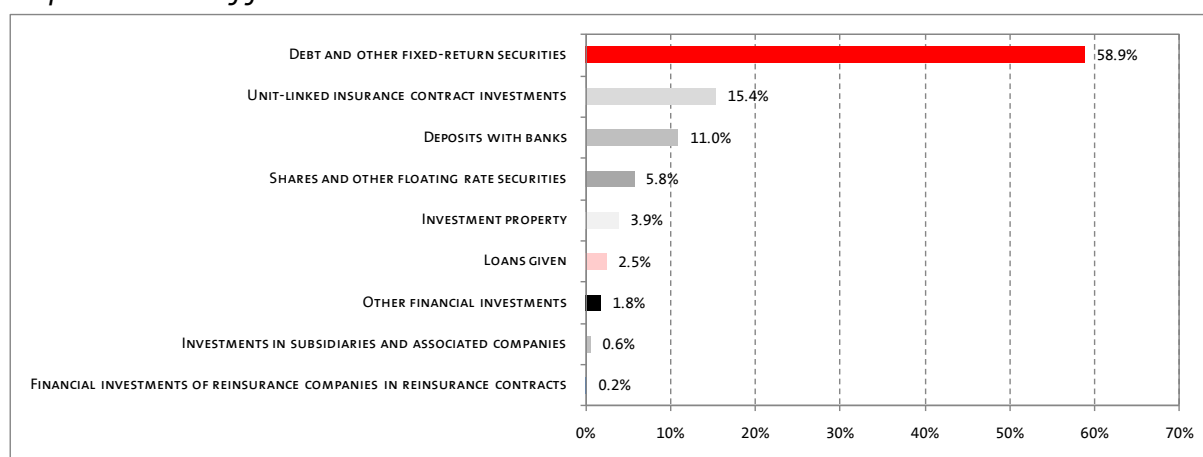
With 58.9%, debt and other fixed-return securities account for the bulk of total financial investments. Compared to 31 December 2011, they increased by 7% and as at 30 June 2012 reached EUR 1,462.9 million. In terms of volume, debt and other fixed-return securities are followed by unit-linked insurance contract investments, which recorded a 5% increase over the end of 2011 and as at the end of June 2012 totalled EUR 382.0 million. As at the reporting date, shares and other floating rate securities totalled EUR 143.0 million, decreasing by 20%. They accounted for 5.8% of total investments. Deposits with banks decreased by 10% and as at 30 June 2012 totalled EUR 272.6 million, whereas investment property totalled EUR 97.4 million, representing an increase of 1% over the end of 2011. Investment property accounts for 3.9% and deposits for 11.0% of total investments. As at 30 June 2012 loans stood at EUR 62.6 million, accounting for 2.5% of total investments, whereas other financial investments reached EUR 45.6 million, representing 1.8% of the total. Loans decreased by 10%, while other financial investments increased by 7% over the end of 2011. The smallest share in total investments (0.6%) was represented by investments in associated companies, which decreased by 23% down to EUR 15.2 million as at 30 June 2012.

Debt and other fixed-return securities accounted for 58.9% of total financial investments.

Table: Financial investments as at 30 June 2012

	FINANCIAL INVESTMENTS		
	30 June 2012	31 December 2011	INDEX
Investment property	97,433,174	96,784,890	101
Investments in subsidiaries and associated companies	15,215,402	20,504,563	74
Shares and other floating rate securities	142,968,958	179,694,545	80
Debt and other fixed-return securities	1,462,885,757	1,363,563,309	107
Loans given	62,583,445	69,277,003	90
Deposits with banks	272,641,867	302,344,124	90
Other financial investments	45,633,656	42,745,847	107
Financial investments of reinsurance companies in reinsurance contracts	4,095,999	3,714,618	110
Unit-linked insurance contract investments	382,043,921	364,684,374	105
TOTAL	2,485,502,179	2,443,313,273	102

Graph: Structure of financial investments as at 30 June 2012



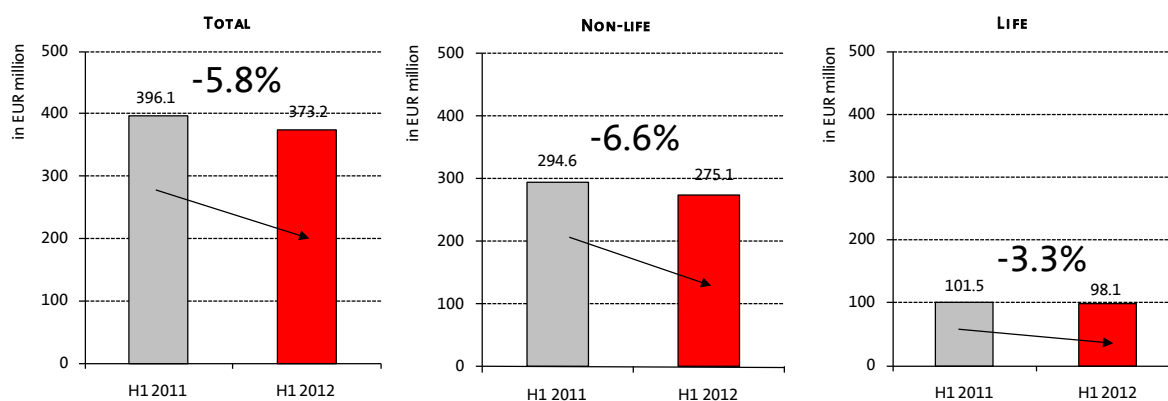
4.4 Operating performance of Zavarovalnica Triglav d.d.

4.4.1 Gross written premium for insurance and co-insurance contracts

In the first half of 2012, Zavarovalnica Triglav posted a total of EUR 373.2 million in gross insurance and co-insurance premium or 6% less than in the respective period of 2011.

In the first half of 2012, Zavarovalnica Triglav charged EUR 373.2 million in gross insurance and co-insurance premium.

Graph: Gross written premium for insurance and co-insurance contracts in the first half of 2012 compared to the first half of 2011



Non-life insurance premium totalled EUR 275.1 million (index 93), while life insurance premium amounted to EUR 98.1 million (index 97). In total gross written premium, non-life insurance accounted for 73.7% and life insurance for 26.3%. The share of life insurance premium in total gross written premium increased by 0.7 percentage point compared to the same period of 2011.

Table: Gross written premium for insurance and co-insurance contracts of Zavarovalnica Triglav in the first half of 2012 by insurance class

No.	INSURANCE CLASS	GROSS WRITTEN PREMIUM		INDEX	STRUCTURE
		H1 2012	H1 2011		H1 2012
1	Accident insurance	20,362,250	21,909,570	93	5.5%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	65,226,392	71,665,176	91	17.5%
4	Property insurance	79,677,199	86,819,398	92	21.3%
5	Motor liability insurance	66,783,538	73,186,022	91	17.9%
6	General liability insurance	20,598,151	19,423,143	106	5.5%
7	Credit insurance	9,624,088	9,869,189	98	2.6%
8	Other non-life insurance	12,828,285	11,716,567	109	3.4%
	NON-LIFE INSURANCE	275,099,904	294,589,065	93	73.7%
9	Life insurance	43,403,422	44,320,638	98	11.6%
10	Unit-linked life insurance	43,964,278	47,555,085	92	11.8%
11	Capital redemption insurance	10,781,120	9,599,802	112	2.9%
	LIFE INSURANCE	98,148,821	101,475,525	97	26.3%
	TOTAL	373,248,725	396,064,591	94	100.0%

In **non-life insurance**, the highest increase in gross written premium was seen in other non-life insurance, where Zavarovalnica Triglav booked EUR 12.8 million or 9% more in nominal terms compared to the first half of 2011. This high increase was primarily generated by railway insurance, goods in transit insurance, suretyship insurance and aircraft insurance. A nominal growth of 6% was recorded in general liability insurance. Solid sales results were achieved in

the two largest subclasses of this group, i.e. product liability insurance and general liability insurance, which together represent more than 88% of the total.

Other insurance groups generated less premium than in the same period of 2011. Motor vehicle insurance, which accounts for 35% of the total premium, experienced a drop in premium written, with premium earned from motor liability insurance and comprehensive car insurance declining by 9%. The decrease in written premium results mostly from harsh price competition among insurers in the motor vehicle insurance market, greater prudence of policy holders, lower prices of insurance products and premium discounts for large policy holders through public tenders, as well as being a consequence of the economic crisis.

The property insurance class premium decreased by 8%, predominantly as a result of lower premium written from combined property insurance, which last year featured “one-off” policies with a high premium price. However, solid sales results were achieved in fire and natural forces insurance, food freezer insurance and construction and erection insurance. The decrease in accident insurance premium was a result of the developments in the motor vehicle insurance market, as more than a half of premium in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance driver and passenger accident insurance and AO-plus insurance), as well as growing unemployment and the poor state of the economy as the main reasons for lower general liability insurance premium. In credit insurance (index 98), the decrease in premium written is primarily caused by trends in consumer loan insurance (accounting for 63% of credit insurance), which recorded a growth index of 89. as the volume of bank loans decreased on account of the financial crisis. The results in the majority of other credit insurance sub-classes were solid, especially in domestic trade insurance (index 147) and overdraft insurance (index 119).

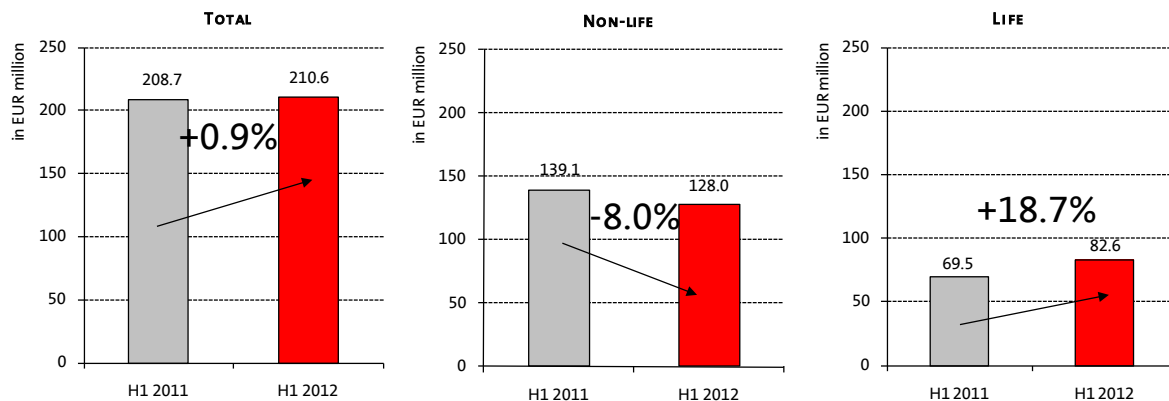
The decrease in premium from **life insurance** was affected mostly by the aging of the life insurance portfolio (maturities and surrenders) and the financial and economic crisis which was reflected in more prudent consumer behaviour and consequently less-life insurance contracts sold. Premium generated from unit-linked life insurance was 8% lower than in the respective period last year and accounted for almost 45% of the total life-insurance premium. Premium generated from life insurance (traditional life insurance, annuity insurance and voluntary pension insurance) fell by 2% compared to the same period of 2011, whereas supplementary voluntary pension (capital redemption insurance) generated 12% more premium than a year before.

4.4.2 Gross claims paid

In the first half of 2012, Zavarovalnica Triglav posted a total of EUR 210.6 million in gross claims paid (including claim handling costs and reduced by subrogation receivables) or 1% more than in the respective period of 2011. In February bora wind storms in the Nova Gorica and Ajdovščina areas caused EUR 5.1 million of damage. Approximately 6,000 loss events were reported, 80% of which are already settled, and EUR 3.3 million in claims were paid. Claims settled in crop and fruit insurance amounted to approximately EUR 3 million due to the spring frost in early April which reduced crop output, especially in fruit growing and to a lesser extent also in viticulture. On 12 June 2012, the Ljubljana area was hit by a hailstorm, which is expected to result in approximately 3000 claims totalling EUR 2 million.

Profit generated in the first half of 2012 was also affected by individual mass loss events.

Graph: Gross claims paid in the first half of 2012 and 2011



In non-life insurance, Zavarovalnica Triglav recorded EUR 128.0 million in gross claims or 8% less than last year. The increase in claims for non-life insurance contracts was 1.3 index points lower than the growth of premium written. The largest increase in gross claims (34%) was recorded in other non-life insurance, mostly due to considerably higher gross claims in railway insurance, assistance insurance, aircraft liability insurance and suretyship insurance. In property insurance total claims paid increased by 2% mostly due to a greater number of loss events caused by bora winds, fruit and crop claims caused by spring frost and a large claim arising from mine insurance. An increase in credit insurance claims of 2% is primarily a result of a significant growth in claims settled in export credit insurance (index 251) affected by a major claim paid to a policyholder due to the bankruptcy of their German debtor. In other non-life insurance classes gross claims paid were lower than in the corresponding period of 2011; the largest reduction was recorded in general liability insurance (index 82) and motor liability insurance (index 85).

The comparison of growth rates between claims and insurance premium in non-life insurance shows that claims grew at a rate 1.3 index points lower than insurance premium.

Gross claims paid in life insurance totalled EUR 82.6 million and were 19% higher than in the first half of 2011. Claims in the life insurance class accounted for 39.2% of all claims paid or 5.9 percentage points more than a year before. The bulk of all claims settled is accounted for by the life insurance class (traditional life insurance, annuity insurance, voluntary pension insurance), which totalled EUR 46.0 million or 3% less than one year earlier. The amount of settled claims experienced a high growth in unit-linked life insurance (index 192) and in supplementary voluntary pension insurance (index 146). The main reason for the high growth of claims is the increase in the number of surrendered supplementary voluntary pension insurance due to the completion of a 10-year saving period.

Table: Gross claims paid of Zavarovalnica Triglav in the first half of 2012 by insurance class

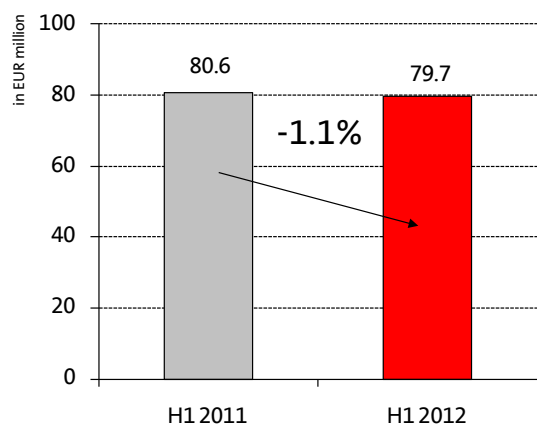
No.	INSURANCE CLASS	GROSS CLAIMS PAID			STRUCTURE
		H1 2012	H1 2011	INDEXS	H1 2012
1	Accident insurance	8,710,299	9,151,659	95	4.1%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	39,160,569	43,993,531	89	18.6%
4	Property insurance	29,931,714	29,361,300	102	14.2%
5	Motor liability insurance	34,120,582	40,167,280	85	16.2%
6	General liability insurance	8,219,245	10,083,548	82	3.9%
7	Credit insurance	2,002,639	1,962,863	102	1.0%
8	Other non-life insurance	5,883,886	4,388,113	134	2.8%
	NON-LIFE INSURANCE	128,028,934	139,108,294	92	60.8%
9	Life insurance	46,014,228	47,622,165	97	21.8%
10	Unit-linked life insurance	18,964,416	9,864,684	192	9.0%
11	Capital redemption insurance	17,600,836	12,060,628	146	8.4%
	LIFE INSURANCE	82,579,481	69,547,477	119	39.2%
	TOTAL	210,608,415	208,655,771	101	100.0%

4.4.3 Gross operating costs

In the first six months of 2012, gross operating costs totalled EUR 79.7 million and were 1% lower than in the respective period of 2011.

Due to austerity measures, gross operating costs decreased by 1%.

Graph: Gross operating costs in the first half of 2012 compared to the first half of 2011



Operating costs accounted for 21.3% of gross written premium and were 1.0 percentage point higher than in the first half of 2011.

Acquisition costs (fees and charges) totalled EUR 9.1 million, decreasing by 1% over the same period of the preceding year. Depreciation charges of EUR 4.6 million were higher by 39%. Labour costs amounted to EUR 45.3 million (accounting for 56.9% of total operating costs) and experienced a 2% decrease compared to the respective period last year. Costs of services provided by outsourced natural persons totalled EUR 0.9 million, representing an increase of 13% on the year before. In the reporting period, other operating costs reached EUR 19.8 million and were 6% lower compared to the first half of 2011.

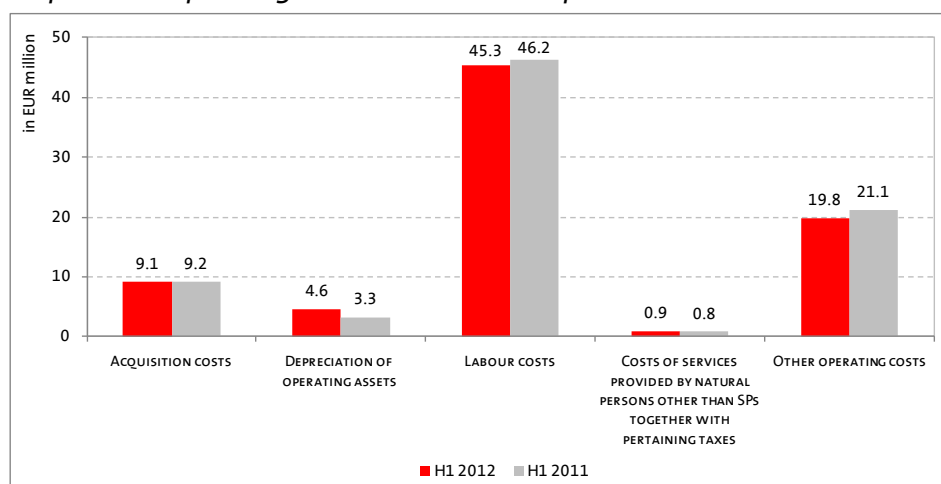
Operating costs in life insurance came to EUR 17.1 million, accounting for 17.4% of gross written premium, while gross operating costs in non-life insurance amounted to EUR 62.6 million, their share in gross written premium totalling 22.7%

In total gross operating costs, broken down by functional groups, costs of insurance contract acquisition accounted for 58.9%, claim handling costs for 13.0% and expenses arising from asset management for 2.2% while other operating expenses represented 25.9%.

Table: Gross operating costs in the first half of 2012 by nature

COSTS BY NATURE	GROSS OPERATING COSTS		INDEX	STRUCTURE
	H1 2012	H1 2011	2012/2011	H1 2012
1. Acquisition costs (fees and charges)	9,117,767	9,170,176	99	11.4%
2. Other operating costs	70,535,390	71,407,419	99	88.6%
2.1. Depreciation of operating assets	4,555,083	3,273,911	139	5.7%
2.2. Labour costs	45,315,383	46,243,572	98	56.9%
- wages and salaries	32,161,150	31,945,574	101	40.4%
- social security and pension insurance costs	5,494,060	5,543,058	99	6.9%
- other labour costs	7,660,174	8,754,941	87	9.6%
2.3. Costs of services provided by natural persons other than SPs together with pertaining taxes	901,536	801,027	113	1.1%
- costs of work contracts and work-made-for-hire Agreements	290,725	308,771	94	0.4%
- costs of student employment agency services	610,812	492,257	124	0.8%
2.4. Other operating costs	19,763,387	21,088,909	94	24.8%
- costs of entertainment, advertising, trade shows	4,381,529	4,998,546	88	5.5%
- costs of material and energy	2,373,086	2,270,886	105	3.0%
- maintenance costs	3,127,485	3,340,696	94	3.9%
- reimbursement of labour-related costs	2,067,774	2,097,817	99	2.6%
- costs of intellectual and personal services	932,167	1,089,048	86	1.2%
- non income related costs, excluding insurance	880,073	1,142,898	77	1.1%
- costs of services - transport and communications	1,299,594	1,360,325	96	1.6%
- costs for insurance premiums	387,648	759,323	51	0.5%
- payment transaction costs and banking services	1,593,536	1,545,502	103	2.0%
- rents	1,309,312	1,349,363	97	1.6%
- costs of services of professional training	483,185	448,758	108	0.6%
- other costs of services	659,562	576,148	114	0.8%
- long-term employee benefits	268,436	109,598	245	0.3%
TOTAL	79,653,158	80,577,596	99	100.0%

Graph: Gross operating costs in H1 2012 compared to H1 2011



4.4.4 Reinsurance

In the period from 1 January to 30 June 2012, Zavarovalnica Triglav allocated EUR 43.3 million to external equalisation, which was 10% less than in the respective period of 2011. Reinsurance premium accounts for 11.6% of total gross written premium. The change in gross premium reserves related to the reinsurance portion amounted to EUR 10.9 million, which was 29% less than in the first half of 2011. The reinsurers' share of gross claims settled totalled EUR 10.4 million (index 64). The change in gross claims provisions for the reinsurance portion equalled EUR 3.0 million (index 65). The Company also received EUR 6.8 million in ceding commissions (index 105).

4.4.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at 30 June 2012, Zavarovalnica Triglav allocated EUR 1,995.4 million to gross insurance technical provisions. The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2011.

The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2011.

In non-life insurance, gross insurance technical provisions increased by 5% and in life insurance by 2%.

Growth by provision type:

- Compared to the end of 2011, **gross unearned premiums** increased by 21% and as at 30 June 2012 stood at EUR 265.3 million. Unearned premium from non-life insurance totalled EUR 264.9 million (index 121) and from life insurance EUR 0.5 million (index 110).
- **Gross claims provisions** decreased by 2% over the end of 2011 and as at 30 June 2012 amounted to EUR 527.8 million. The decrease is the result of a reduction in claims due to the implementation of measures in risk underwriting, portfolio selection and a lower number of mass natural disaster claims. Claims provisions in non-life insurance totalled EUR 507.7 million (index 98) and those in life insurance EUR 20.2 million (index 104).
- As at the end of June 2012, mathematical provisions stood at EUR 1,179.2 million, which was 2% more than at the end of 2011. Of the total amount of mathematical provisions, EUR 646.5 million came from the long-term business fund backing life insurance, EUR 155.3 million from the long-term business fund backing SVPI, EUR 6.0 million from the long-term business fund backing SVPI - annuities and EUR 371.4 million from the long-term business fund backing unit-linked life insurance.
- Compared to the end of 2011, **provisions for bonuses and rebates** remained at the same level and as at 30 June 2012 equalled EUR 16.4 million.
- As at the reporting date, **other insurance technical provisions** totalled EUR 6.6 million or 13% more than as at the last day of 2011. This item includes provisions for unexpired risk, which as at the reporting date amounted to EUR 5.5 million, and provisions for cancellations, which totalled EUR 1.1 million.

Table: Gross insurance technical provisions as at 30 June 2012

	GROSS INSURANCE TECHNICAL PROVISIONS		
	30 June 2012	31 December 2011	INDEX
Unearned premium	265,311,685	219,683,849	121
Mathematical provisions	1,179,199,938	1,160,953,401	102
Claims provisions	527,832,658	537,912,790	98
Provisions for bonuses and rebates	16,397,603	16,397,603	100
Other insurance technical provisions	6,616,129	5,877,503	113
INSURANCE TECHNICAL PROVISIONS	1,995,358,013	1,940,825,147	103

4.4.6 Structure of financial assets as at 30 June 2012

Financial assets, investments in subsidiaries and associated companies and investment property as at 30 June 2012 stood at EUR 2,223.8 million, which was 1% more than at the 2011 year end. They represented 85.8% of total assets.

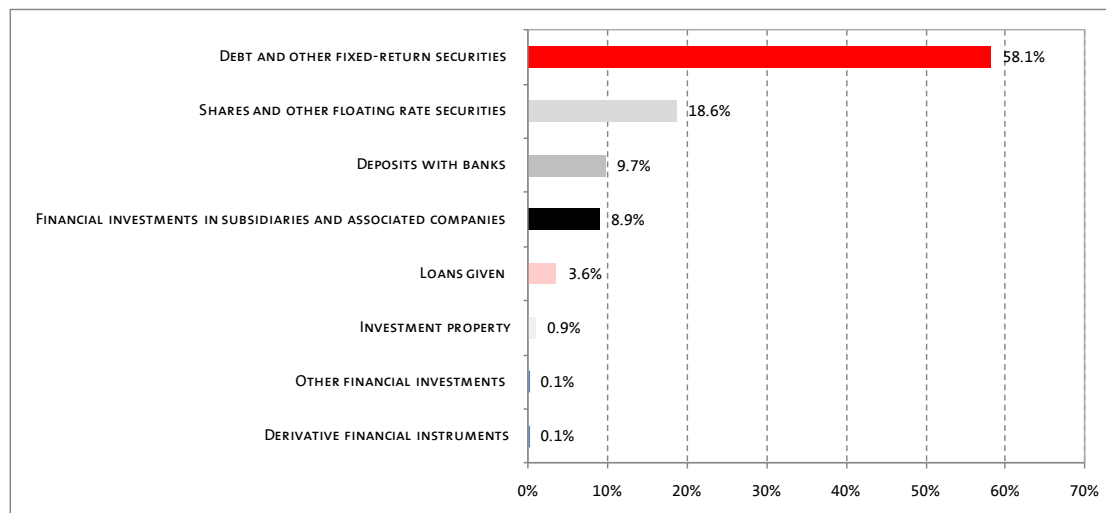
With 58.1%, debt and other fixed-return securities account for the bulk of total financial assets. Compared to one year earlier, they increased by 6% and as at 30 June 2012 reached EUR 1,292.9 million. In terms of volume they are followed by shares and other floating rate securities, which as at the reporting date totalled EUR 414.6 million or 5% less than at the 2011 year end. They accounted for 18.6% of total investments. Deposits with banks (which account for 9.7 of the total) decreased by 6% to EUR 215.2 million as at 30 June 2012. As at 30 June 2012 investments in subsidiaries and associated companies dropped down to EUR 198.6 million, which was 3% less than as at the end of 2011 (representing a 8.9% share). Loans given declined by 10% over the end of 2011 (EUR 79.4 million), accounting for 3.6% of total investments.

As at the reporting date the smallest share (0.9%) in total investments was represented by investment property equalling EUR 19.8 million, followed by derivative financial instruments of EUR 1.6 million (0.1%) and other financial investments amounting to EUR 1.6 million (0.1%). Compared to 31 December 2011, investment property decreased by 1%, derivative financial instruments increased by 13%, while other financial investments remained at the same level (index 100).

Table: Financial assets as at 30 June 2012

	FINANCIAL INVESTMENTS		
	30 June 2012	31 December 2011	INDEX
Investment property	19,840,795	19,984,888	99
Financial investments in subsidiaries and associated companies	198,643,297	203,986,798	97
Shares and other floating rate securities	414,613,714	437,899,997	95
Debt and other fixed-return securities	1,292,907,960	1,215,859,601	106
Derivative financial instruments	1,591,096	1,413,999	113
Loans given	79,362,413	87,739,036	90
Deposits with banks	215,247,147	228,130,763	94
Other financial investments	1,591,572	1,591,572	100
TOTAL	2,223,797,994	2,196,606,654	101

Graph: Structure of financial assets as at 30 June 2012



5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 Triglav Group

5.1.1 Financial result

Despite the financial crisis, the Triglav Group ended the first half of 2012 with a profit. Net profit reached EUR 41.6 million or 22% more than in the first half of 2011, whereas profit before tax totalled EUR 49.5 million or 1% less than in 2011. Net profit attributable to the controlling company amounted to EUR 40.6 million (index 124), while net profit attributable to non-controlling interests totalled EUR 1.0 million (index 81). The Group achieved such interim results by consistently realising its strategic goals and values, focused on its core business, by implementing adequate risk management, underwriting and reinsurance policies as well as by implementing business policy measures geared towards mitigating negative impacts of the financial crisis. The combined ratio, showing the profitability of core insurance operations, improved by 1.0 percentage points and reached 88.0%.

Despite the financial crisis, the Triglav Group ended the first half of 2012 with a profit of 41.6 million or 22% more than in the same period last year.

The financial results of the Triglav Group in the reporting period were still adversely affected by the financial crisis, influencing the demand for insurance products and the developments on the financial markets. Owing to significant or long-term decreases in the value of investments, a permanent impairment of investments was carried out in the amount of EUR 32.8 million.

Net premium earned amounted to EUR 443.5 million or 3% less in nominal terms. Net non-life insurance premium dropped by 5%, net life insurance premium fell by 3%, whereas net health insurance premium increased by 8%. Written premium from reinsurance and coinsurance operations totalled EUR 49.0 million, representing an 8% increase on the first half of 2011. The change in net unearned premium totalled EUR 31.0 million, which represented a 21% decrease of the growth rate on the same period of 2011.

As at the reporting date, net claims incurred stood at EUR 291.5 million, having increased by 3% compared to one year earlier. In comparison with the previous year, net claims incurred from non-life insurance decreased by 4%, whereas net claims incurred from life insurance rose by 20% and from health insurance by 8%. The reinsurers' and co-insurers' share of gross claims decreased compared to the same period of 2011 by 35% down to EUR 8.7 million. In the first half of 2012 net claims provisions decreased by EUR 5.1 million or by 15% more than the respective period of 2011. Equalisation scheme expenses for supplementary health insurance totalled EUR 3.6 million or 7% more than in the first half of 2011.

Investment income reached EUR 99.1 million, whilst investment expenses amounted to EUR 86.1 million. In the reporting period, investment return, i.e., the difference between investment income and expenses, totalled EUR 12.9 million. Lower investment returns were mainly caused by a permanent impairment of financial assets amounting to EUR 32.8 million and loss arising from Greek securities holdings owing to the effect of unilateral write-off of the Greek government debt.

Gross operating costs (excluding claim handling costs and asset management costs) totalled EUR 96.9 million (index 100). Acquisition costs totalled EUR 62.3 million (index 102), whereas other operating costs amounted to EUR 34.7 million (index 97).

Other income from insurance operations of EUR 11.9 million, of which fees and commission income amounted to EUR 8.3 million, was 24% lower. Other insurance expenses totalled EUR 21.8 million (index 73).

Table: Individual items in the consolidated income statement of the Triglav Group for H1 2012

	in EUR		
	H1 2012	H1 2011	INDEX
Net premium earned	443,539,108	456,943,916	97
Total income from financial assets	99,067,544	59,308,424	167
Other income from insurance operations	11,880,804	15,698,071	76
Other income	39,918,927	27,914,636	143
Net claims incurred	291,549,630	282,462,839	103
Change in other insurance technical provisions	-7,927,511	6,667,414	
Change in insurance technical provisions for unit-linked insurance contracts	17,732,175	6,616,609	268
Expenses for bonuses and discounts	3,029,510	2,916,593	104
Operating expenses	96,943,967	96,871,497	100
Expenses from financial assets and liabilities	86,127,090	59,428,174	145
Other insurance expenses	21,766,945	29,639,585	73
Other expenses	35,701,707	26,284,214	136
Profit / loss before tax	49,482,870	48,978,122	101
Income tax expense	7,887,790	14,916,181	53
Net profit /loss for the accounting period	41,595,080	34,061,941	122
Net profit/loss attributable to the controlling company	40,625,506	32,862,369	124
Net profit/loss attributable to non-controlling interest holders	969,566	1,199,572	81

5.1.2 Financial standing

Total balance sheet assets of the Triglav Group as at 31 June 2012 stood at EUR 3,117.3 million and were 5% higher than as at 31 December 2011.

Total equity as at 30 June 2012 equalled EUR 539.3 million, which was 10% more compared to the 2011 year end. The portion of equity in the balance sheet total increased by 0.8 percentage point compared to 31 December 2011, reaching

Total equity increased by 10% compared to 31 December 2011.

17.3%. Controlling interests amounted to EUR 518.3 million (index 111) and non-controlling interests holders had EUR 21.0 million (index 87). Share capital totalled EUR 73.7 million and was divided into 22,735,148 ordinary shares. Fair value reserve totalled EUR 30.4 million, share premium amounted to EUR 55.0 million and reserves from profits stood at EUR 231.0 million. As at 30 June 2012, net profit brought forward amounted to EUR 91.3 million (index 149), while net profit for the year stood at EUR 40.5 million.

In comparison with 31 December 2011 subordinated liabilities decreased by 6% down to EUR 38.4 million as at 30 June 2012.

Gross insurance technical provisions rose by 3% to EUR 2,304.7 million by the end of the first half of 2012. In total liabilities, their share decreased by 1.5 percentage points, from 75.4% to 73.9%.

As at 30 June 2012, operating liabilities stood at EUR 66.7 million, which was 25% more in comparison with the 2011 year end. Liabilities from direct insurance operations amounted to EUR 23.3 million (index 111), liabilities from co-insurance and reinsurance operations reached EUR 40.9 million (index 113) and current tax liabilities totalled EUR 2.5 million.

Compared to 31 December 2011, financial liabilities increased by 67% to EUR 66.0 million as at 30 June 2012 (accounting for 2.1% of total liabilities).

Deferred tax liabilities amounted to EUR 13.1 million (index 136) and accounted for 0.4% of total liabilities. Other liabilities decreased by 3% and as at 30 June 2012 stood at EUR 59.3 million, representing 1.9% of total liabilities.

Financial assets, financial investments in associated companies and investment property as at 30 June 2012 stood at EUR 2,485.5 million, which was 2% more than as at 31 December 2011. Their share in total assets was 79.7%.

As at the reporting date financial assets amounted to EUR 2,372.9 million or 2% more. The bulk (53.3%) of financial assets was accounted for by available-for-sale financial assets, which as at 31 June 2012 totalled EUR 1,265.3 million (index 106). As at the reporting date, unit-linked insurance assets amounted EUR 382.0 million or 16.1% of total financial assets. Compared to 31 December 2011 these assets increased by 5%. By the end of the reporting period deposits and loans fell by 3% to EUR 424.8 million and held-to-maturity investments by 7% to EUR 228.4 million compared to the 2011 year end. As at 30 June 2012, financial investments measured at fair value through profit or loss reached EUR 72.2 million, representing an increase of 14% over the end of 2011.

As at the end of the reporting period, investment property stood at EUR 97.4 million (index 101), while financial investments in associated companies amounted to EUR 15.2 million (index 74).

As at the end of June 2012, assets and deferred tax assets totalled EUR 296.3 million or 21% more than at the end of 2011, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 153.3 million (index 129).

The insurance technical provisions transferred to reinsurance contracts as at 30 June 2012 amounted to EUR 61.5 million, which was 40% more than at the end of 2011.

Property, plant and equipment totalled EUR 138.7 million (index 108) or 4.4% of total assets as at the end of the first half of 2012. Intangible assets equalled EUR 75.2 million (index 119), accounting for 2.4% of total assets.

Table: Individual items in the consolidated balance sheet of the Triglav Group as at 30 June 2012

ASSETS	in EUR				
	30 June 2012	31 December 2011	INDEX	2012 STRUCTURE	2011 STRUCTURE
Intangible assets	75,155,563	63,333,465	119	2.4%	2.1%
Property, plant and equipment	138,697,427	128,808,682	108	4.4%	4.3%
Deferred tax receivables	44,273,676	40,661,243	109	1.4%	1.4%
Investment property	97,433,174	96,784,890	101	3.1%	3.3%
Investments in associates	15,215,402	20,504,563	74	0.5%	0.7%
Financial assets	2,372,853,603	2,326,023,820	102	76.1%	78.5%
Reinsurers' share of technical provisions	61,542,255	43,983,083	140	2.0%	1.5%
Receivables	251,995,477	205,049,270	123	8.1%	6.9%
Other assets	41,913,867	12,597,206	333	1.3%	0.4%
Cash and cash equivalents	16,727,638	22,771,667	73	0.5%	0.8%
Non-current assets held for sale	1,482,215	1,482,215	100	0.0%	0.1%
TOTAL ASSETS	3,117,290,297	2,962,000,104	105	100.0%	100.0%
EQUITY AND LIABILITIES					
Share capital	539,275,293	489,469,838	110	17.3%	16.5%
Subordinated liabilities	38,359,905	40,932,090	94	1.2%	1.4%
Insurance technical provisions	1,922,421,447	1,869,646,881	103	61.7%	63.1%
Insurance technical provisions for unit-linked insurance contracts	382,256,735	364,495,891	105	12.3%	12.3%
Employee benefits	10,790,760	10,392,165	104	0.3%	0.4%
Other provisions	19,104,176	19,140,222	100	0.6%	0.6%
Deferred tax liabilities	13,085,463	9,613,587	136	0.4%	0.3%
Other financial liabilities	66,044,139	39,491,120	167	2.1%	1.3%
Operating liabilities	66,660,119	57,860,742	115	2.1%	2.0%
Other liabilities	59,292,260	60,957,569	97	1.9%	2.1%
TOTAL EQUITY AND LIABILITIES	3,117,290,297	2,962,000,105	105	100.0%	100.0%

5.2 Zavarovalnica Triglav d.d.

5.2.1 Financial result

The disclosed net profit of Zavarovalnica Triglav in the first six months of 2012 was EUR 25.0 million or 18% less than in the respective period of 2011. Profit before tax decreased by 28% in comparison with the first half of 2011 and totalled EUR 32.0 million. A decrease in profit was mainly due to permanent impairment of assets as well as loss arising from Greek securities holdings, owing to the effect of unilateral write-off of the Greek government debt.

The year-end profit was also adversely affected by loss arising from Greek securities holdings, owing to the effect of unilateral write-off of the Greek government debt.

In the reporting period net premium earned amounted to EUR 303.3 million or 4% less in nominal terms compared to the first half of 2011. Net premium income dropped by 5% from non-life insurance contracts and 3% from life insurance contracts. Gross written premium from reinsurance and co-insurance operations decreased by EUR 43.3 million, representing a 10%

decrease on the first half of 2011. Gross unearned premium grew by EUR 26.7 million which was 16% less compared to the respective period of 2011.

As at the half year end, net claims incurred stood at EUR 193.2 million, which represents a 3% increase compared to the first half of 2011. In comparison with the respective period of 2011, net claims incurred from non-life insurance decreased by 7%, but increased by 19% from life insurance. The reinsurers' and co-insurers' shares of gross claims dropped by 36% over the first half of 2011 and totalled EUR 10.4 million. In the first two quarters of 2012, gross claims provisions decreased by EUR 7.0 million, which was 66% more than at the end of June 2011.

Operating costs (total functional costs of insurance contract acquisition and other operating costs) equalled EUR 67.6 million and were 1% lower than in the first half of 2011. Acquisition costs totalled EUR 46.9 million and other operating costs came to EUR 20.6 million.

In the first half of 2012, income from financial assets totalled EUR 78.2 million (index 157), of which EUR 23.7 million (index 108) came from non-life insurance and EUR 54.4 million (index 196) from life insurance. In the same period investment expenses reached EUR 79.3 million (index 154). In the reporting period, investment return, i.e. the difference between investment income and expenses, was negative and totalled EUR -1.2 million (compared to -1.6 million EUR in the first half of 2011). Lower investment returns were mainly caused by a permanent impairment of assets, amounting to EUR 32.5 million, due to significant or long-term decreases in their value, as well as loss of Greek securities holdings owing to the effect of unilateral write-off of the Greek government debt.

Lower investment returns are a consequence of a permanent impairment of financial assets in the amount of EUR 32.5 million.

Other income from insurance operations of EUR 16.0 million, in which fees and commission income amounted to EUR 13.5 million (index 96), was 4% lower. Other insurance expenses totalled EUR 16.9 million (index 92).

Table: Individual items in the non-consolidated income statement of Zavarovalnica Triglav d.d. for the period from 1 January 2012 to 30 June 2012

	in EUR		
	H1 2012	H1 2011	INDEX
Net premium earned	303,325,935	316,365,279	96
Income from financial assets	78,151,863	49,779,288	157
Other income from insurance operations	15,973,833	16,665,897	96
Other income	3,012,476	3,029,390	99
Net claims incurred	193,208,268	188,312,872	103
Change in other insurance technical provisions	-8,484,774	6,705,097	
Change in insurance technical provisions for unit-linked insurance contracts	16,459,944	5,377,480	306
Expenses for bonuses and discounts	2,554,955	2,305,684	111
Operating expenses	67,556,195	68,360,772	99
Expenses from financial assets and liabilities	79,319,158	51,354,593	154
Other insurance expenses	16,929,457	18,469,262	92
Other expenses	955,726	708,145	135
Profit / loss before tax	31,965,179	44,245,949	72
Income tax expense	6,995,436	13,835,779	51
Net profit /loss for the accounting period	24,969,743	30,410,170	82

5.2.2 Financial standing

Total assets of Zavarovalnica Triglav as at 30 June 2012 stood at EUR 2,591.3 million and were 3% higher than as at 31 December 2011.

Total equity as at the reporting date stood at EUR 469.3 million (index 107). In the balance sheet total its share increased from 17.4% to 18.1%. Share capital amounted to EUR 73.7 million and was divided into 22,735,148 ordinary registered par value shares. Share premium totalled EUR 53.4 million (index 100) and reserve from profit EUR 211.3 million (index 100). Revaluation surplus climbed by EUR 22.6 million to EUR 28.5 since the 2011 year end of 2011. Net profit brought forward amounted to EUR 77.4 million (index 156), while net profit earned in the first half of the year was EUR 25.0 million.

Total equity increased by 7% compared to 31 December 2011.

On the liabilities side, gross insurance technical provisions rose by 3% to EUR 1,995.4 million by the end of Q2 2012. Their share in total liabilities decreased by 0.1 percentage point down to 77% compared to the end of 2011.

As at 30 June 2012 operating liabilities stood at EUR 31.1 million, or 8% more in comparison with 31 December 2011. Liabilities from direct insurance operations amounted to EUR 14.5 million (index 107), liabilities from co-insurance and reinsurance operations reached EUR 14.3 million (index 97) and current tax liabilities totalled EUR 2.3 million (index 446).

As at the reporting date, financial liabilities totalled EUR 17.1 million or 41% less than as at the last day of 2011. They accounted for 0.7% of the balance sheet total.

Other liabilities rose by 1% to EUR 30.2 million as at 30 June 2012, or 1.2% of total liabilities.

Financial assets, financial investments in subsidiaries and associated companies as well as investment property as at 30 June 2012 stood at EUR 2,223.8 million, which was 1% more than as at 31 December 2011. Their share in total assets was 85.8%.

In total financial assets, equalling EUR 2,005.3 million as at the last day of the reporting period (index 102), the largest share (51.0%) is available-for-sale financial assets, which amounted to EUR 1,022.3 million (index 105). As at 30 June 2012 unit-linked insurance assets totalled EUR 371.0 million or 18.5% of total financial assets. Compared to 31 December 2011 those assets increased by 5%. As at the end of the reporting period held-to-maturity investments totalled EUR 198.7 million and were 6% lower, whilst deposits and loans amounted to EUR 342.8 million and were 8% lower compared to the end of 2011. As at 30 June 2012, financial investments measured at fair value through profit or loss reached EUR 70.5 million, representing an increase of 6% over 31 December 2011.

As at the reporting date investment property amounted to EUR 19.8 million (index 99) and financial investments in subsidiaries and associated companies to EUR 198.6 million (index 97).

As at 30 June 2012, assets totalled EUR 136.9 million, or 29% more than as at the year 2011 end, with the largest portion represented by receivables from direct insurance operations, which amounted to EUR 111.5 million (index 138).

Insurance technical provisions transferred to reinsurance contracts as at 30 June 2012 amounted to EUR 62.4 million, which was 14% more than as at the end of 2011. Assets from reinsurance contracts from claim provisions totalled EUR 34.7 million, while unearned premiums equalled EUR 27.7 million.

Property, plant and equipment totalled EUR 70.7 million or 2.7% of total assets. Intangible assets equalled EUR 61.4 million, accounting for 2.4% of total assets.

Table: Individual items in the non-consolidated balance sheet of Zavarovalnica Triglav as at 30 June 2012

in EUR

ASSETS	30 June 2012	31 Dec. 2011	INDEX	STRUCTURE 30 June 2012	STRUCTURE 31. Dec. 2011
Intangible assets	61,385,475	49,863,069	123	2.4%	2.0%
Property, plant and equipment	70,674,007	71,932,485	98	2.7%	2.9%
Deferred tax receivables	31,148,954	30,423,884	102	1.2%	1.2%
Investment property	19,840,795	19,984,888	99	0.8%	0.8%
Investments in subsidiaries	187,787,793	193,131,295	97	7.2%	7.7%
Investments in associates	10,855,503	10,855,503	100	0.4%	0.4%
Financial assets	2,005,313,902	1,972,634,968	102	77.4%	78.4%
Reinsurers' share of insurance technical provisions	62,440,965	54,547,910	114	2.4%	2.2%
Receivables	136,895,551	105,902,050	129	5.3%	4.2%
Other assets	3,049,049	3,060,960	100	0.1%	0.1%
Cash and cash equivalents	1,885,925	4,216,855	45	0.1%	0.2%
TOTAL ASSETS	2,591,277,918	2,516,553,868	103	100.0%	100.0%

EQUITY AND LIABILITIES	30 June 2012	31 Dec. 2011	INDEX	STRUCTURE 30 June 2012	STRUCTURE 31. Dec. 2011
Share capital	469,323,644	437,692,451	107	18.1%	17.4%
Subordinated liabilities	38,717,700	40,932,091	95	1.5%	1.6%
Insurance technical provisions	1,623,997,942	1,585,925,020	102	62.7%	63.0%
Insurance technical provisions for unit-linked insurance contracts	371,360,071	354,900,127	105	14.3%	14.1%
Employee benefits	8,568,446	8,300,010	103	0.3%	0.3%
Other provisions	865,015	835,806	103	0.0%	0.0%
Other financial liabilities	17,118,360	29,231,960	59	0.7%	1.2%
Operating liabilities	31,122,918	28,761,344	108	1.2%	1.1%
Other liabilities	30,203,821	29,975,059	101	1.2%	1.2%
TOTAL EQUITY AND LIABILITIES	2,591,277,918	2,516,553,868	103	100.0%	100.0%

6. RISK MANAGEMENT

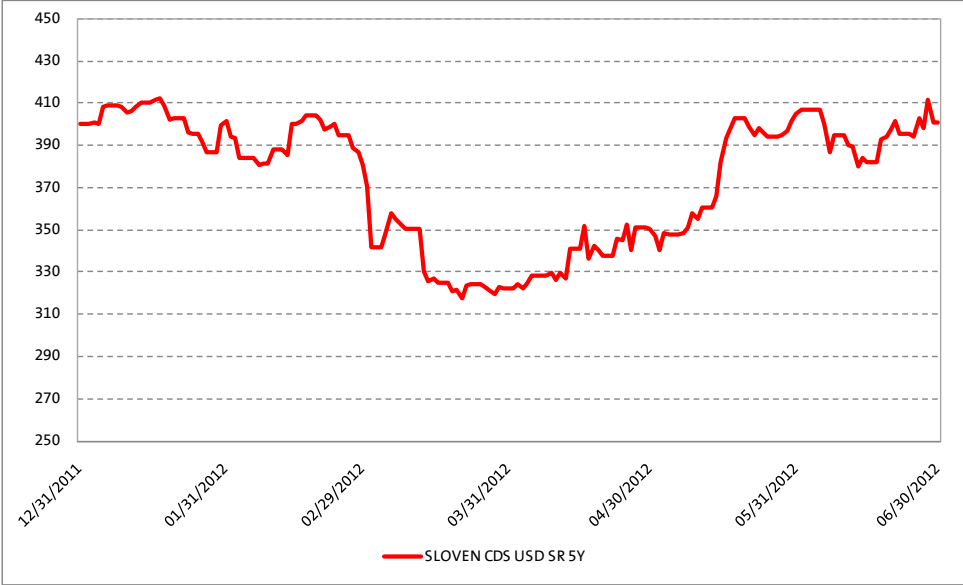
6.1 Risk management in the first half of 2012

The debt crisis in the EU member states remains the main source of investment risk, to which the Triglav Group is exposed. In Q1 and Q2 credit rating agencies continued downgrading sovereign ratings for several countries, including Slovenia. Standard&Poor's (S&P) cut Slovenia's rating from »A+« to »A«, Moody's from »A2« to »Baa2« and Fitch from »AA-« to »A«. These rating cuts had a significant impact on the sovereign debt prices of Slovenia. After the restructuring of the Greek sovereign debt markets calmed down slightly as focus was shifted to Spain and Italy. In the first half of 2012 Slovene sovereign government bond credit spreads reacted accordingly to these trends. In the reporting period the credit spreads on Slovene government bonds widened, as shown in the chart below. Investors' attention to Slovenia raised as a result of increased investors' attention to Spain and Italy as well as due to the fact that Greece reapplied for a bailout from the EU. As a result of a downgrade of the Republic of Slovenia, reflecting the general state of public finances and economy of the country. Standard & Poor's Ratings Services cut the long-term

The debt crisis in the EU member states remains the main source of the investment risk to which the Triglav Group is exposed.

credit rating of the Triglav Group by one notch from »A« to »A-«, which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re.

Graph: Movements of the credit spread on Slovene bonds in H1 2012



Since Zavarovalnica Triglav is a major investor in the Slovene government debt market, it is particularly exposed to such pertaining financial risks. Therefore, its financial risk management activities were focused on credit risk exposure and on maintaining an adequate assets and liability structure. Since the beginning of 2010, Triglav has been carefully monitoring the exposure to debt securities of the euro area peripheral states. As conditions in the capital markets remain volatile, the Company paid particular attention to monitoring their effects on the assets and liabilities structure, adapting investment policies of individual long-term business funds and assets backing liabilities when needed. In doing so, the Company employed results of different capital adequacy models as well as the stress testing results.

Other information detailed in the section on risk management of the 2011 Annual Report remain accurate.

6.2 Significant types of risks in the second half of 2012

Negotiations on the second bailout of Greece and uncertainty concerning Spain and Italy lead us to believe that the economic environment will remain both volatile and uncertain also in the second half of the year. Moreover, market uncertainty may be influenced by the USA and their tax gap expected towards the end of 2012. The USA may change their tax policy so as to increase taxes and reduce public expenditure, which increases the risk of a recession relapse. On the other hand they can avoid such measures, which will result in an even higher budget deficit and public debt. In view of that entire situation it is estimated that uncertain outcome of the debt crisis and its effect on the Company’s exposure to financial risks will continue to present the greatest risks. The credit risk (counterparty’s default risk) of government securities remains high as well as the credit spread risk.. Zavarovalnica Triglav’s assets and liabilities will also be significantly affected by the development of the economic environment in Slovenia, which

It is estimated that uncertain outcome of the debt crisis and its effect on the Company’s exposure to financial risks will continue to present the greatest risks.

remains weak, exposing the Company foremost to risks of policyholders defaulting on the payment of premiums and risks related to the selection of underwritten risks.

Disasters (natural or man-made) remain a significant risk for the Triglav Group, as they can have negative effects especially on the non-life insurance portfolio.

The Company thus plans to pay particular attention to risk management of the long-term business funds and assets backing liabilities, capital management and capital adequacy management, including the adequacy of the reinsurance scheme.

6.3 Internal audit

In the first half of 2012, the Internal Audit Department complied with its annual and operational work programme. It carried out 11 planned internal audits of various divisions in Zavarovalnica Triglav and 4 internal audits in subsidiaries. The findings were reported to the Management Board and to the management of the audited divisions.

The Internal Audit Department also carried out informal advisory activities, Internal Auditing Quality Improvement activities (mainly regarding planning, execution and reporting on individual internal audits and the work of internal audit departments in subsidiaries), monitored the implementation of recommendations made by internal and external auditors and reported to the Management and Supervisory Boards.

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 30 June 2012, there were 5,447 employees in the Triglav Group, which is 383 more than at the end of 2011. The number of employees increased due to inclusion of the Avrigo Group and Investicijsko podjetje among the Triglav Group subsidiaries.

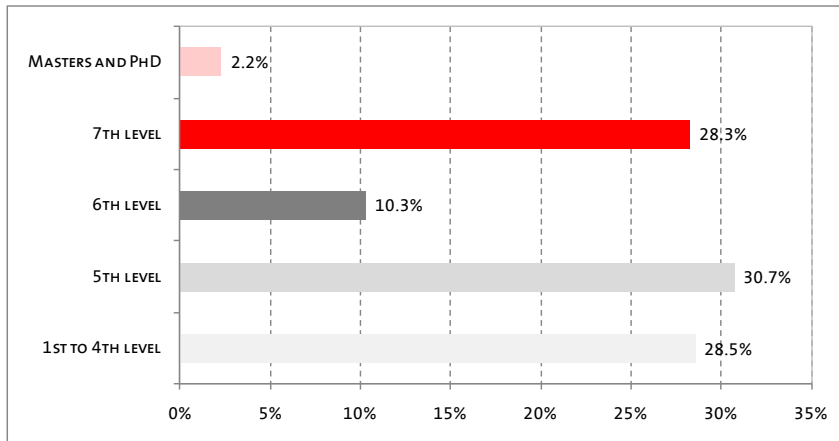
Table: Number of employees in the Triglav Group as at 30 June 2012

MEMBER OF THE TRIGLAV GROUP	NUMBER OF EMPLOYEES		
	30 June 2012	31. December 2011	DEFERENCE
Zavarovalnica Triglav d.d.	2,420	2,400	20
Pozavarovalnica Triglav RE d.d., Ljubljana	37	37	0
Triglav, Zdravstvena zavarovalnica d.d., Koper	78	78	0
Triglav Osiguranje d.d., Zagreb	528	518	10
Triglav Osiguranje d.d., Sarajevo	240	234	6
Triglav Pojišt'ovna a.s., Brno	121	116	5
Lovćen Osiguranje a.d., Podgorica	285	264	21
Triglav Osiguranje a.d.o, Belgrade	488	488	0
Triglav penzijski fondovi a.d., Belgrade	5	5	0
Triglav Osiguranje a.d., Banja Luka	81	84	-3
Triglav Osiguruvanje a.d., Skopje	167	150	17
Triglav Skladi d.o.o., Ljubljana	36	36	0
AS Triglav - servis in trgovina d.o.o., Ljubljana	30	31	-1
TRI-PRO d.o.o., Domžale	76	75	1
Triglav nepremičnine d.d., Ljubljana	40	5	35
Triglav Naložbe finančna družba d.d., Ljubljana	5	5	0
Slovenijales d.d., Ljubljana	152	196	-44
Golf Arboretum d.o.o., Volčji potok	12	11	1
Gradis IPGI d.d., Ljubljana	1	1	0
TRI-PRO BH d.o.o., Sarajevo	15	16	-1
Unis automobili i dijelovi d.o.o., Sarajevo	33	33	0
Autocentar BH d.o.o., Sarajevo	44	47	-3
Triglav INT d.d., Ljubljana	5	4	1
Lovćen životna osiguranja, Podgorica	8	6	2
Sarajevostan d.d., Sarajevo	122	126	-4
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen Auto a.d.o., Nikšić	103	98	5
Avrigo d.d., Nova Gorica	208	0	208
Integral Notranjska d.o.o., Cerknica	16	0	16
Integral Zagorje d.o.o., Zagorje	47	0	47
Integral Stojna Kočevje d.o.o., Kočevje	27	0	27
Alptours turizem d.o.o., Bovec	0	0	0
Investicijsko podjetje d.o.o., Ljubljana	17	0	17
IP Nova d.o.o., Ljubljana	0	0	0
IP Nova A d.o.o., Ljubljana	0	0	0
TOTAL	5,447	5,064	383

7.2 Educational structure of employees

In comparison with the 2011 year end, the number of employees with elementary school education and higher education increased, while a decrease was registered in the number of employees with secondary school education, post-secondary education and master's and doctoral degrees.

Graph: Employees of the Triglav Group as at 30 June 2012 - structure by education level



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2012 to 30 June 2012 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Semi-Annual Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2012 to 30 June 2012 in accordance with International Financial Reporting Standards as adopted by the EU.

The Management Board confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board further confirms that the financial statements and the notes thereto were prepared on a going concern basis for Zavarovalnica Triglav d.d. and the Triglav Group and in line with the applicable legislation and International Financial Reporting Standards, as adopted by the EU.

The Management Board confirms that the interim business report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2012 to 30 June 2012 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

The Management Board is also responsible for appropriate accounting practices and for the adoption of appropriate measures for the safeguarding of assets, and for the prevention and detection of fraud and other irregularities or illegal acts.



Matjaz Rakovec
President of the Management Board

Andrej Slapar
Member of the Management Board



Stanislav Vrtunski
Member of the Management Board

Marica Makoter
Member of the Management Board, Employee Representative



**Unaudited Financial Statements of
Zavarovalnica Triglav d.d. and the Triglav
Group**
and Notes thereto for the Period
from 1 January 2012 to 30 June 2012

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1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

	(IN EUR)		
	31 June 2012	31 December 2011	Index
ASSETS	2,591,277,918	2,516,553,868	103
Intangible assets	61,385,475	49,863,069	123
Property, plant and equipment	70,674,007	71,932,485	98
Deferred tax receivables	31,148,954	30,423,884	102
Investment property	19,840,795	19,984,888	99
Investments in subsidiaries	187,787,793	193,131,295	97
Investments in associates	10,855,503	10,855,503	100
Financial assets	2,005,313,902	1,972,634,968	102
Financial investments:	1,634,285,127	1,617,636,390	101
- loans and deposits	342,801,093	363,304,828	94
- held to maturity	198,702,411	211,599,458	94
- available for sale	1,022,330,094	976,228,336	105
- investments recognised at fair value	70,451,529	66,503,768	106
Unit-linked insurance assets	371,028,775	354,998,578	105
Reinsurers' share of technical provisions	62,440,965	54,547,910	114
Receivables	136,895,551	105,902,050	129
- receivables from direct insurance operations	111,547,331	80,970,481	138
- receivables from reinsurance and co-insurance operations	7,742,325	8,187,183	95
- other receivables	17,605,894	16,744,387	105
Other assets	3,049,049	3,060,960	100
Cash and cash equivalents	1,885,925	4,216,855	45
EQUITY AND LIABILITIES	2,591,277,918	2,516,553,868	103
Equity	469,323,644	437,692,451	107
- share capital	73,701,392	73,701,392	100
share premium	53,412,884	53,412,884	100
- reserves from profit	211,286,919	211,286,919	100
- fair value reserve	28,545,239	5,969,185	478
- net profit brought forward	77,407,467	49,539,512	156
- net profit/loss for the year	24,969,743	43,782,559	57
Subordinated liabilities	38,717,700	40,932,091	95
Insurance technical provisions	1,623,997,942	1,585,925,020	102
- unearned premiums	265,311,685	219,683,849	121
- mathematical provisions	807,839,867	806,053,274	100
- claims provisions	527,832,658	537,912,790	98
- other insurance technical provisions	23,013,732	22,275,106	103
Insurance technical provisions for unit-linked insurance contracts	371,360,071	354,900,127	105
Employee benefits	8,568,446	8,300,010	103
Other provisions	865,015	835,806	103
Other financial liabilities	17,118,360	29,231,960	59
Operating liabilities	31,122,918	28,761,344	108
- liabilities from direct insurance operations	14,486,440	13,489,315	107
- liabilities from reinsurance and co-insurance operations	14,324,890	14,753,844	97
- current tax liabilities	2,311,588	518,186	446
Other liabilities	30,203,821	29,975,059	101

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	(IN EUR)		
	H1 2012	H1 2011	Index
NET PREMIUM INCOME	303,325,935	316,365,279	96
- gross written premium	373,248,725	396,064,591	94
- ceded written premium	-43,259,288	-48,126,317	90
- change in unearned premiums	-26,663,502	-31,572,995	84
TOTAL INCOME FROM FINANCIAL ASSETS	78,151,863	49,779,288	157
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>824,703</i>	<i>2,130,232</i>	<i>39</i>
- interest income	800,823	1,412,251	57
- dividends	0	696,433	
- fair value gains	0	21,547	
- realised gains on disposals	0	0	
- other financial income	23,880	0	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>53,047,519</i>	<i>42,920,419</i>	<i>124</i>
- interest income	35,714,027	34,565,542	103
- dividends	195,423	1,503,186	13
- fair value gains	6,325,116	2,262,385	280
- realised gains on disposals	10,126,059	4,264,230	237
- other financial income	686,894	325,077	211
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>24,279,641</i>	<i>4,728,638</i>	<i>513</i>
OTHER INCOME FROM INSURANCE OPERATIONS	15,973,833	16,665,897	96
- fees and commission income	13,479,014	14,105,994	96
- other income from insurance operations	2,494,819	2,559,903	97
OTHER INCOME	3,012,476	3,029,390	99
NET CLAIMS INCURRED	193,208,268	188,312,872	103
- gross claims settled	210,608,415	208,655,771	101
- reinsurers' and co-insurers' share	-10,369,671	-16,096,760	64
- changes in claims provisions	-7,030,476	-4,246,139	166
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked insurance contracts)	-8,484,774	6,705,097	
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	16,459,944	5,377,480	306
Expenses for bonuses and discounts	2,554,955	2,305,684	111
OPERATING EXPENSES	67,556,195	68,360,772	99
- acquisition costs	46,924,780	47,548,797	99
- other operating costs	20,631,414	20,811,975	99
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	79,319,158	51,354,593	154
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>40,214</i>	<i>2,179,797</i>	<i>2</i>
- interest expense	0	69,392	
- fair value losses	0	2,104,392	
- realised loss on disposals	0	0	
- impairment of financial assets	29,411	0	
- other expenses from financial assets and liabilities	10,803	6,013	180
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>59,677,386</i>	<i>29,683,444</i>	<i>201</i>
- interest expense	1,379,517	2,447,179	56
- fair value losses	11,986,882	2,714,887	442
- realised loss on disposals	11,601,907	5,217,508	222
- impairment of financial assets	32,453,840	15,612,554	208
- other expenses from financial assets and liabilities	2,255,240	3,691,315	61
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>19,601,558</i>	<i>19,491,353</i>	<i>101</i>
OTHER INSURANCE EXPENSES	16,929,457	18,469,262	92
OTHER EXPENSES	955,726	708,145	135
PROFIT/ LOSS BEFORE TAX	31,965,179	44,245,949	72
Income tax expense	6,995,436	13,835,779	51
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	24,969,743	30,410,170	82
Earnings per share (basic and diluted)	1.10	1.34	82

STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

		(IN EUR)	
		H1 2012	H1 2011
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	24,969,743	30,410,170
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	22,576,054	-24,271,714
1.	Net gains/losses from the remeasurement of available-for-sale financial assets	25,750,800	-29.812.494
1.1	Gains/losses recognised in fair value reserve	30,214,789	-44.605.820
1.2	Transfer from fair value reserve to profit/loss	-4,463,989	14.793.326
2.	Tax on other comprehensive income	-3,174,746	5.540.781
III.	COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX	47,545,797	6,138,456

STATEMENT OF CHANGES IN EQUITY OF ZAVAROVALNICA TRIGLAV D.D.

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012

(IN EUR)

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
1. OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	176,000,000	5,969,185	49,539,512	43,782,559	437,692,451
2. Comprehensive income for the period from 1 January 2012 to 30 June 2012						22,576,054		24,969,743	47,545,797
3. Allocation to net profit/loss brought forward							43,782,559	-43,782,559	0
4. Dividend payment							-15,914,604		-15,914,604
5. CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	176,000,000	28,545,239	77,407,467	24,969,743	469,323,644

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

(IN EUR)

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
1. OPENING BALANCE FOR THE PERIOD	23,701,392	53,412,884	4,662,644	30,624,276	16,000,000	84,817,134	252,529,148	16,104,422	481,851,900
2. Comprehensive income for the period from 1 January 2011 to 30 June 2011						-24,271,713		30,410,170	6,138,457
3. Allocation to net profit/loss brought forward							16,104,422	-16,104,422	0
4. Increase of share capital	50,000,000						-50,000,000		0
5. Allocation from net profit b/f to reserves from profit					160,000,000		-160,000,000		0
6. Dividend payment							-9,094,060		-9,094,060
7. CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,644	30,624,276	176,000,000	60,545,421	49,539,511	30,410,170	478,896,298

CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	(IN EUR)	
	H1 2012	H1 2011
A. OPERATING CASH FLOW		
Income statement items	34,612,582	22,821,335
Operating income (except for revaluations) and financial income from operating receivables	383,631,340	373,728,297
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-339,916,908	-326,165,100
Corporate income tax and other taxes excluded from operating expenses	-9,101,850	-24,741,862
Changes in net current assets (and in deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-26,601,346	-52,197,541
Movements in receivables and prepayments and accrued income	-35,155,306	-43,484,127
Movements in deferred tax assets	-3,899,816	-12,356,646
Movements in inventories	8,585	-66,455
Movements in operating debts	25,069,482	-11,110,124
Movements in accruals and deferred income and provisions	-12,624,290	14,819,812
TOTAL OPERATING CASH FLOW	8,011,236	-29,376,205
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,004,249,423	1,756,132,716
Cash inflows from interest received and profit sharing arising from investing activities	36,509,683	32,529,021
Cash inflows from dividends and profit sharing	195,423	2,318,020
Cash inflows from the disposal of property, plant and equipment	243,450	650,069
Cash inflows from the disposal of financial investments	942,178,881	1,719,894,526
Cash inflows from disposal of financial investments in associates	25,121,985	741,081
Cash outflows from investing activities	-1,012,802,676	-1,729,140,839
Cash outflows for the purchase of intangible assets	-5,275,211	-1,671,834
Cash outflows for the purchase of property, plant and equipment	-1,823,821	-1,951,468
Cash outflows for the acquisition of financial investments	-992,203,895	-1,704,784,951
Cash outflows for the acquisition of financial investments in associates	-13,499,749	-20,732,585
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-8,553,253	26,991,878
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflows from financing activities	-1,788,914	-2,227,149
Cash outflows for interest paid on financing activities	-1,786,507	-2,226,923
Cash outflows for payments of financial liabilities	0	0
Cash outflows from dividends paid and profit sharing	-2,407	-225
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-1,788,914	-2,227,149
D. Opening balance of cash and cash equivalents	4,216,855	9,241,996
E. Net cash flow for the period	-2,330,930	-4,611,476
F. Closing balance of cash and cash equivalents	1,885,925	4,630,520

2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 June 2012	31 December 2011	(IN EUR) Index
ASSETS	3,117,290,297	2,962,000,104	105
Intangible assets	75,155,563	63,333,465	119
Property, plant and equipment	138,697,427	128,808,682	108
Deferred tax receivables	44,273,676	40,661,243	109
Investment property	97,433,174	96,784,890	101
Investments in associates	15,215,402	20,504,563	74
Financial assets	2,372,853,603	2,326,023,820	102
<i>Financial investments:</i>	1,990,809,682	1,961,339,446	102
- <i>loans and deposits</i>	424,805,272	439,712,247	97
- <i>held to maturity</i>	228,434,563	245,218,281	93
- <i>available for sale</i>	1,265,320,229	1,192,865,725	106
<i>Investments recognised at fair value</i>	72,249,618	83,543,191	86
<i>Unit-linked insurance assets</i>	382,043,921	364,684,374	105
Reinsurers' share of insurance technical provisions	61,542,255	43,983,083	140
Receivables	251,995,477	205,049,270	123
- receivables from direct insurance operations	153,300,371	118,559,323	129
- receivables from reinsurance and co-insurance operations	45,921,427	40,739,474	113
- current tax receivables	278,166	459,509	61
- other receivables	52,495,513	45,290,964	116
Other assets	41,913,867	12,597,206	333
Cash and cash equivalents	16,727,638	22,771,667	73
Non-current assets for sale	1,482,215	1,482,215	100
EQUITY AND LIABILITIES	3,117,290,297	2,962,000,104	105
Equity	539,275,293	489,469,838	110
<i>Controlling interests</i>	518,262,851	465,264,933	111
- share capital	73,701,389	73,701,402	100
- share premium	55,040,830	53,204,076	103
- reserves from profit	231,008,119	230,826,820	100
- fair value reserve	30,395,680	2,786,975	
- net profit/loss brought forward	91,272,909	61,135,220	149
- net profit/loss for the year	40,529,616	46,175,732	88
- currency translation differences	-3,685,692	-2,565,292	144
<i>Non-controlling interests</i>	21,012,442	24,204,905	87
Subordinated liabilities	38,359,905	40,932,090	94
Insurance technical provisions	1,922,421,447	1,869,646,881	103
- unearned premiums	344,450,706	291,740,398	118
- mathematical provisions	849,430,219	845,464,934	100
- claims provisions	702,464,296	705,464,250	100
- other insurance technical provisions	26,076,226	26,977,299	97
Insurance technical provisions for unit-linked insurance contracts	382,256,735	364,495,891	105
Employee benefits	10,790,760	10,392,165	104
Other provisions	19,104,176	19,140,222	100
Deferred tax liabilities	13,085,463	9,613,587	136
Other financial liabilities	66,044,139	39,491,120	167
Operating liabilities	66,660,119	57,860,742	115
- liabilities from direct insurance operations	23,284,234	20,928,061	111
- liabilities from reinsurance and co-insurance operations	40,899,162	36,106,029	113
- current tax liabilities	2,476,723	826,652	300
Other liabilities	59,292,260	60,957,569	97

CONSOLIDATED INCOME STATEMENT

	H1 2012	H1 2011	(IN EUR) Index
NET PREMIUM INCOME	443,539,108	456,943,916	97
- gross written premium	523,568,923	549,861,990	95
- ceded written premium	-49,027,658	-53,497,248	92
- change in unearned premiums	-31,002,157	-39,420,826	79
INCOME FROM FINANCIAL ASSETS	99,067,544	59,308,424	167
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>7,153,008</i>	<i>1,569,489</i>	<i>456</i>
- profit on equity investments accounted for using the equity method	902,461	764,369	118
- interest income	0	747,739	
- dividends	44,960	0	
- fair value gains	0	-32,035	
- realised gains on disposals	0	748	
- other financial income	6,205,587	88,668	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>66,951,686</i>	<i>52,663,196</i>	<i>127</i>
- interest income	43,816,704	41,650,390	105
- dividends	1,637,049	1,642,391	100
- fair value gains	6,579,544	2,776,922	237
- realised gains on disposals	11,042,549	4,855,535	227
- other financial income	3,875,840	1,737,958	223
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>24,962,850</i>	<i>5,075,739</i>	<i>492</i>
OTHER INCOME FROM INSURANCE OPERATIONS	11,880,804	15,698,071	76
- fees and commission income	8,306,582	10,826,083	77
- other income from insurance operations	3,574,222	4,871,988	73
OTHER INCOME	39,918,927	27,914,636	143
NET CLAIMS INCURRED	291,549,630	282,462,839	103
- gross claims settled	301,680,951	296,739,619	102
- reinsurers' and co-insurers' share	-8,653,598	-13,220,736	65
- changes in claims provisions	-5,073,393	-4,427,855	115
- equalisation scheme expenses for supplementary health insurance	3,595,670	3,371,811	107
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-7,927,511	6,667,414	
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	17,732,175	6,616,609	268
Expenses for bonuses and discounts	3,029,510	2,916,593	104
OPERATING EXPENSES	96,943,967	96,871,497	100
- acquisition costs	62,264,263	60,940,024	102
- other operating costs	34,679,704	35,931,473	97
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	86,127,090	59,428,174	145
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,951,023</i>	<i>5,882,706</i>	<i>33</i>
- loss on investments accounted for using the equity method	1,951,023	5,367,152	36
- interest expense	0	276,889	
- fair value losses	0	232,153	
- realised loss on disposals	0	0	
- impairment of financial assets	0	0	
- other expenses from financial assets and liabilities	0	6,512	
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>64,368,585</i>	<i>33,782,828</i>	<i>191</i>
- interest expense	2,129,306	3,106,460	69
- fair value losses	12,548,521	2,991,820	419
- realised loss on disposals	12,760,590	5,615,149	227
- impairment of financial assets	32,806,199	16,002,113	205
- other expenses from financial assets and liabilities	4,123,969	6,067,286	68
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>19,807,482</i>	<i>19,762,640</i>	<i>100</i>
OTHER INSURANCE EXPENSES	21,766,945	29,639,585	73
OTHER EXPENSES	35,701,707	26,284,214	136
PROFIT/ LOSS BEFORE TAX	49,482,870	48,978,122	101
Income tax expense	7,887,790	14,916,181	53
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	41,595,080	34,061,941	122
Net profit / loss attributable to the controlling company	40,625,506	32,862,369	124
Net profit / loss attributable to non-controlling interest holders	969,566	1,199,572	81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(IN EUR)	
		H1 2012	H1 2011
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	41,595,080	34,061,941
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	26,784,040	-6,077,382
1.	Net gains/losses from the remeasurement of available-for-sale financial assets	31,748,603	-13,321,818
1.1	Gains/losses recognised in fair value reserve	30,084,650	-14,942,441
1.2	Transfer from fair value reserve to profit/loss	1,663,953	1,620,623
2.	Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	-2,453	820,261
3.	Translation differences	-1,156,223	878,535
4.	Tax on other comprehensive income	-3,805,887	5,545,640
III.	COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX	68,379,120	27,984,559
	Controlling interests	67,137,164	26,930,486
	Non-controlling interests	1,241,956	1,054,072

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 JUNE 2012

(IN EUR)

	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Non-controlling interests	TOTAL
			Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
1. OPENING BALANCE FOR THE PERIOD	73,701,387	53,204,076	529,798	364,680	19,430,985	34,866,038	176,000,000	2,786,975	61,135,233	46,175,732	-364,680	-2,565,292	465,264,931	24,204,905	489,469,836
2. Comprehensive income for the period from 1 January 2012 to 31 June 2012								27,649,962		40,625,506		-1,120,399	67,155,069	1,241,956	68,397,025
3. Net profit allocation to reserves from profit					85,405				-85,405				0		0
4. Acquisition of treasury shares				88,200					-88,200		-88,200		-88,200		-88,200
5. Dividend payment									-15,904,095				-15,904,095	6,511	-15,897,584
6. Allocation and use of reserves for credit risk							95,893			-95,893			0	0	0
7. Allocation to net profit/loss brought forward									46,175,732	-46,175,732			0		0
8. Recognition of reserves resulting from intragroup transactions		1,836,754											1,836,754	-4,440,930	-2,604,176
9. Other								-41,257	39,644				-1,613		-1,613
10. CLOSING BALANCE for the period	73,701,387	55,040,830	529,798	452,880	19,516,390	34,961,931	176,000,000	30,395,680	91,272,909	40,529,613	-452,880	-3,685,691	518,262,847	21,012,442	539,275,288

FOR THE PERIOD FROM 1 JANUARY 2011 TO 31 JUNE 2011

(IN EUR)

	Share capital	Share premium	Contingency reserves	Reserves from profit			Other reserves from profit	Fair value reserve	Net profit brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Non-controlling interests	TOTAL
				Treasury share reserves	Legal and statutory reserves	Credit risk reserves									
1. OPENING BALANCE FOR THE PERIOD	23,701,392	53,655,514	529,798	364,680	19,451,957	33,436,225	16,000,000	45,520,845	269,153,671	11,313,295	-364,680	-1,997,661	470,765,035	28,212,772	498,977,807
2. Comprehensive income for the period from 1 January 2011 to 31 June 2011								-6,810,426		32,862,377		878,535	26,930,486	1,054,072	27,984,558
3. Allocation of net profit brought forward	50,000,000						160,000,000		-210,000,000				0		0
4. Dividend payment									-9,094,059				-9,094,059	-25,740	-9,119,799
5. Allocation and use of reserves for credit risk						109,547				-95,306			14,241	-14,241	0
6. Allocation to net profit/loss brought forward									11,313,295	-11,313,295			0		0
7. Recognition of reserves resulting from intragroup transactions		-42,236			11,416				-8,229				-39,049	-556	-39,604
8. Other									-567				-567	-3,545,838	-3,546,405
9. CLOSING BALANCE for the period	73,701,392	53,613,279	529,798	364,680	19,463,373	33,545,772	176,000,000	38,710,419	61,364,111	32,767,071	-364,680	-1,119,126	488,576,088	25,680,470	514,256,557

CONSOLIDATED CASH FLOW STATEMENT

	(IN EUR)	
	H1 2012	H1 2011
A. OPERATING CASH FLOW		
Income statement items	41,679,809	33,329,613
Operating income(excluding revaluation) and financial income from operating receivables	531,431,522	561,660,362
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-477,627,331	-502,444,420
Corporate income tax and other taxes excluded from operating expenses	-12,124,382	-25,886,330
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-14,310,493	-55,438,941
Movements in receivables and prepayments and accrued income	-39,456,795	-73,442,687
Movements in deferred tax assets	-3,158,765	-8,337,571
Movements in assets held for sale (disposal group)	0	0
Movements in inventories	265,669	-414,326
Movements in operating debts	38,607,510	-683,261
Movements in accruals and deferred income and provisions	-13,779,840	14,785,468
Movements in deferred tax liabilities	3,211,728	12,653,436
TOTAL OPERATING CASH FLOW	27,369,316	-22,109,328
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,215,421,529	1,959,012,933
Cash inflows from interest received and profit sharing arising from investing activities	44,339,031	38,412,195
Income from dividends and profit sharing	6,291,088	2,430,581
Cash inflows from the disposal of intangible assets	0	0
Cash inflows from the disposal of property, plant and equipment	820,195	848,869
Cash inflows from the disposal of financial investments	1,138,849,230	1,883,562,872
Cash inflows from disposal of financial investments in associates	25,121,985	33,758,416
Cash outflows from investing activities	-1,257,142,626	-1,939,586,996
Cash outflows for the purchase of intangible assets	-5,476,298	-2,597,720
Cash outflows for the purchase of property, plant and equipment	-3,509,730	-3,539,046
Cash outflows for the purchase of financial investments	-1,230,098,396	-1,874,341,452
Cash outflows for the acquisition of financial investments in associates	-18,058,202	-59,108,778
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-41,721,097	19,425,937
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities	14,941,718	9,834,145
Cash inflows from loans received and bonds issued	14,941,718	9,834,145
Cash outflows from financing activities	-5,986,727	-17,182,546
Interest paid from financing activities	-2,109,522	-3,203,112
Cash outflows for payments of financial liabilities	-3,281,482	-13,979,209
Cash outflows from dividends paid and profit sharing	-595,723	-225
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	8,954,991	-7,348,401
D. Opening balance of cash and cash equivalents	22,771,667	34,108,090
E. Net cash flow for the period	-5,396,790	-10,031,792
Foreign exchange differentials	-647,239	-190,816
F. Closing balance of cash and cash equivalents	16,727,638	23,885,482

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

3.1. Statement of compliance

The financial statements for the period from 1 January 2012 to 30 June 2012 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Pursuant to requirements of the national legislation, separate financial statements of Zavarovalnica Triglav have been prepared in accordance with IFRS as adopted by the European Union (hereinafter "IFRS").

In addition to separate financial statements, Zavarovalnica Triglav also prepares consolidated financial statements in line with the IFRS. Entities in which the Group directly or indirectly holds more than half of the voting rights have been fully consolidated.

To acquire accurate information on the financial position and business results of the entire Triglav Group, separate financial statements of Zavarovalnica Triglav should be considered jointly with the consolidated financial statement.

The financial statements for the period from 1 January 2012 to 30 June 2012 have not been audited.

3.2. Significant accounting policies and estimates

The preparation of the financial statements for the first half-year 2012 is subject to the same accounting policies as the preparation of the financial statements for 2011. The calculation of tax expenses took into account the average effective tax rate in 2011, which was adjusted due the amended statutory tax rate from 20% to 18%.

In the reporting period, there were no significant changes of accounting estimates for amounts which were reported in the preceding financial year.

3.3. Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first half-year of 2012, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

3.4. Segmental analysis Zavarovalnica Triglav's operations

As Zavarovalnica Triglav operates mainly in the territory of the Republic of Slovenia, the management does not review a geographical analysis of operations. The management monitors the operations of Zavarovalnica Triglav according to its business segments, i.e., life and non-life insurance. The statement of financial position and the income statement by business segment are given below.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

(IN EUR)	30 June 2012			31 December 2011		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,292,627,855	1,313,924,014	2,606,551,869	1,238,615,910	1,292,439,778	2,531,055,688
Intangible assets	58,523,098	2,862,377	61,385,475	47,787,036	2,076,033	49,863,069
Property, plant and equipment	59,883,984	10,790,023	70,674,007	60,826,425	11,106,060	71,932,485
Deferred tax receivables	32,095,032	5,314,946	37,409,978	28,749,274	4,760,888	33,510,162
Investment property	17,881,706	1,959,089	19,840,795	18,008,707	1,976,181	19,984,888
Investments in subsidiaries	186,273,122	1,514,671	187,787,793	191,616,624	1,514,671	193,131,295
Investments in associates	975	10,854,528	10,855,503	975	10,854,528	10,855,503
Financial assets	729,275,690	1,276,038,212	2,005,313,902	723,280,154	1,249,354,814	1,972,634,968
Financial assets	729,275,690	905,009,437	1,634,285,127	723,280,154	894,356,236	1,617,636,390
- loans and deposits	166,922,101	175,878,992	342,801,093	185,713,454	177,591,374	363,304,828
- held to maturity	0	198,702,411	198,702,411	0	211,599,458	211,599,458
- available for sale	540,621,996	481,708,098	1,022,330,094	518,144,697	458,083,638	976,228,336
- investments recognised at fair value	21,731,593	48,719,936	70,451,529	19,422,002	47,081,766	66,503,768
Unit-linked insurance assets	0	371,028,775	371,028,775	0	354,998,578	354,998,578
Reinsurers' share of technical provisions	62,431,741	9,224	62,440,965	54,544,229	3,681	54,547,910
Receivables	142,354,448	3,554,029	145,908,477	110,105,259	7,212,333	117,317,592
- receivables from direct insurance operations	110,909,202	638,129	111,547,331	80,444,885	525,595	80,970,481
- receivables from reinsurance and co-insurance operations	7,700,645	41,681	7,742,325	8,179,159	8,024	8,187,183
- current tax receivables	0	0	0	0	0	0
- other receivables	23,744,601	2,874,219	26,618,820	21,481,215	6,678,714	28,159,929
Other assets	2,958,035	91,013	3,049,049	2,974,226	86,734	3,060,960
Cash and cash equivalents	950,024	935,901	1,885,925	723,001	3,493,853	4,216,855
EQUITY AND LIABILITIES	1,292,627,855	1,313,924,014	2,606,551,869	1,238,615,910	1,292,439,778	2,531,055,688
Equity	390,742,282	78,581,362	469,323,644	367,580,534	70,111,917	437,692,451
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	179,723,028	31,563,891	211,286,919	179,723,028	31,563,891	211,286,919
- fair value reserve	18,163,092	10,382,147	28,545,239	6,958,384	-989,199	5,969,185
- net profit/loss brought forward	77,407,467	0	77,407,467	49,539,512	0	49,539,512
- net profit/loss for the year	23,763,177	1,206,566	24,969,743	39,674,093	4,108,466	43,782,559
Subordinated liabilities	25,041,380	13,676,320	38,717,700	27,259,666	13,672,424	40,932,091
Insurance technical provisions	795,516,501	828,481,441	1,623,997,942	759,968,461	825,956,559	1,585,925,020
- unearned premiums	264,852,717	458,968	265,311,685	219,268,476	415,373	219,683,849
- mathematical provisions	0	807,839,867	807,839,867	0	806,053,274	806,053,274
- claims provisions	507,650,052	20,182,606	527,832,658	518,424,878	19,487,912	537,912,790
- other insurance technical provisions	23,013,732	0	23,013,732	22,275,106	0	22,275,106
Insurance technical provisions for unit-linked insurance contracts	0	371,360,071	371,360,071	0	354,900,127	354,900,127
Employee benefits	7,042,601	1,525,845	8,568,446	6,820,823	1,479,187	8,300,010
Other provisions	865,015	0	865,015	835,806	0	835,806
Deferred tax liabilities	3,987,096	2,273,928	6,261,024	1,739,596	1,346,682	3,086,278
Other financial liabilities	16,851,633	266,726	17,118,360	24,102,964	5,128,996	29,231,960
Operating liabilities	22,963,403	8,159,515	31,122,918	20,778,431	7,982,913	28,761,344
- liabilities from direct insurance operations	6,384,405	8,102,036	14,486,440	5,514,429	7,974,886	13,489,315
- liabilities from reinsurance and co-insurance operations	14,267,410	57,479	14,324,890	14,745,817	8,027	14,753,844
- current tax liabilities	2,311,588	0	2,311,588	518,186	0	518,186
Other liabilities	29,617,943	9,598,805	39,216,748	29,529,628	11,860,973	41,390,601

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

(IN EUR)

	H1 2012			H1 2011		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	205,467,301	97,858,634	303,325,935	215,271,011	101,094,268	316,365,279
- gross written premium	275,099,904	98,148,821	373,248,725	294,589,065	101,475,525	396,064,591
- ceded written premium	-43,012,696	-246,591	-43,259,288	-47,969,840	-156,477	-48,126,317
- change in unearned premiums	-26,619,907	-43,595	-26,663,502	-31,348,214	-224,781	-31,572,995
TOTAL INCOME FROM FINANCIAL ASSETS	23,716,662	54,435,201	78,151,863	21,993,350	27,785,938	49,779,288
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>824,681</i>	<i>22</i>	<i>824,703</i>	<i>1,547,751</i>	<i>582,481</i>	<i>2,130,232</i>
- interest income	800,801	22	800,823	1,097,545	314,706	1,412,251
- dividends	0	0	0	447,112	249,322	696,433
- fair value gains	0	0	0	3,094	18,454	21,547
- realised gains on disposals	0	0	0	0	0	0
- other financial income	23,880	0	23,880	0	0	0
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>22,891,980</i>	<i>30,155,539</i>	<i>53,047,519</i>	<i>20,445,599</i>	<i>22,474,820</i>	<i>42,920,419</i>
- interest income	15,793,592	19,920,435	35,714,027	15,322,806	19,242,735	34,565,542
- dividends	10,480	184,944	195,423	755,619	747,567	1,503,186
- fair value gains	1,965,043	4,360,074	6,325,116	1,137,506	1,124,879	2,262,385
- realised gains on disposals	4,436,102	5,689,956	10,126,059	2,904,644	1,359,585	4,264,230
- other financial income	686,763	130	686,894	325,024	53	325,077
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>24,279,641</i>	<i>24,279,641</i>	<i>0</i>	<i>4,728,638</i>	<i>4,728,638</i>
OTHER INCOME FROM INSURANCE OPERATIONS	8,680,347	7,293,486	15,973,833	8,214,194	8,451,703	16,665,897
- fees and commission income	6,764,267	6,714,747	13,479,014	6,424,768	7,681,226	14,105,994
- other income from insurance operations	1,916,080	578,739	2,494,819	1,789,426	770,477	2,559,903
OTHER INCOME	1,633,972	1,378,504	3,012,476	1,619,617	1,409,772	3,029,390
NET CLAIMS INCURRED	109,988,799	83,219,468	193,208,268	118,630,205	69,682,667	188,312,872
- gross claims settled	128,028,934	82,579,481	210,608,415	139,108,294	69,547,477	208,655,771
- reinsurers' and co-insurers' share	-10,320,507	-49,165	-10,369,671	-15,998,837	-97,923	-16,096,760
- changes in claims provisions	-7,719,628	689,152	-7,030,476	-4,479,252	233,113	-4,246,139
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	738,626	-9,223,399	-8,484,774	5,036,806	1,668,291	6,705,097
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	16,459,944	16,459,944	0	5,377,480	5,377,480
EXPENSES FOR BONUSES AND DISCOUNTS	2,554,955	0	2,554,955	2,305,684	0	2,305,684
OPERATING EXPENSES	52,074,845	15,481,349	67,556,195	52,453,343	15,907,429	68,360,772
- acquisition costs	37,788,673	9,136,107	46,924,780	37,767,640	9,781,157	47,548,797
- other operating costs	14,286,172	6,345,242	20,631,414	14,685,703	6,126,272	20,811,975
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	32,969,805	46,349,353	79,319,158	18,794,665	32,559,928	51,354,593
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>10,803</i>	<i>29,411</i>	<i>40,214</i>	<i>2,055,162</i>	<i>124,635</i>	<i>2,179,797</i>
- interest expense	0	0	0	23,326	46,066	69,392
- fair value losses	0	0	0	2,025,824	78,569	2,104,392
- realised loss on disposals	0	0	0	0	0	0
- permanent impairment of financial assets	0	29,411	29,411	0	0	0
- other expenses from financial assets and liabilities	10,803	0	10,803	6,013	0	6,013
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>32,959,002</i>	<i>26,718,384</i>	<i>59,677,386</i>	<i>16,739,503</i>	<i>12,943,940</i>	<i>29,683,444</i>
- interest expense	968,270	411,246	1,379,517	1,532,084	915,095	2,447,179
- fair value losses	2,922,717	9,064,166	11,986,882	1,363,918	1,350,969	2,714,887
- realised loss on disposals	2,097,517	9,504,391	11,601,907	2,819,876	2,397,632	5,217,508
- permanent impairment of financial assets	25,467,943	6,985,898	32,453,840	8,366,289	7,246,265	15,612,554
- other expenses from financial assets and liabilities	1,502,555	752,684	2,255,240	2,657,337	1,033,979	3,691,315
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>19,601,558</i>	<i>19,601,558</i>	<i>0</i>	<i>19,491,353</i>	<i>19,491,353</i>
OTHER INSURANCE EXPENSES	9,309,856	7,619,601	16,929,457	10,073,214	8,396,048	18,469,262
OTHER EXPENSES	886,135	69,591	955,726	648,817	59,328	708,145
PROFIT/ LOSS BEFORE TAX	30,975,259	989,920	31,965,179	39,155,438	5,090,511	44,245,949
Income tax expense	7,212,082	-216,646	6,995,436	12,244,068	1,591,711	13,835,779
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	23,763,177	1,206,566	24,969,743	26,911,370	3,498,800	30,410,170

3.5. Segmental analysis of operations of the Triglav Group

The management monitors the operations of the Triglav Group based on the following segments:

- business segments (non-life insurance, life insurance, health insurance, non-insurance operations);
- geographical segments (separately for Slovenia and for other countries).

The consolidated statement of financial position and the consolidated income statement by business segment and geographical area are given below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

	(IN EUR)						
AS AT 30 JUNE 2012	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL - CONSOLIDATED
ASSETS	1,812,277,994	1,379,790,832	25,738,209	351,793,022	3,569,600,057	-452,309,760	3,117,290,297
Intangible assets	68,823,199	2,878,584	406,081	1,229,837	73,337,701	1,817,862	75,155,563
Property, plant and equipment	92,149,981	10,848,647	2,760,897	32,937,902	138,697,427	0	138,697,427
Deferred tax receivables	34,136,311	5,682,133	520,838	3,934,394	44,273,676	0	44,273,676
Investment property	34,602,905	3,201,678	0	48,649,443	86,454,026	10,979,148	97,433,174
Investments in associates	222,858,841	9,748,708	0	136,627,253	369,234,802	-354,019,400	15,215,402
Financial assets	948,989,407	1,339,289,171	17,953,336	66,718,235	2,372,950,149	-96,546	2,372,853,603
- loans and deposits	212,753,301	191,753,506	8,906,922	11,391,543	424,805,272	0	424,805,272
- held to maturity	3,253,491	225,181,072	0	0	228,434,563	0	228,434,563
- available for sale	705,740,580	496,842,735	9,046,414	53,787,046	1,265,416,775	-96,546	1,265,320,229
- investments recognised at fair value	27,242,035	43,467,937	0	1,539,646	72,249,618	0	72,249,618
Unit-linked insurance assets	0	382,043,921	0	0	382,043,921	0	382,043,921
Reinsurers' share of technical provisions	128,340,861	22,968	0	0	128,363,829	-66,821,574	61,542,255
Receivables	263,641,621	5,460,995	3,983,357	22,892,119	295,978,092	-43,982,615	251,995,477
- receivables from direct insurance operations	152,285,325	2,366,495	3,736,601	0	158,388,421	-5,088,050	153,300,371
- receivables from reinsurance and co-insurance operations	76,586,910	41,818	0	0	76,628,728	-30,707,301	45,921,427
- current tax receivables	239,990	154	0	38,022	278,166	0	278,166
- other receivables	34,529,396	3,052,528	246,756	22,854,097	60,682,777	-8,187,264	52,495,513
Other assets	9,182,700	302,500	95,875	32,519,427	42,100,502	-186,635	41,913,867
Cash and cash equivalents	9,552,168	2,355,448	17,825	4,802,197	16,727,638	0	16,727,638
Noncurrent assets held for sale	0	0	0	1,482,215	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	1,812,277,994	1,379,790,832	25,738,209	351,793,022	3,569,600,057	-452,309,760	3,117,290,297
Equity	493,376,594	91,507,124	8,186,197	255,715,658	848,785,573	-309,510,280	539,275,293
Controlling interests	493,376,594	91,507,124	8,186,197	255,715,658	848,785,573	-330,522,722	518,262,851
- share capital	115,974,541	31,119,897	25,822,144	184,902,899	357,819,481	-284,118,092	73,701,389
- share premium	43,254,647	13,067,907	0	20,392,602	76,715,156	-21,674,326	55,040,830
- reserves from profit	200,122,754	32,091,323	0	3,777,998	235,992,075	-4,983,956	231,008,119
- fair value reserve	24,687,518	3,485,010	-480,640	21,328,009	49,019,897	-18,624,217	30,395,680
- net profit/loss brought forward	82,935,259	9,801,205	-18,268,658	21,105,276	95,573,082	-4,300,173	91,272,909
- net profit/loss for the year	28,324,107	2,869,025	1,113,351	5,255,082	37,561,565	2,968,051	40,529,616
- currency translation differences	-1,922,232	-927,243	0	-1,046,208	-3,895,683	209,991	-3,685,692
Non-controlling interests	0	0	0	0	0	21,012,442	21,012,442
Subordinated liabilities	26,408,802	13,676,320	1,500,000	0	41,585,122	-3,225,217	38,359,905
Insurance technical provisions	1,108,424,391	871,246,633	9,830,374	0	1,989,501,398	-67,079,951	1,922,421,447
- unearned premiums	370,868,387	469,396	2,748,541	0	374,086,324	-29,635,618	344,450,706
- mathematical provisions	0	849,430,219	0	0	849,430,219	0	849,430,219
- claims provisions	711,561,689	21,347,018	6,999,922	0	739,908,629	-37,444,333	702,464,296
- other insurance technical provisions	25,994,315	0	81,911	0	26,076,226	0	26,076,226
Insurance technical provisions for unit-linked insurance contracts	0	382,256,735	0	0	382,256,735	0	382,256,735
Employee benefits	8,324,783	1,533,477	157,393	775,107	10,790,760	0	10,790,760
Other provisions	7,310,621	335,028	191,953	11,266,574	19,104,176	0	19,104,176
Deferred tax liabilities	4,179,535	622,982	0	8,282,946	13,085,463	0	13,085,463
Other financial liabilities	37,243,523	727,816	-2	51,420,563	89,391,900	-23,347,761	66,044,139
Operating liabilities	87,492,123	8,375,127	2,567,940	-61,079	98,374,111	-31,713,992	66,660,119
- liabilities from direct insurance operations	12,915,702	8,317,573	2,567,940	0	23,801,215	-516,981	23,284,234
- liabilities from reinsurance and co-insurance operations	72,038,619	57,554	0	0	72,096,173	-31,197,011	40,899,162
- current tax liabilities	2,537,802	0	0	-61,079	2,476,723	0	2,476,723
Other liabilities	39,517,622	9,509,590	3,304,354	24,393,253	76,724,819	-17,432,559	59,292,260

(IN EUR)							
AS AT 31 DECEMBER 2011	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	1,727,489,315	1,352,282,081	22,952,603	288,845,146	3,391,569,145	-429,569,041	2,962,000,104
Intangible assets	58,347,323	2,091,664	503,270	1,242,965	62,185,222	1,148,243	63,333,465
Property, plant and equipment	95,093,620	11,165,759	2,638,647	19,910,656	128,808,682	0	128,808,682
Deferred tax receivables	31,530,559	5,156,245	586,802	3,387,637	40,661,243	0	40,661,243
Investment property	36,017,082	3,236,659	0	46,552,001	85,805,742	10,979,148	96,784,890
Investments in associates	227,046,559	9,188,006	0	107,678,422	343,912,987	-323,408,424	20,504,563
Financial assets	943,491,451	1,307,690,817	15,312,405	59,529,147	2,326,023,820	0	2,326,023,820
Financial assets	943,491,451	943,006,443	15,312,405	59,529,147	1,961,339,446	0	1,961,339,446
- loans and deposits	241,728,764	185,861,724	7,410,950	4,710,809	439,712,247	0	439,712,247
- held to maturity	4,420,046	240,798,235	0	0	245,218,281	0	245,218,281
- available for sale	664,130,314	467,455,530	7,901,455	53,378,426	1,192,865,725	0	1,192,865,725
- investments recognised at fair value	33,212,325	48,890,954	0	1,439,912	83,543,191	0	83,543,191
Unit-linked insurance assets	0	364,684,374	0	0	364,684,374	0	364,684,374
Reinsurers' share of technical provisions	100,568,860	17,461	0	0	100,586,321	-56,603,238	43,983,083
Receivables	215,274,084	8,797,084	3,862,792	38,651,204	266,585,164	-61,535,894	205,049,270
- receivables from direct insurance operations	115,165,850	1,969,843	3,641,378	0	120,777,071	-2,217,748	118,559,323
- receivables from reinsurance and co-insurance operations	69,524,867	8,192	0	0	69,533,059	-28,793,585	40,739,474
- current tax receivables	392,857	154	0	66,498	459,509	0	459,509
- other receivables	30,190,510	6,818,895	221,414	38,584,706	75,815,525	-30,524,561	45,290,964
Other assets	8,457,864	244,655	28,757	4,014,806	12,746,082	-148,876	12,597,206
Cash and cash equivalents	11,661,913	4,693,731	19,930	6,396,093	22,771,667	0	22,771,667
Non-current assets held for sale	0	0	0	1,482,215	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	1,727,489,315	1,352,282,081	22,952,603	288,845,146	3,391,569,145	-429,569,041	2,962,000,104
Equity	460,317,468	80,010,670	6,808,987	223,023,290	770,160,415	-280,690,577	489,469,838
Controlling interests	460,317,468	80,010,670	6,808,987	223,023,290	770,160,415	-304,895,482	465,264,933
- share capital	115,916,612	31,119,897	25,822,144	159,361,215	332,219,868	-258,518,466	73,701,402
- share premium	43,254,651	13,067,907	0	17,558,739	73,881,297	-20,677,221	53,204,076
- reserves from profit	199,910,474	32,091,323	0	2,950,511	234,952,308	-4,125,488	230,826,820
- fair value reserve	9,768,055	-8,964,301	-744,499	19,297,694	19,356,949	-16,569,974	2,786,975
- net profit/loss brought forward	53,276,018	6,727,413	-20,368,943	21,058,080	60,692,568	442,652	61,135,220
- net profit/loss for the year	39,808,441	6,704,672	2,100,285	3,147,653	51,761,051	-5,585,319	46,175,732
- currency translation differences	-1,616,783	-736,241	0	-350,602	-2,703,626	138,334	-2,565,292
Non-controlling interests	0	0	0	0	0	24,204,905	24,204,905
Subordinated liabilities	28,623,604	13,672,424	1,500,000	0	43,796,028	-2,863,938	40,932,090
Insurance technical provisions	1,051,421,356	866,517,668	8,466,282	0	1,926,405,306	-56,758,425	1,869,646,881
- unearned premiums	307,369,081	427,347	2,025,805	0	309,822,233	-18,081,835	291,740,398
- mathematical provisions	0	845,464,934	0	0	845,464,934	0	845,464,934
- claims provisions	718,208,945	20,625,387	5,306,508	0	744,140,840	-38,676,590	705,464,250
- other insurance technical provisions	25,843,330	0	1,133,969	0	26,977,299	0	26,977,299
Insurance technical provisions for unit-linked insurance contracts	0	364,495,891	0	0	364,495,891	0	364,495,891
Employee benefits	8,194,705	1,488,470	159,001	549,989	10,392,165	0	10,392,165
Other provisions	8,136,557	333,893	399,522	10,270,250	19,140,222	0	19,140,222
Deferred tax liabilities	1,905,791	-307,328	0	8,015,124	9,613,587	0	9,613,587
Other financial liabilities	51,698,726	5,498,322	0	28,310,568	85,507,616	-46,016,496	39,491,120
Operating liabilities	77,207,270	8,211,610	2,405,045	26,693	87,850,618	-29,989,876	57,860,742
- liabilities from direct insurance operations	11,009,638	8,139,667	2,405,045	0	21,554,350	-626,289	20,928,061
- liabilities from reinsurance and co-insurance operations	65,421,610	48,006	0	0	65,469,616	-29,363,587	36,106,029
- current tax liabilities	776,022	23,937	0	26,693	826,652	0	826,652
Other liabilities	39,983,838	12,360,461	3,213,766	18,649,232	74,207,297	-13,249,728	60,957,569

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

(IN EUR)

AS AT 30 JUNE 2012	SLOVENIA	OTHER	NON-CONSOLIDATED	ELIMINATIONS	CONSOLIDATED
ASSETS	3,177,969,831	391,630,226	3,569,600,057	-452,309,760	3,117,290,297
Intangible assets	62,250,725	11,086,976	73,337,701	1,817,862	75,155,563
Property, plant and equipment	98,702,725	39,994,702	138,697,427	0	138,697,427
Deferred tax receivables	42,196,789	2,076,887	44,273,676	0	44,273,676
Investment property	66,152,016	20,302,010	86,454,026	10,979,148	97,433,174
Investments in associates	361,238,880	7,995,922	369,234,802	-354,019,400	15,215,402
Financial assets	2,173,238,664	199,711,485	2,372,950,149	-96,546	2,372,853,603
Financial investments:	1,802,209,889	188,696,339	1,990,906,228	-96,546	1,990,809,682
- loans and deposits	360,464,012	64,341,260	424,805,272	0	424,805,272
- held to maturity	198,702,411	29,732,152	228,434,563	0	228,434,563
- available for sale	1,175,244,136	90,172,639	1,265,416,775	-96,546	1,265,320,229
- investments recognised at fair value	67,799,330	4,450,290	72,249,620	-2	72,249,618
Unit-linked insurance assets	371,028,775	11,015,146	382,043,921	0	382,043,921
Reinsurers' share of technical provisions	99,522,849	28,840,980	128,363,829	-66,821,574	61,542,255
Receivables	232,057,713	63,920,379	295,978,092	-43,982,615	251,995,477
- receivables from direct insurance operations	115,199,466	43,188,955	158,388,421	-5,088,050	153,300,371
- receivables from reinsurance and co-insurance operations	70,381,318	6,247,410	76,628,728	-30,707,301	45,921,427
- current tax receivables	36,284	241,882	278,166	0	278,166
- other receivables	46,440,645	14,242,132	60,682,777	-8,187,264	52,495,513
Other assets	35,267,668	6,832,834	42,100,502	-186,635	41,913,867
Cash and cash equivalents	5,859,587	10,868,051	16,727,638	0	16,727,638
Noncurrent assets for sale	1,482,215	0	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	3,177,969,831	391,630,226	3,569,600,057	-452,309,760	3,117,290,297
Equity	762,542,388	86,243,185	848,785,573	-309,510,280	539,275,293
Controlling interests	762,542,388	86,243,185	848,785,573	-330,522,722	518,262,851
- share capital	275,757,547	82,061,934	357,819,481	-284,118,092	73,701,389
- share premium	74,952,191	1,762,965	76,715,156	-21,674,326	55,040,830
- reserves from profit	217,690,516	18,301,559	235,992,075	-4,983,956	231,008,119
- fair value reserve	48,210,897	809,000	49,019,897	-18,624,217	30,395,680
- net profit/loss brought forward	110,918,547	-15,345,465	95,573,082	-4,300,173	91,272,909
- net profit/loss for the year	35,012,690	2,548,875	37,561,565	2,968,051	40,529,616
- currency translation differences	0	-3,895,683	-3,895,683	209,991	-3,685,692
Non-controlling interests	0	0	0	21,012,442	21,012,442
Subordinated liabilities	40,217,700	1,367,422	41,585,122	-3,225,217	38,359,905
Insurance technical provisions	1,758,042,720	231,458,678	1,989,501,398	-67,079,951	1,922,421,447
- unearned premiums	305,811,593	68,274,731	374,086,324	-29,635,618	344,450,706
- mathematical provisions	807,839,867	41,590,352	849,430,219	0	849,430,219
- claims provisions	620,970,014	118,938,615	739,908,629	-37,444,333	702,464,296
- other insurance technical provisions	23,421,246	2,654,980	26,076,226	0	26,076,226
Insurance technical provisions for unit-linked insurance contracts	371,360,071	10,896,664	382,256,735	0	382,256,735
Employee benefits	9,557,120	1,233,640	10,790,760	0	10,790,760
Other provisions	12,172,235	6,931,941	19,104,176	0	19,104,176
Deferred tax liabilities	12,889,269	196,194	13,085,463	0	13,085,463
Other financial liabilities	65,968,762	23,423,138	89,391,900	-23,347,761	66,044,139
Operating liabilities	80,381,071	17,993,040	98,374,111	-31,713,992	66,660,119
- liabilities from direct insurance operations	17,054,378	6,746,837	23,801,215	-516,981	23,284,234
- liabilities from reinsurance and co-insurance operations	60,867,270	11,228,903	72,096,173	-31,197,011	40,899,162
- current tax liabilities	2,459,423	17,300	2,476,723	0	2,476,723
Other liabilities	64,838,495	11,886,324	76,724,819	-17,432,559	59,292,260

(IN EUR)					
AS AT 31 DECEMBER 2011	SLOVENIA	OTHER	NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	3,015,049,209	376,519,936	3,391,569,145	-429,569,041	2,962,000,104
Intangible assets	50,731,242	11,453,980	62,185,222	1,148,243	63,333,465
Property, plant and equipment	86,280,649	42,528,033	128,808,682	0	128,808,682
Deferred tax receivables	38,475,326	2,185,917	40,661,243	0	40,661,243
Investment property	64,166,737	21,639,005	85,805,742	10,979,148	96,784,890
Investments in associates	336,061,478	7,851,509	343,912,987	-323,408,424	20,504,563
Financial assets	2,125,551,370	200,472,450	2,326,023,820	0	2,326,023,820
Financial assets	1,770,552,792	190,786,654	1,961,339,446	0	1,961,339,446
- loans and deposits	370,997,749	68,714,498	439,712,247	0	439,712,247
- held to maturity	211,599,458	33,618,823	245,218,281	0	245,218,281
- available for sale	1,117,989,900	74,875,825	1,192,865,725	0	1,192,865,725
- investments recognised at fair value	69,965,684	13,577,507	83,543,191	0	83,543,191
Unit-linked insurance assets	354,998,578	9,685,796	364,684,374	0	364,684,374
Reinsurers' share of technical provisions	81,923,035	18,663,286	100,586,321	-56,603,238	43,983,083
Receivables	213,401,379	53,183,785	266,585,164	-61,535,894	205,049,270
- receivables from direct insurance operations	84,628,155	36,148,916	120,777,071	-2,217,748	118,559,323
- receivables from reinsurance and co-insurance operations	64,234,278	5,298,781	69,533,059	-28,793,585	40,739,474
- current tax receivables	435,240	24,269	459,509	0	459,509
- other receivables	64,103,706	11,711,819	75,815,525	-30,524,561	45,290,964
Other assets	6,665,824	6,080,258	12,746,082	-148,876	12,597,206
Cash and cash equivalents	10,309,954	12,461,713	22,771,667	0	22,771,667
Non-current assets held for sale	1,482,215	0	1,482,215	0	1,482,215
EQUITY AND LIABILITIES	3,015,049,209	376,519,936	3,391,569,145	-429,569,041	2,962,000,104
Share capital	690,276,727	79,883,688	770,160,415	-280,690,577	489,469,838
Controlling interests	690,276,727	79,883,688	770,160,415	-304,895,482	465,264,933
- share capital	250,215,863	82,004,005	332,219,868	-258,518,466	73,701,402
- share premium	72,118,328	1,762,969	73,881,297	-20,677,221	53,204,076
- reserves from profit	216,767,136	18,185,172	234,952,308	-4,125,488	230,826,820
- fair value reserve	21,168,811	-1,811,862	19,356,949	-16,569,974	2,786,975
- net profit/loss brought forward	76,434,327	-15,741,759	60,692,568	442,652	61,135,220
- net profit/loss for the year	53,572,262	-1,811,211	51,761,051	-5,585,319	46,175,732
- currency translation differences	0	-2,703,626	-2,703,626	138,334	-2,565,292
Non-controlling interests	0	0	0	24,204,905	24,204,905
Subordinated liabilities	42,432,090	1,363,938	43,796,028	-2,863,938	40,932,090
Insurance technical provisions	1,705,835,686	220,569,620	1,926,405,306	-56,758,425	1,869,646,881
- unearned premiums	246,082,775	63,739,458	309,822,233	-18,081,835	291,740,398
- mathematical provisions	806,053,274	39,411,660	845,464,934	0	845,464,934
- claims provisions	629,969,034	114,171,806	744,140,840	-38,676,590	705,464,250
- other insurance technical provisions	23,730,603	3,246,696	26,977,299	0	26,977,299
Insurance technical provisions for unit-linked insurance contracts	354,900,127	9,595,764	364,495,891	0	364,495,891
Employee benefits	9,037,774	1,354,391	10,392,165	0	10,392,165
Other provisions	11,314,516	7,825,706	19,140,222	0	19,140,222
Deferred tax liabilities	9,447,240	166,347	9,613,587	0	9,613,587
Other financial liabilities	54,801,866	30,705,750	85,507,616	-46,016,496	39,491,120
Operating liabilities	74,957,364	12,893,254	87,850,618	-29,989,876	57,860,742
- liabilities from direct insurance operations	15,803,708	5,750,642	21,554,350	-626,289	20,928,061
- liabilities from reinsurance and co-insurance operations	58,628,262	6,841,354	65,469,616	-29,363,587	36,106,029
- current tax liabilities	525,394	301,258	826,652	0	826,652
Other liabilities	62,045,819	12,161,478	74,207,297	-13,249,728	60,957,569

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

(IN EUR)

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	296,584,733	104,801,558	42,152,817	0	443,539,108
- gross written premium	375,848,739	104,844,631	42,875,553	0	523,568,923
- ceded written premium	-49,026,989	-669	0	0	-49,027,658
- change in unearned premiums	-30,237,017	-42,404	-722,736	0	-31,002,157
INCOME FROM FINANCIAL ASSETS	38,527,255	57,742,302	323,085	2,474,902	99,067,544
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>5,828,826</i>	<i>646,613</i>	<i>0</i>	<i>677,569</i>	<i>7,153,008</i>
- profit on equity investments accounted for using the equity method	0	646,613	0	255,848	902,461
- interest income	0	0	0	0	0
- dividends	0	0	0	44,960	44,960
- fair value gains	0	0	0	0	0
- realised gains on disposals	0	0	0	0	0
- other financial income	5,828,826	0	0	376,761	6,205,587
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>32,698,429</i>	<i>32,132,839</i>	<i>323,085</i>	<i>1,797,333</i>	<i>66,951,686</i>
- interest income	21,941,215	21,327,218	323,084	225,187	43,816,704
- dividends	108,369	195,422	0	1,333,258	1,637,049
- fair value gains	2,084,234	4,495,310	0	0	6,579,544
- realised gains on disposals	5,348,991	5,693,558	0	0	11,042,549
- other financial income	3,215,620	421,331	1	238,888	3,875,840
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>24,962,850</i>	<i>0</i>	<i>0</i>	<i>24,962,850</i>
OTHER INCOME FROM INSURANCE OPERATIONS	4,591,854	7,276,530	12,420	0	11,880,804
- fees and commission income	1,618,642	6,687,940	0	0	8,306,582
- other income from insurance operations	2,973,212	588,590	12,420	0	3,574,222
OTHER INCOME	2,413,286	108,827	50,995	37,345,819	39,918,927
NET CLAIMS INCURRED	167,506,223	85,957,201	38,086,206	0	291,549,630
- gross claims settled	183,649,644	85,234,186	32,797,121	0	301,680,951
- reinsurers' and co-insurers' share	-8,653,598	0	0	0	-8,653,598
- changes in claims provisions	-7,489,823	723,015	1,693,415	0	-5,073,393
- equalisation scheme expenses for supplementary health insurance	0	0	3,595,670	0	3,595,670
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	140,140	-7,015,593	-1,052,058	0	-7,927,511
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	17,732,175	0	0	17,732,175
EXPENSES FOR BONUSES AND DISCOUNTS	3,028,617	893	0	0	3,029,510
OPERATING EXPENSES	77,494,982	16,101,471	3,347,514	0	96,943,967
- acquisition costs	52,582,653	9,141,794	539,816	0	62,264,263
- other operating costs	24,912,329	6,959,677	2,807,698	0	34,679,704
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	36,397,200	47,077,770	13,628	2,638,492	86,127,090
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>0</i>	<i>29,084</i>	<i>0</i>	<i>1,921,939</i>	<i>1,951,023</i>
- loss on investments accounted for using the equity method	0	29,084	0	1,921,939	1,951,023
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>36,397,200</i>	<i>27,241,204</i>	<i>13,628</i>	<i>716,553</i>	<i>64,368,585</i>
- interest expense	1,388,757	411,596	1,936	327,017	2,129,306
- fair value losses	3,156,006	9,144,757	0	247,758	12,548,521
- realised loss on disposals	3,238,569	9,522,021	0	0	12,760,590
- permanent impairment of financial assets	25,813,921	6,987,574	0	4,704	32,806,199
- other expenses from financial assets and liabilities	2,799,947	1,175,256	11,692	137,074	4,123,969
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>19,807,482</i>	<i>0</i>	<i>0</i>	<i>19,807,482</i>
OTHER INSURANCE EXPENSES	13,775,866	7,670,368	320,711	0	21,766,945
OTHER EXPENSES	1,858,679	99,409	311	33,743,308	35,701,707
PROFIT/ LOSS BEFORE TAX	41,915,421	2,305,523	1,823,005	3,438,921	49,482,870
Income tax expense	7,974,610	-216,646	0	129,826	7,887,790
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	33,940,811	2,522,169	1,823,005	3,309,095	41,595,080
Net profit / loss attributable to the controlling company	33,177,405	2,490,975	1,823,005	3,134,129	40,625,506
Net profit / loss attributable to non-controlling interest holders	763,406	31,194		174,966	969,566

(IN EUR)

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011					
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	309,971,754	107,942,350	39,029,812	0	456,943,916
- gross written premium	402,086,055	108,164,132	39,611,803	0	549,861,990
- ceded written premium	-53,496,338	-910	0	0	-53,497,248
- change in unearned premiums	-38,617,963	-220,872	-581,991	0	-39,420,826
INCOME FROM FINANCIAL ASSETS	28,372,827	29,374,149	251,919	1,309,529	59,308,424
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>628,367</i>	<i>352,088</i>	<i>11,684</i>	<i>577,350</i>	<i>1,569,489</i>
- profit on equity investments accounted for using the equity method	22,080	28,252	0	714,037	764,369
- interest income	477,699	305,382	11,684	-47,026	747,739
- dividends	0	0	0	0	0
- fair value gains	3,094	18,454	0	-53,583	-32,035
- realised gains on disposals	748	0	0	0	748
- other financial income	124,746	0	0	-36,078	88,668
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>27,744,460</i>	<i>23,946,322</i>	<i>240,235</i>	<i>732,179</i>	<i>52,663,196</i>
- interest income	20,794,774	20,498,993	240,235	116,388	41,650,390
- dividends	825,759	758,136	0	58,496	1,642,391
- fair value gains	1,199,105	1,265,920	0	311,897	2,776,922
- realised gains on disposals	3,494,318	1,361,217	0	0	4,855,535
- other financial income	1,430,504	62,056	0	245,398	1,737,958
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>5,075,739</i>	<i>0</i>	<i>0</i>	<i>5,075,739</i>
OTHER INCOME FROM INSURANCE OPERATIONS	7,264,310	8,432,131	1,630	0	15,698,071
- fees and commission income	3,169,197	7,656,886	0	0	10,826,083
- other income from insurance operations	4,095,113	775,245	1,630	0	4,871,988
OTHER INCOME	5,756,128	93,225	8,022	22,057,261	27,914,636
NET CLAIMS INCURRED	175,350,311	71,735,490	35,377,038	0	282,462,839
- gross claims settled	193,598,283	71,672,383	31,468,953	0	296,739,619
- reinsurers' and co-insurers' share	-13,220,736	0	0	0	-13,220,736
- changes in claims provisions	-5,027,236	63,107	536,274	0	-4,427,855
- equalisation scheme expenses for supplementary health insurance	0	0	3,371,811	0	3,371,811
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	3,942,868	3,581,200	-856,654	0	6,667,414
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	6,616,609	0	0	6,616,609
EXPENSES FOR BONUSES AND DISCOUNTS	2,915,850	743	0	0	2,916,593
OPERATING EXPENSES	77,051,918	16,610,013	3,209,566	0	96,871,497
- acquisition costs	50,776,374	9,707,733	455,917	0	60,940,024
- other operating costs	26,275,544	6,902,280	2,753,649	0	35,931,473
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	23,761,029	33,818,978	61,388	1,786,779	59,428,174
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>3,946,928</i>	<i>801,951</i>	<i>499</i>	<i>1,133,328</i>	<i>5,882,706</i>
- loss on investments accounted for using the equity method	3,210,940	677,316	0	1,478,896	5,367,152
- interest expense	659,433	46,066	0	-428,610	276,889
- fair value losses	70,542	78,569	0	83,042	232,153
- realised loss on disposals	0	0	0	0	0
- other expenses from financial assets and liabilities	6,013	0	499	0	6,512
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>19,814,101</i>	<i>13,254,387</i>	<i>60,889</i>	<i>653,451</i>	<i>33,782,828</i>
- interest expense	1,948,100	915,055	1,702	241,603	3,106,460
- fair value losses	1,408,190	1,419,782	0	163,848	2,991,820
- realised loss on disposals	3,217,517	2,397,632	0	0	5,615,149
- permanent impairment of financial assets	8,705,105	7,246,265	49,632	1,111	16,002,113
- other expenses from financial assets and liabilities	4,535,189	1,275,653	9,555	246,889	6,067,286
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>19,762,640</i>	<i>0</i>	<i>0</i>	<i>19,762,640</i>
OTHER INSURANCE EXPENSES	20,690,217	8,615,189	334,179	0	29,639,585
OTHER EXPENSES	4,425,767	-109,513	14,010	21,953,950	26,284,214
PROFIT/ LOSS BEFORE TAX	43,227,059	4,973,146	1,151,856	-373,939	48,978,122
Income tax expense	13,112,855	1,591,711	0	211,615	14,916,181
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	30,114,204	3,381,435	1,151,856	-585,554	34,061,941
Net profit / loss attributable to the controlling company	29,039,835	3,349,750	1,149,738	-676,953	32,862,370
Net profit / loss attributable to non-controlling interest holders	1,074,369	31,685	2,118	91,399	1,199,571

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	(IN EUR)		
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	369,043,272	74,495,836	443,539,108
- gross written premium	436,406,067	87,162,856	523,568,923
- ceded written premium	-38,561,487	-10,466,171	-49,027,658
- change in unearned premiums	-28,801,308	-2,200,849	-31,002,157
INCOME FROM FINANCIAL ASSETS	91,130,990	7,936,554	99,067,544
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>7,153,008</i>	<i>0</i>	<i>7,153,008</i>
- profit on equity investments accounted for using the equity method	902,461	0	902,461
- interest income	0	0	0
- dividends	44,960	0	44,960
- fair value gains	0	0	0
- realised gains on disposals	0	0	0
- other financial income	6,205,587	0	6,205,587
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>59,698,341</i>	<i>7,253,345</i>	<i>66,951,686</i>
- interest income	38,881,168	4,935,536	43,816,704
- dividends	1,536,215	100,834	1,637,049
- fair value gains	6,325,116	254,428	6,579,544
- realised gains on disposals	10,585,784	456,765	11,042,549
- other financial income	2,370,058	1,505,782	3,875,840
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>24,279,641</i>	<i>683,209</i>	<i>24,962,850</i>
OTHER INCOME FROM INSURANCE OPERATIONS	9,549,610	2,331,194	11,880,804
- fees and commission income	7,456,137	850,445	8,306,582
- other income from insurance operations	2,093,473	1,480,749	3,574,222
OTHER INCOME	36,120,234	3,798,693	39,918,927
NET CLAIMS INCURRED	245,520,860	46,028,770	291,549,630
- gross claims settled	255,958,454	45,722,497	301,680,951
- reinsurers' and co-insurers' share	-6,899,131	-1,754,467	-8,653,598
- changes in claims provisions	-7,134,133	2,060,740	-5,073,393
- equalisation scheme expenses for supplementary health insurance	3,595,670	0	3,595,670
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-9,536,831	1,609,320	-7,927,511
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	16,459,944	1,272,231	17,732,175
EXPENSES FOR BONUSES AND DISCOUNTS	2,559,029	470,481	3,029,510
OPERATING EXPENSES	70,711,350	26,232,617	96,943,967
- acquisition costs	46,999,681	15,264,582	62,264,263
- other operating costs	23,711,669	10,968,035	34,679,704
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	84,419,080	1,708,010	86,127,090
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,951,023</i>	<i>0</i>	<i>1,951,023</i>
- loss on investments accounted for using the equity method	1,951,023	0	1,951,023
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- other expenses from financial assets and liabilities	0	0	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>62,866,499</i>	<i>1,502,086</i>	<i>64,368,585</i>
- interest expense	2,099,685	29,621	2,129,306
- fair value losses	12,222,428	326,093	12,548,521
- realised loss on disposals	12,707,810	52,780	12,760,590
- permanent impairment of financial assets	32,650,808	155,391	32,806,199
- other expenses from financial assets and liabilities	3,185,768	938,201	4,123,969
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>19,601,558</i>	<i>205,924</i>	<i>19,807,482</i>
OTHER INSURANCE EXPENSES	17,323,532	4,443,413	21,766,945
OTHER EXPENSES	31,241,591	4,460,116	35,701,707
PROFIT/ LOSS BEFORE TAX	47,145,551	2,337,319	49,482,870
Income tax expense	7,878,255	9,535	7,887,790
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	39,267,296	2,327,784	41,595,080
Net profit / loss attributable to the controlling company	39,148,533	1,476,976	40,625,506
Net profit / loss attributable to non-controlling interest holders	118,760	850,806	969,566

(IN EUR)

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	373,130,130	83,813,786	456,943,916
- gross written premium	454,997,027	94,864,963	549,861,990
- ceded written premium	-46,558,430	-6,938,818	-53,497,248
- change in unearned premiums	-35,308,467	-4,112,359	-39,420,826
INCOME FROM FINANCIAL ASSETS	52,863,359	6,445,065	59,308,424
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>1,547,409</i>	<i>22,080</i>	<i>1,569,489</i>
- profit on equity investments accounted for using the equity method	742,289	22,080	764,369
- interest income	747,739	0	747,739
- dividends	0	0	0
- fair value gains	-32,035	0	-32,035
- realised gains on disposals	748	0	748
- other financial income	88,668	0	88,668
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>46,587,313</i>	<i>6,075,883</i>	<i>52,663,196</i>
- interest income	36,770,497	4,879,893	41,650,390
- dividends	1,567,534	74,857	1,642,391
- fair value gains	2,574,281	202,641	2,776,922
- realised gains on disposals	4,477,441	378,094	4,855,535
- other financial income	1,197,560	540,398	1,737,958
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>4,728,638</i>	<i>347,101</i>	<i>5,075,739</i>
OTHER INCOME FROM INSURANCE OPERATIONS	12,826,064	2,872,007	15,698,071
- fees and commission income	10,483,701	342,382	10,826,083
- other income from insurance operations	2,342,363	2,529,625	4,871,988
OTHER INCOME	25,090,526	2,824,110	27,914,636
NET CLAIMS INCURRED	237,294,995	45,167,844	282,462,839
- gross claims settled	251,132,271	45,607,348	296,739,619
- reinsurers' and co-insurers' share	-13,878,717	657,981	-13,220,736
- changes in claims provisions	-3,330,370	-1,097,485	-4,427,855
- equalisation scheme expenses for supplementary health insurance	3,371,811	0	3,371,811
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	5,848,442	818,972	6,667,414
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	5,377,480	1,239,129	6,616,609
EXPENSES FOR BONUSES AND DISCOUNTS	2,307,946	608,647	2,916,593
OPERATING EXPENSES	71,536,926	25,334,571	96,871,497
- acquisition costs	47,543,392	13,396,632	60,940,024
- other operating costs	23,993,534	11,937,939	35,931,473
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	58,078,848	1,349,326	59,428,174
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>6,310,454</i>	<i>-427,748</i>	<i>5,882,706</i>
- loss on investments accounted for using the equity method	5,367,152	0	5,367,152
- interest expense	704,637	-427,748	276,889
- fair value losses	232,153	0	232,153
- realised loss on disposals	0	0	0
- other expenses from financial assets and liabilities	6,512	0	6,512
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>32,277,040</i>	<i>1,505,788</i>	<i>33,782,828</i>
- interest expense	2,824,794	281,666	3,106,460
- fair value losses	2,878,735	113,085	2,991,820
- realised loss on disposals	5,601,517	13,632	5,615,149
- permanent impairment of financial assets	15,973,272	28,841	16,002,113
- other expenses from financial assets and liabilities	4,998,722	1,068,564	6,067,286
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>19,491,353</i>	<i>271,287</i>	<i>19,762,640</i>
OTHER INSURANCE EXPENSES	18,875,629	10,763,956	29,639,585
OTHER EXPENSES	23,557,560	2,726,654	26,284,214
PROFIT/ LOSS BEFORE TAX	41,032,253	7,945,869	48,978,122
Income tax expense	14,916,181	0	14,916,181
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	26,116,072	7,945,869	34,061,941
Net profit / loss attributable to the controlling company	25,562,476	7,299,894	32,862,370
Net profit / loss attributable to non-controlling interest holders	553,596	645,975	1,199,571

3.6. Significant items of statement of financial position

Intangible assets

In the first six-month period of 2012, intangible assets of Zavarovalnica Triglav increased by EUR 13.3 million. The increase is attributable mostly to the acquisition of computer software and licences (EUR 5.3 million) and higher long-term deferred acquisition costs (EUR 8.0 million).

In the reporting period, intangible assets of the Triglav Group increased by EUR 14.4 million. The respective increase disclosed in the consolidated financial statements also arises from the acquisition of computer software and licences (EUR 5.7 million), the change of long-term deferred acquisition costs (EUR 8.0 million), and goodwill (EUR 670,000) – for details see Section 3.7.

Property, plant and equipment

In the first half-year 2012, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 1.2 million. As at 30 June 2012, liabilities for the acquisition of property, plant and equipment amounted to EUR 319,000.

At the Group level acquisition costs of property, plant and equipment totalled EUR 2.7 million in the first six-month period of 2012.

Impairment

In the income statements of Zavarovalnica Triglav and the Triglav Group from 1 January to 30 June 2012, an impairment loss on financial assets of EUR 32.5 million and EUR 32.8 million respectively was recognised. No impairment loss on other assets or reversal of such impairment loss was recognised in the reporting period.

Subordinated debt instruments

During the reporting period, Zavarovalnica Triglav did not issue any debt securities but it did buy back and thereupon deleted the ZT 01 debt securities in the amount of EUR 2.2 million.

Contingent liabilities

In the first six-month period of 2012, contingent liabilities grew by EUR 8.4 million over 31 December 2011 and the increase refers almost in its full amount to option agreements.

Distribution of accumulated profits for 2011

On 12 June 2012, the General Meeting of Shareholders passed a resolution on the following distribution of the accumulated profit of EUR 93,322,070.68 as at 31 December 2011:

- Part of the accumulated profit in the amount of EUR 15,914,603.60 shall be used for dividend payments. The dividend amounts to EUR 0.70 gross per share and is paid to shareholders that are entered in the share register two days upon the date of the General Meeting. The dividend payout is carried out within 30 days upon the date this resolution is passed.

- The distribution of the remaining accumulated profit of EUR shall be decided upon in the following years.

3.7. Changes in equity stakes in subsidiaries and business combinations

Purchase of shares of Pozavarovalnica Triglav Re d.d. Ljubljana

Zavarovalnica Triglav purchased 1,950 shares of Pozavarovalnica Triglav Re d.d. from non-controlling interest holders in the reporting period and thus became the sole owner (100%) of that subsidiary. The purchase price for this 13% equity stake was recorded at EUR 2,809,950. The difference between the amount for which the non-controlling interest is adjusted and the compensation received, equalling EUR 1,698,612, was recognized directly in equity (capital reserves).

Purchase of shares in Triglav Zdravstvena zavarovalnica d.d. Ljubljana

Zavarovalnica Triglav purchased 3,029 shares of Triglav Zdravstvena zavarovalnica d.d. from non-controlling interest holders and thus became the sole owner (100%) of that subsidiary. The purchase price for a 0.49% equity stake was EUR 18,174. The difference between the amount for which the non-controlling interest is adjusted and the compensation received, equalling EUR 15,190, was recognized directly in equity (capital reserves).

Zavarovalnica Triglav d.d. – acquisition of Investicijsko podjetje d.o.o. (IP) and its subsidiaries (IP Nova, IP Nova A)

Zavarovalnica Triglav d.d. acquired the company Investicijsko podjetje d.o.o., Ljubljana on 22 June 2012 and thereby became its sole owner (100%). The acquisition aimed at making use of the synergies in investment property management that can improve business efficiency and an investment property management at the level of the entire Group. This acquisition is therefore a meaningful contribution to the real property business in the Triglav Group.

TIP d.o.o. is the sole owner of two of its subsidiaries, namely:

- IP Nova d.o.o., and
- IP Nova A d.o.o.

The acquisition of IP d.o.o. and its subsidiaries has been accounted for in the consolidated financial statements for the first six-month period of 2012 and as at the reporting date 30 June 2012, by applying the acquisition method in compliance with IFRS 3 – Business Combinations.

The acquired assets and liabilities in the acquired companies were recognised and measured as follows:

Fair value of assets and liabilities of acquired companies as at the acquisition date

		(IN EUR)		
No.	Items	IP	IP Nova:	IP Nova A
1	ASSETS	38,473,172	239,033	9,004
	- intangible assets	101,800	0	0
	- property, plant and equipment	1,766,841	0	0
	- investment property	2,415,000	110,000	0
	- financial assets	5,003,072	120,000	8,346
	- deferred tax assets	128,713	0	0
	- other receivables	179,811	2,703	78
	- cash and cash equivalents	1,184,629	6,330	580
	- inventories	27,358,000	0	0
	- deferred items	335,306	0	0
2	LIABILITIES	17,830,976	0	11
	- long-term provisions	269,889	0	0
	- liabilities to banks	16,820,447	0	0
	- other operating liabilities	328,792	0	11
	- deferred tax liabilities	411,848	0	0
3	NET value of assets acquired and liabilities assumed	20,642,196	239,033	8,993
4	Acquisition price of IP	14,813,370	8,763	8,763
6	Equity stake (%)	100	100	100
7	Fair value of acquired stake	14,813,370	8,763	8,763
8	GOODWILL (recognised under intangible assets)	0	0	0
9	BADWILL (recognised under income)	5,828,826	230,270	230
10	Value of non-controlling interest (calculated as proportionate share in equity instruments in recognised value of net identifiable assets)	0	0	0

Contingent receivables due from the Stanovanjski sklad RS and DURS Davčni urad Ljubljana were not recognised within the assets of IP d.o.o. and the same applies to contingent liabilities to IMP Nova d.o.o., Zagreb, and Stanovanjska zadruga Zagrebstan for which Zavarovalnica Triglav concluded a guarantee contract in the amount of EUR 1,845,422 payable to the seller of IP upon receiving contingent receivables and settling contingent liabilities within a period of 3 years.

Other changes in the Triglav Group

Triglav INT d.d. – capital increase in Triglav Osiguranje a.d.o., Belgrade,

A capital increase was carried out in Triglav Osiguranje a.d.o., Belgrade, by issuing 377,000 shares at par value of RSD 700 each i.e. RSD 263,900,000 or EUR 2,308,836. Thereby the participation of Triglav INT d.d. changed from 96.08 % to 97.1 %. The capital increase was thus used to cover the loss brought forward from previous periods in the amount of RSD 257,278,700.

Triglav Naložbe d.d. – acquisition of Avrigo d.d. and its subsidiaries

On 6 February 2012 Triglav Naložbe d.d. acquired the company Avrigo d.d., Nova Gorica, by increasing its equity stake from 46.51% to 77.96%. Prior to the acquisition, the holding in Avrigo d.d. was included in consolidated financial statements and accounted for by using the equity method. Avrigo d.d., assessed as having the ability to generate high return on equity, was acquired in order for the Company to gain control over its operations.

The subsidiaries of Avrigo d.d. are the following:

- Integral Notranjska d.o.o., družba za prevoz in turizem, Cerknica – 100% owned;
- Integral avtobusni promet in turizem Zagorje d.o.o. – 78.57% owned;

- Integral Stojna Kočevje d.o.o. – 79.88% owned;
- Alptours Turizem, trgovina, storitve d.o.o., Bovec – 97.66% owned.

Capital ties of the above subsidiaries include:

- a 9.03% equity holding of Integral Strojna Kočevje d.o.o. in Integral avtobusni promet in turizem Zagorje d.o.o.;
- a 19.39% equity holding of Integral avtobusni promet in turizem Zagorje d.o.o. in Integral Strojna Kočevje d.o.o.

The acquisition of Avrigo d.d., with its four subsidiaries, has been recognised already in the consolidated financial statements for the 1st quarter of 2012 i.e. as at 31 March 2012, by applying the acquisition method as required under IFRS 3 – Business Combinations.

The acquired assets, liabilities and non-controlling interests in the acquired companies are outlined below:

Fair value of assets and liabilities of AvriGO d.d. as at the acquisition date

		(IN EUR)
1	ASSETS	14,011,573
	- intangible assets	25,952
	- property, plant and equipment	8,226,379
	- investment property	35,025
	- financial assets	2,436,695
	- deferred tax assets	69,409
	- other receivables	2,206,310
	- cash and cash equivalents	921,430
	- other assets	90,373
2	LIABILITIES	5,136,319
	- long-term provisions	372,356
	- liabilities to banks	1,464,647
	- other operating liabilities	3,299,316
3	NET value of assets acquired and liabilities assumed	8,875,254
	Value of identifiable assets and acquired liabilities using the equity method as at	
4	the acquisition date (46.51% stake)	3,981,756
5	Fair value calculation for 46.51% stake	4,127,881
6	Difference (5 - 4) recognised in financial income	146,124
7	Acquisition price of acquired stake (31.45%)	2,976,120
8	Fair value of acquired stake (31.45%)	2,791,267
9	GOODWILL	184,853
	Value of non-controlling interest (calculated as proportionate share in equity	
10	instruments in recognised value of net identifiable assets (22.04 %)	1,956,106

FAIR VALUE of assets and liabilities of subsidiaries of AvriGO d.d. as at the acquisition date

		(IN EUR)			
No.	Items	- Integral Notranjska d.o.o.	Integral – Zagorje d.o.o.	- Integral Stojna Kočevje d.o.o.	Triglavko d.o.o.
1	ASSETS	2,863,709	2,509,642	1,784,116	31,088
	- ntangible assets	0	2,381	2,838	0
	- property, plant and equipment	1,266,080	1,717,030	1,355,057	28,870
	- Investment property	2,000	0	0	0
	- financial assets	431,497	208,269	100,126	0
	- deferred tax assets	3,291	244,933	99,000	0
	- other receivables	725,861	295,543	223,165	0
	- cash and cash equivalents	434,570	41,486	3,930	2,218
	- other assets	410	0	0	0
2	LIABILITIES	183,078	1,725,261	1,227,756	42,679
	- long-term provisions	32,906	114,302	495,000	0
	- liabilities to banks	15,910	0	0	0
	- other operating liabilities	134,262	1,610,959	732,756	42,679
3	NET value of assets acquired and liabilities assumed	2,680,631	784,381	556,360	-11,591
4	Acquisition price of AvriGO -subsidiary	842,050	1,000,000	495,000	9,804
5	Acquisition price of Integral Strojna Kočevje - subsidiary	0	100,126	0	0
6	Acquisition price of Integral Zagorje - subsidiary	0	0	98,269	0
7	Equity stake (%)	100,00	87,60	99,27	97,66
8	Fair value of acquired stake	2,680,631	687,079	552,299	-11,320
9	GOODWILL (recognised under intangible assets)	0	413,047	50,596	21,124
10	BADWILL (recognised under income)	1,838,581	0	9,626	0
	Value of non-controlling interest (calculated as proportionate				
11	share in equity instruments in recognised value of net identifiable assets)	0	97,302	4,061	-271

On 14 May 2012, Triglav Naložbe d.d. acquired the remaining 22.04% stake in the company for EUR 1,830,920, and thus became its sole owner (100%). The difference between the amount for which the non-controlling interest is adjusted and the compensation received, equalling EUR 122,949, was recognized directly in equity (capital reserves).

3.8. Related party transactions

Management Board of Zavarovalnica Triglav

In the first six-month period of 2012, members of the Management Board of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

MANAGEMENT BOARD	Fixed salaries (gross)	Other additional payments*	Bonuses	BENEFITS		Reimbursements	Net pay received	(IN EUR)
				Insurance premiums**	Other benefits***			
Matjaž Rakovec	75,791	763	0	20,529	6,498	3,961	24,645	
Igor Stebernak	72,020	382	0	11,099	3,139	1,561	30,967	
Andrej Slapar	72,020	763	0	18,965	4,776	1,400	24,690	
Vladimir Mišo Čeplak	0	0	14,712	0	0	0	7,127	
Marica Makoter	63,230	763	0	10,948	3,125	831	24,678	
Stanislav Vrtunski	3,653	465	0	222	149	0	2,025	
TOTAL	286,714	3,136	14,712	61,763	17,687	7,753	114,132	

* Other additional payments include holiday allowance.

** Insurance premiums include premiums for supplementary pension insurance, accident insurance, liability insurance and other types of insurance.

*** Other benefits – company car

As at 30 June 2012, Zavarovalnica Triglav recorded following receivables from and liabilities to the Management Board members:

MANAGEMENT BOARD	(IN EUR)	
	Receivables as at 30 June 2012	Liabilities as at 30 June 2012
Matjaž Rakovec	100	12,395
Igor Stebernak	0	19,989
Andrej Slapar	70	11,865
Marica Makoter	100	4,640
Stanislav Vrtunski	17	4,997
TOTAL	287	53,886

Supervisory Board, Audit Committee and Appointments and Compensation Committee

In the first six-month period of 2012, members of the Supervisory Board, the Audit Committee and the Nominations Committee of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

SUPERVISORY BOARD, AUDIT COMMITTEE and NOMINATIONS COMMITTEE	(IN EUR)				
	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	Total net pay
Uroš Slavinec	9,707	2,816	0	12,523	9,705
Anton Ribnikar	13,000	2,035	0	15,035	11,652
Igor Mihajlovič	9,750	2,310	0	12,060	9,346
Aljoša Valentinčič,	9,203	1,452	0	10,655	8,258
Vladimir Uršič	8,125	2,354	630	11,109	8,610
Branko Gorjan	8,125	2,530	1,068	11,723	9,085
Peter Celar	8,125	1,650	229	10,004	7,753
Miran Krštinc	9,750	2,530	0	12,280	9,517
Barbara Nose	2,425	704	0	3,129	2,425
Srečko Jadek	0	440	0	440	341
Eva	0	220	0	220	171
Tomaž	0	220	0	220	171
Vanessa Grmek	0	660	0	660	512
Total	78,210	19,921	1,927	100,058	77,546

As at 30 June 2012, Zavarovalnica Triglav recorded the following receivables from and liabilities to the members of the Supervisory Board, the Audit Committee and the Nominations Committee:

SUPERVISORY BOARD, AUDIT COMMITTEE and NOMINATIONS COMMITTEE	(IN EUR)	
	Receivables as at 30 June 2012	Liabilities as at 30 June 2012
Uroš Slavinec	0	537
Anton Ribnikar	0	672
Igor Mihajlovič	0	1,825
Aljoša Valentinčič,	0	1,612
Vladimir Uršič	0	1,775
Branko Gorjan	0	1,775
Peter Celar	0	1,535
Miran Krštinc	0	1,559
Barbara Nose	0	450
Adolf Zupan	0	1,132
Gregor Kastelic	0	2,380
Jovan Lukovac	0	1,171
TOTAL	0	16,423

Subsidiaries

In daily business operations, many insurance transactions are carried out with subsidiaries of Zavarovalnica Triglav. These transactions are performed at arm's length and at market prices. Their volume is shown below.

	(IN EUR)	
ASSETS	30 June 2012	31 Dec. 2011
Loans given to members of the Group	32,340,653	31,380,320
Receivables from insurance premium	1,331,566	1,048,593
Premium receivable from co-insurance	1,684	445
Receivables from reinsurers' share in claims	6,693,463	6,899,598
Other short-term receivables from insurance operations	5,953	7,398
Short-term receivables from financing	30,164	46,983
Other short-term receivables	787,330	571,119

	(IN EUR)	
LIABILITIES	30 June 2012	31 Dec. 2011
Liabilities to policyholders	292,053	258,720
Liabilities to insurance brokers	160,228	197,373
Liabilities from reinsurance premiums	13,346,112	13,533,202
Liabilities for co-insurers' share of claims	2,550	442
Short-term liabilities from financing	0	22,986,951
Other short-term liabilities	100,279	160,467

	(IN EUR)	
INCOME AND EXPENSES	H1 2012	H1 2011
Gross written premium	1,065,388	112,723
Assumed co-insurance written premium	1,684	12,851
Reinsurance written premium (-)	-39,800,070	-45,477,330
reinsurance commission income	6,325,576	6,078,956
Income from dividends and profit sharing	0	172,260
Interest income	800,823	587,635
Income from land and buildings	89,224	92,829
Other net income from insurance operations	413,766	293,994
Other income	1,735,122	1,794,418
TOTAL INCOME	-29,368,487	-36,331,664
Gross claims settled	561,216	3,904
Co-insurers' share of claims	2,550	0
Reinsurers' share of claims	-10,519,817	-16,006,242
Other finance costs	0	2,006,367
Other expenses	0	-14,283
TOTAL EXPENSES	-9,956,051	-14,010,254

Associates

In daily business operations, many insurance transactions are carried out with associated companies of Zavarovalnica Triglav. These transactions are performed at arm's length and at market prices. Their volume is shown below, separately for Zavarovalnica Triglav and for the Triglav Group.

ASSETS	(IN EUR)			
	Zavarovalnica Triglav		The Triglav Group	
	30 June 2012	31 Dec. 2011	30 June 2012	31 Dec. 2011
Receivables from insurance premium	113,908	1,435	113,908	1,435
Other short-term receivables	67,929	55,857	78,009	66,095

LIABILITIES	(IN EUR)			
	Zavarovalnica Triglav		The Triglav Group	
	30 June 2012	31 Dec. 2011	30 June 2012	31 Dec. 2011
Liabilities to policyholders	0	5,250	0	5,250
Liabilities to insurance brokers	12,563	17,802	12,563	17,801
Other short-term liabilities	0	0	319	4,536

INCOME AND EXPENSES	(IN EUR)			
	Zavarovalnica Triglav		The Triglav Group	
	H1 2012	H1 2011	H1 2012	H1 2011
Gross written premium	144,193	1,707,269	144,193	1,707,269
Other income from insurance	382	0	382	0
Income from dividends and profit sharing	0	524,173	0	524,174
Interest income	0	824,616	0	849,613
Other financial income	0	94,564	0	95,312
TOTAL INCOME	144,575	3,150,622	144,575	3,176,368
Gross claims settled	6,333	773,923	6,333	773,923
Other finance costs	0	247,114	0	258,743
TOTAL EXPENSES	6,333	1,021,037	6,333	1,032,666

3.9. Other significant events in the reporting period

- On 7 May 2012, the Supervisory Board adopted the audited Annual Report of Zavarovalnica Triglav for 2011 and the audited Annual Report of the Triglav Group for 2011 as prepared by the Management Board. The Annual Reports were published on 11 April 2012.
- On 23 May 2012, Stanislav Vrtunski received the Decision from the Insurance Supervision Agency to serve on the Management Board of Zavarovalnica Triglav. Based on this decision, the resolution on his appointment as the new member of the Management Board as of 15 March 2012 became effective.
- On 30 June 2012, the employment and term of office of the Management Board member Igor Stebernak terminated.
- On 12 June 2012, the General Meeting of Shareholders discharged Anton Ribnikar and Uroš Slavinec as members of the Supervisory Board. In their stead, Gregor Kastelic and Adolf Zupan were appointed with the term of office ending on 7 April 2013.
- On 21 June 2012, the Supervisory Board of Zavarovalnica Triglav appointed Igor Mihajlovič as its new Chairman and Gregor Kastelic as Vice Chairman of the Supervisory Board.
- On 29 May 2012, Zavarovalnica Triglav d.d. received the judgement of the Supreme Court of the Republic of Slovenia rejecting the appeal by Zavarovalnica Triglav against the Securities Market Decision on the suspension of voting rights in Abanka Vipava d.d..

3.10. Significant events after the reporting date

No material events have occurred after the reporting date that may have impacted the respective financial statements for the first half-year 2012.

The events after the reporting date that are important for the operations in 2012 are the following:

- The Standard & Poor's credit rating agency decreased the long-term rating of the Triglav Group, including also Zavarovalnica Triglav and Pozavarovalnica Triglav Re, by one notch to "A-". The latest downgrade is attributable to lowered credit rating of the Republic of Slovenia and reflects the economic as well as the general state of public finances and economy in the country.