

## **OPERATION RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - XII 2004.**

The Croatian Privatization Fund (hereinafter - Fund) keeps its accounts on the basis of the Decree on Accountancy of Non-profit Organizations and Rules on Book-keeping and Account Plan of Non-profit Organizations. In preparation of the basic financial statements applied is the modified principle of event occurrence, meaning that only collected revenues are recognized as revenues of the period, i.e. expenditures are only the paid expenses.

### **1. REVENUES + INFLOWS**

#### **A REVENUES**

Revenues of the Fund as per Article 10. of the Law on the Fund are:

- dividends on shares i.e. business interests owned by the Fund
- revenues from the sale and lease of state property transferred to the Fund
- funds transferred to the Fund on finalization of bankruptcy or liquidation procedure
- other revenues in compliance with the Law

In the period of I - XII 2003 total realized revenue amounted to **Kn 144.282.341,00** and in the same period of 2004 realized revenues amounted to **Kn 86.916.385,00** which represents a decrease of 39,8 %.

#### **B FUNDS FROM THE SALE OF SHARES AND BUSINESS INTERESTS FROM THE PORTFOLIO OF THE CPF**

Realized inflow from the sale of shares and interests paid to the accounts of the CPF (Kuna and foreign currency account) in the period of I - XII 2003 amounted to **Kn 97.108.302,00**, while in the same period of 2004 it amounts to **Kn 143.375.468,00**.

#### **C COVERAGE OF EXPENDITURES FROM THE FUNDS FROM THE SALE OF SHARES**

If revenues are not sufficient for coverage of operation costs, the Fund uses funds for incorporation and activity of the Fund and in compliance with the Article 10. of the Law on the CPF they consist of:

- shares i.e. business interests transferred to the Fund
- fund realized by the sale of shares i.e. interests of the Fund in companies
- loans.

**In the period of I - XII 2004 realized revenue exceeds incurred expenses by Kn 24.892.866,00 and for coverage of operation costs Fund did not use funds from the sale of shares and interests.**

## **D TRANSFER OF SHARES AND BUSINESS INTERESTS FROM THE PORTFOLIO OF THE CPF FREE OF CHARGE**

On the basis of Resolutions of the Government of the Republic of Croatia and the Law on Execution of the State Budget the CPF has in the period of I - XII 2004 transferred to the Ministry of the Sea, Tourism, Transport and Development and Ministry of Law shares in 229 joint-stock companies, with total nominal value of **Kn 282.431.805,00**. Shares were sold on Varaždin Stock Exchange and realized sale price amounts to **Kn 90.765.695,00**.

## **E THE SALE OF SHARES ON BEHALF AND FOR THE ACCOUNT OF OTHER STATE HOLDERS IN YEAR 2004**

In accordance with the program of the Government of the Republic of Croatia and Conclusions of the Government of the Republic of Croatia as from 01.06.2000 the CPF has for successful management of shares concluded agreements with other state shareholders, DAB- State Agency for Bank Rehabilitation, HZMO - Croatian Pension Insurance Institute, INA, Croatia Woods, Croatia Airlines and other.

From the sale of shares on behalf and for the account of other state holders in the period of I - XII 2004 collected was the aggregate amount of **Kn 281.271.714,00**.

**Funds realized by the sale of shares on behalf and for the account of other state holders are not included in revenue and inflows of the CPF but are transferred to the accounts of respective shareholders.**

## **2. OPERATION COSTS**

For the performance of tasks on the basis of the Law on Transformation of Socially-owned Enterprises and Privatization Law as on the 31.12.2004 the Fund had 196 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-XII of the year 2004 spent was **Kn 62.023.519,00**.

### **INCOME AND EXPENDITURE ACCOUNT**

as on 31.12.2004.

in kn

<b>Position No.</b>	<b>Position name</b>	<b>Balance as on 31.12.2004.</b>	<b>Balance as on 31.12.2003.</b>
	<b>REVENUES</b>		
1	<b>Other revenues</b>	<b>86.916.385</b>	<b>144.282.341</b>
	Revenues from dividends	50.825.399	78.719.348
	Revenues from bankruptcies	4.356.650	38.976.891
	Revenues from issued certificates for real estates	465.176	715.072
	Revenues from sale and lease of the real estate	26.322.830	20.521.545
	Other revenues	4.946.330	5.349.485

	<b>TOTAL REVENUE (A)</b>	<b>86.916.385</b>	<b>144.282.341</b>
	<b>EXPENDITURE</b>	<b>62.023.519</b>	<b>56.420.090</b>
1	<b>Material costs</b>	<b>20.381.904</b>	<b>18.568.622</b>
	Material costs	518.236	569.536
	Energy	843.404	946.772
	Services	19.020.264	17.052.314
2	<b>Personal Costs</b>	<b>29.921.288</b>	<b>28.269.130</b>
	Salaries and compensations	29.921.288	28.267.958
	Other personal costs	-	1.172
3	<b>Non-material costs</b>	<b>9.676.083</b>	<b>4.625.498</b>
4	<b>Investment expenditures</b>	<b>814.285</b>	<b>3.835.778</b>
5	<b>Other expenditures</b>	<b>1.229.959</b>	<b>1.121.062</b>
	<b>TOTAL EXPENDITURE (B)</b>	<b>62.023.519</b>	<b>56.420.090</b>
	<b>SURPLUS INCOME</b>	<b>24.892.866</b>	<b>87.862.251</b>
	<b>INCOME DEFICIT</b>	<b>-</b>	<b>-</b>