

OPERATIONAL RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - VI 2004.

The Croatian Privatization Fund (hereinafter - Fund) keeps its accounts in compliance with 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 include:

- 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 upon finalization of bankruptcy or liquidation procedure
- other revenues in compliance with the Law

In the period of I - VI 2003 the total realized revenue amounted to **Kn 83.867.125,00** and in the same period of 2004 realized revenues amounted to **Kn 21.351.782,00** - which represents a decrease of 74,5 %.

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 - VI 2003 amounted to **Kn 38.344.131,00**, while in the same period of 2004 it amounted to **Kn 61.236.423,00**.

C TRANSFER OF SHARES AND BUSINESS INTERESTS FROM THE PORTFOLIO OF THE CPF FREE OF CHARGE

In accordance with the Decisions of the Government of the Republic of Croatia and the Law on Execution of the State Budget the CPF announced the sale of shares in 137 joint stock companies in the period from I - VI 2004 on the Varaždin Stock Exchange, with total nominal value of **Kn 222.376.652,00**. The total realized price amounted to **Kn 70.143.075,00**.

D THE SALE OF SHARES ON BEHALF AND FOR THE ACCOUNT OF OTHER STATE HOLDERS IN YEAR 2003

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 concluded share management agreements with other state shareholders, DAB- State Agency for Bank Rehabilitation, HZMO - Croatian Pension Insurance Institute, INA, Croatian 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 - VI 2004 collected was the total amount of **Kn 87.743.574,00**.

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. OPERATIONAL COSTS

For implementation of its tasks in accordance with the Law on Transformation of Socially-owned Enterprises and Privatization Law as on the 30.06.2004 the Fund had 195 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-VI of the year 2004 spent was **Kn 28.935.980,00**.

3. 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 - VI 2004 realized revenue exceeds incurred expenses by Kn 7.584.198,00 and for coverage of operation costs Fund did not use funds from the sale of shares and interests.

BALANCE SHEET

as on 30.06.2004.

in kn

Position No.	Position name	Balance 30.06.2004.	Balance 30.06.2003.
	ASSETS	23.014.269.545	24.655.729.145
	Long-term assets (1+2+3+4+5+6+7+8)	22.426.174.631	24.212.652.761
1	Intangible assets	7.645	21.309
2	Tangible assets	66.523.521	65.986.868
3	Investment in course	-	627.993
4	Financial assets	20.872.232.521	21.924.465.239
5	Receivables from purchasers of shares	1.075.403.567	1.410.085.506
6	Real estate at disposal of CPF	92.553.196	88.201.409
7	Other receivables	319.414.579	722.591.483
8	Advance payments	39.602	672.954

	Short-term assets (1+2+3+4+5+6+7)	588.094.914	443.076.384
1	Outstanding debts of purchasers	1.974.342	1.671.032
2	State and other institutions outstanding debts	8.225	18.855
3	Outstanding debts of employees	70.622	40.421
4	Outstanding sums for advance payments	127.937	90.195
5	Financial assets	436.090.305	244.427.867
6	Other outstanding debts	138.436.245	174.408.071
7	Money on account and at hand	11.387.238	22.419.943

	LIABILITIES	23.014.269.545	24.655.729.145
	Accounts payable (1+2+3+4+5+6)	1.884.565.080	1.676.936.119
1	Long-term liabilities	317.644.674	317.519.983
2	Short-term loans liabilities	1.544.333.875	1.338.185.308
3	Short-term liabilities to suppliers	1.215.105	1.466.938
4	Taxes, duties and contributions	425.630	458.320
5	Short-term liabilities to employees	704.131	751.876
6	Other short term liabilities	20.241.665	18.553.694

	Funding sources (1+2+3)	21.129.704.465	22.978.793.026
1	Capital assets fund	66.531.166	66.636.170
2	Other funding sources - social capital	20.523.647.797	22.403.788.136
3	Balance of the Fund	539.525.502	508.368.720