

# **OPERATIONAL RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - XII 2006.**

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 - XII 2005 the total realized revenue amounted to **Kn 103.052.252.00** and in the same period of 2006 realized revenues amounted to **Kn 119.953.288.00** - which represents a increase of 16,4 %.

### **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 2005 amounted to **Kn 185.890.169.00** while in the same period of 2006 it amounted to **Kn 78.965.099.00**.

### **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 2006 realized revenue exceeds incurred expenses by Kn 38.670.145.00 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 2006 transferred to the Ministry of the Sea, Tourism, Transport and Development shares in 111 joint-stock companies, with total nominal value of **Kn 81.504.697.00**. Shares were sold on Varaždin Stock Exchange and realized sale price amounts to **Kn 35.737.737.00**.

## **E THE SALE OF SHARES ON BEHALF AND FOR THE ACCOUNT OF OTHER STATE HOLDERS IN YEAR 2006**

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 - XII 2006 collected was the total amount of **Kn 32.247.109.00**.

**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 31.12.2006 the Fund had 187 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-XII of the year 2006 spent was **Kn 81.283.143.00**.

## **BALANCE SHEET**

as on 31.12.2006.

in kn

<b>Position No.</b>	<b>Position name</b>	<b>Balance as on 31.12.2006.</b>	<b>Balance as on 31.12.2005.</b>
	<b>ASSETS</b>	<b>19.071.847.147</b>	<b>21.052.158.247</b>
	<b>Long-term assets (1+2+3+4+5+6+7)</b>	<b>17.971521.815</b>	<b>20.129.366.891</b>
1	Intangible assets	13.684.207	3.706
2	Tangible assets	61.774.359	63.097.136
3	Investment in course	387.360	404.418
4	Real estate at disposal of CPF	156.241.899	102.991.142
5	Financial assets	16.785.022.332	18.828.866.352

6	Receivables from purchasers of shares	634.997.079	814.589.558
7	Other receivables (HŽ)	319.414.579	319.414.579
<b>Short-term assets (1+2+3+4+5+6+7)</b>		<b>1.100.325.332</b>	<b>922.791.356</b>
1	Outstanding debts of purchasers	2.190.099	2.041.197
2	State and other institutions outstanding debts	30.483	9.552
3	Outstanding debts of employees	74.773	114.188
4	Outstanding sums for advance payments	227.999	11.855
5	Financial assets (short-term loans)	314.400.924	282.322.038
6	Other outstanding debts	716.368.751	472.950.104
7	Money on account and at hand	67.032.303	165.342.422
<b>LIABILITIES</b>		<b>19.071.847.147</b>	<b>21.052.158.247</b>
<b>Accounts payable (1+2+3+4+5+6)</b>		<b>2.151.618.806</b>	<b>2.290.546.892</b>
1	Long-term liabilities	206.582.421	244.863.692
2	Short-term loans liabilities	1.469.686.931	1.563.366.053
3	Short-term liabilities to suppliers	1.077.147	878.614
4	Taxes, duties and contributions	409.878	426.170
5	Short-term liabilities to employees	684.692	2.214.269
6	Other short-term liabilities	473.177.737	478.798.094
<b>Funding sources (1+2+3)</b>		<b>16.920.228.341</b>	<b>18.761.611.355</b>
1	Capital assets fund	62.620.055	63.505.260
2	Other funding sources - social capital	16.222857.995	18.102.025.949
3	Balance of the Fund	634.750.291	596.080.146

## INCOME AND EXPENDITURE ACCOUNT

as on 31.12.2006.

in kn

<b>Position No.</b>	<b>Position name</b>	<b>Balance as on 31.12.2006.</b>	<b>Balance as on 31.12.2005.</b>
	<b>REVENUES</b>		
1	<b>Other revenues</b>		
	Revenues from dividends	50.248.291	35.788.079
	Revenues from bankruptcies	3.120.945	4.688.601
	Revenues from issued certificates for real estates	291.697	345.084
	Revenues from sale and lease of the real estate	54.473.090	52.999.646
	Other revenues	8.378.083	2.380.892
	<b>TOTAL REVENUE (A)</b>	<b>3.441.182</b>	<b>6.849.950</b>
		<b>119.953.288</b>	<b>103.052.252</b>
	<b>EXPENDITURE</b>		
1	<b>Material costs</b>	<b>25.294.784</b>	<b>29.283.341</b>
	Material costs	673.885	1.316.242
	Energy	910.882	985.244
	Services	23.710.017	26.981.855
2	<b>Personal Costs</b>	<b>29.914.440</b>	<b>31.637.516</b>
	Salaries and compensations	29.914.440	31.637.516
3	<b>Non-material costs</b>	<b>5.523.088</b>	<b>7.596.883</b>
4	<b>Investment expenditures</b>	<b>2.907.824</b>	<b>2.010.063</b>
5	<b>Other expenditures</b>	<b>17.643.007</b>	<b>862.670</b>
	<b>TOTAL EXPENDITURE (B)</b>	<b>81.283.143</b>	<b>71.390.473</b>
	<b>SURPLUS INCOME</b>	<b>38.670.145</b>	<b>31.661.779</b>
	<b>INCOME DEFICIT</b>	<b>-</b>	<b>-</b>