

OPERATIONAL RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - XI 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 - IX 2005 the total realized revenue amounted to **Kn 78.308.731.00** and in the same period of 2006 realized revenues amounted to **Kn 97.542.656.00** - which represents a increase of 24,6 %.

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 -IX 2005 amounted to **Kn 76.873.995.00** while in the same period of 2006 it amounted to **Kn 57.748.927.00**.

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 - IX 2006 realized revenue exceeds incurred expenses by Kn 41.077.777.00 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 - IX 2006 transferred to the Ministry of the Sea, Tourism, Transport and Development shares in 99 joint-stock companies, with total nominal value of **Kn 115.207.336.00**. Shares were sold on Varaždin Stock Exchange and realized sale price amounts to **Kn 48.656.623.00**.

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 - IX 2006 collected was the total amount of **Kn 20.183.857.00**.

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 30.09.2006 the Fund had 185 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-IX of the year 2006 spent was **Kn 56.464.879.00**.

BALANCE SHEET

as on 30.09.2006.

				in kn	
Position No.	Position name	Balance as on 30.09.2006.	Balance as on 30.09.2005.		
	ASSETS	21.008.341.104	20.277.215.481		
	Long-term assets (1+2+3+4+5+6+7+8)	20.076.734.116	19.815.370.225		
1	Intangible assets	3.706	5.064		
2	Tangible assets	63.372.640	65.757.517		
3	Investment in course	1.459.814	133.956		
4	Financial assets	18.832.662.492	18.354.119.413		
5	Receivables from purchasers of shares	756.829.743	871.956.227		
6	Real estate at disposal of CPF	102.991.142	203.983.469		

7	Other receivables (HŽ and HEP)	319.414.579	319.414.579
8	Advance payments	-	-
Short-term assets (1+2+3+4+5+6+7)		931.606.988	461.845.256
1	Outstanding debts of purchasers	2.041.197	2.277.161
2	State and other institutions outstanding debts	24.554	-
3	Outstanding debts of employees	79.157	42.609
4	Outstanding sums for advance payments	113.408	125.151
5	Financial assets (short-term loans)	785.097.916	304.476.929
6	Other outstanding debts	71.014.347	76.898.559
7	Money on account and at hand	73.236.409	78.024.847

LIABILITIES		21.008.341.104	20.277.215.481
Accounts payable (1+2+3+4+5+6)		2.194.365.226	1.893.262.760
1	Long-term liabilities	213.750.713	265.056.079
2	Short-term loans liabilities	1.472.636.724	1.592.478.974
3	Short-term liabilities to suppliers	925.391	621.742
4	Taxes, duties and contributions	401.220	427.081
5	Short-term liabilities to employees	672.672	744.923
6	Other short-term liabilities	505.978.506	33.933.961

Funding sources (1+2+3)		18.813.975.878	18.383.952.721
1	Capital assets fund	64.841.057	65.896.537
2	Other funding sources - social capital	18.111.976.898	17.728.393.727
3	Balance of the Fund	637.157.923	589.662.457

INDOME AND EXPENDITURE ACCOUNT

as on 30.09.2006.

		in kn	
Position No.	Position name	Balance as on 30.09.2006.	Balance as on 30.09.2005.
REVENUES			
1	Other revenues	97.542.656	78.308.731
	Revenues from dividends	35.883.858	31.845.134
	Revenues from bankruptcies	1.853.194	819.760

	Revenues from issued certificates for real estates	224.134	318.596
	Revenues from sale and lease of the real estate	50.234.414	40.693.781
	Other revenues	9.347.056	4.631.460
	TOTAL REVENUE (A)	97.542.656	78.308.731
	EXPENDITURE	56.464.879	53.064.620
1	Material costs	16.170.994	23.020.919
	Material costs	465.606	1.110.707
	Energy	626.282	671.562
	Services	15.079.106	21.238.650
2	Personal Costs	21.799.362	23.794.078
	Salaries and compensations	21.799.362	23.794.078
3	Non-material costs	3.766.453	4.073.863
4	Investment expenditures	1.335.796	1.624.175
5	Other expenditures	13.392.274	551.585
	TOTAL EXPENDITURE (B)	56.464.879	53.064.620
	SURPLUS INCOME	41.077.777	25.244.111
	INCOME DEFICIT	-	-