

OPERATIONAL RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - XII 2007.

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 2006 the total realized revenue amounted to **Kn 119.953.288.00** and in the same period of 2007 realized revenues amounted to **Kn 92.909.417.00** - which represents a decrease of 22,6 %.

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 -XII 2006 amounted to **Kn 78.965.099.00** while in the same period of 2007 it amounted to **Kn 84.558.057.00**.

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 2007 realized revenue was less than expenses by Kn 11.531.006.00 and for coverage of operation costs Fund used 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 2007 transferred to the Ministry of the Sea, Tourism, Transport and Development shares in 37 joint-stock companies, with total nominal value of **Kn 26.431.652.00**. Shares were sold on Varaždin Stock Exchange and realized sale price amounts to **Kn 9.363.297.00**.

E THE SALE OF SHARES ON BEHALF AND FOR THE ACCOUNT OF OTHER STATE HOLDERS IN YEAR 2007

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 2007 collected was the total amount of **Kn 106.664.132.00**.

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 31.12.2007 the Fund had 182 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-XII of the year 2007 spent was **Kn 92.909.417.00**.

BALANCE SHEET

as on 31.12.2007.

in kn

Position No.	Position name	Balance as on 31.12.2007.	Balance as on 31.12.2006.
	ASSETS	16.015.731.571	19.071.847.147
	Long-term assets (1+2+3+4+5+6+7)	14.827.586.228	17.971521.815
1	Intangible assets	362.648	13.684.207
2	Tangible assets	62.922.431	61.774.359
3	Investment in course	522.034	387.360
4	Real estate at disposal of CPF	108.673.133	156.241.899
5	Financial assets	13.759.085.177	16.785.022.332

6	Receivables from purchasers of shares	576.606.226	634.997.079
7	Other receivables (HŽ)	319.414.579	319.414.579
Short-term assets (1+2+3+4+5+6+7)		1.188.145.343	1.100.325.332
1	Outstanding debts of purchasers	2.341.062	2.190.099
2	State and other institutions outstanding debts	19.530	30.483
3	Outstanding debts of employees	51.468	74.773
4	Outstanding sums for advance payments	115.872	227.999
5	Financial assets (short-term loans)	451.944.317	314.400.924
6	Other outstanding debts	688.398.635	716.368.751
7	Money on account and at hand	45.274.459	67.032.303
LIABILITIES		16.015.731.571	19.071.847.147
Accounts payable (1+2+3+4+5+6)		2.239.272.601	2.151.618.806
1	Long-term liabilities	175.148.728	206.582.421
2	Short-term loans liabilities	1.587.760.319	1.469.686.931
3	Short-term liabilities to suppliers	1.052.850	1.077.147
4	Taxes, duties and contributions	542.804	409.878
5	Short-term liabilities to employees	830.518	684.692
6	Other short-term liabilities	473.937.382	473.177.737
Funding sources (1+2+3)		13.776.458.970	16.920.228.341
1	Capital assets fund	63.807.113	62.620.055
2	Other funding sources - social capital	13.077.901.567	16.222.857.995
3	Balance of the Fund	634.750.290	634.750.291

INCOME AND EXPENDITURE ACCOUNT

01.01. - 31.12.2007.

in kn

Position No.	Position name	2007.	2006.
	REVENUES		
1	Other revenues		
	Revenues from dividends	34.133.197	50.248.291
	Revenues from bankruptcies	2.119.753	3.120.945
	Revenues from issued certificates for real estates	296.329	291.697
	Revenues from sale and lease of the real estate	31.483.743	54.473.090
	Revenues from interest rate	6.935.201	8.378.083
	Other revenues	1.7941.194	3.441.182
	TOTAL REVENUE (A)	92.909.417	119.953.288
	EXPENDITURE		
1	Material costs	27.233.731	25.294.784
	Material costs	885.268	673.885
	Energy	840.227	910.882
	Services	25.508.236	23.710.017
2	Personal Costs	34.524.913	29.914.440
	Salaries and compensations	34.524.913	29.914.440
3	Non-material costs	8.018.418	5.523.088
4	Investment expenditures	3.636.622	2.907.824
5	Other expenditures	19.495.733	17.643.007
	TOTAL EXPENDITURE (B)	92.909.417	81.283.143
	SURPLUS INCOME	0	38.670.145
	INCOME DEFICIT	-	-