

OPERATIONAL RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - VI 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 - VI 2005 the total realized revenue amounted to **Kn 28.374.427.00** and in the same period of 2006 realized revenues amounted to **Kn 53.090.265.00** - which represents a increase of 87,1 %.

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 2005 amounted to **Kn 60.103.393.00** while in the same period of 2006 it amounted to **Kn 43.951.104.00**.

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 - VI 2006 realized revenue exceeds incurred expenses by Kn 14.084.593.00 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 - VI 2006 transferred to the Ministry of the Sea, Tourism, Transport and Development shares in 13 joint-stock companies, with total nominal value of **Kn 79.273.653.00**. Shares were sold on Varaždin Stock Exchange and realized sale price amounts to **Kn 23.898.864.00**.

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 - III 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 30.06.2006 the Fund had 189 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-VI of the year 2006 spent was **Kn 39.005.672.00**.

BALANCE SHEET

as on 30.06.2006.

				in kn	
Position No.	Position name	Balance 30.06.2006.	Balance 30.06.2005.		
	ASSETS	20.973.966.475	20.006.948.387		
	Long-term assets (1+2+3+4+5+6+7+8)	20.090.275.184	19.433.843.810		
1	Intangible assets	3.706	5.064		
2	Tangible assets	63.313.391	64.633.015		
3	Investment in course	1.229.234	133.956		
4	Financial assets	18.832.662.493	17.944.104.513		
5	Receivables from purchasers of shares	770.660.639	900.458.499		
6	Real estate at disposal of CPF	102.991.142	203.983.469		

7	Other receivables	319.414.579	319.414.579
8	Advance payments	0	1.110.715

Short-term assets (1+2+3+4+5+6+7)		883.691.291	573.104.577
1	Outstanding debts of purchasers	2.041.197	2.277.161
2	State and other institutions outstanding debts	44.085	7.029
3	Outstanding debts of employees	75.347	62.615
4	Outstanding sums for advance payments	122.449	118.763
5	Financial assets	863.706.654	300.152.058
6	Other outstanding debts	10.157.349	259.334.285
7	Money on account and at hand	7.544.210	11.152.666

LIABILITIES		20.973.966.475	20.006.948.387
Accounts payable (1+2+3+4+5+6)		2.183.443.370	2.041.103.372
1	Long-term liabilities	232.285.848	280.970.146
2	Short-term loans liabilities	1.472.636.725	1.638.672.093
3	Short-term liabilities to suppliers	779.825	670.468
4	Taxes, duties and contributions	435.947	778.093
5	Short-term liabilities to employees	717.613	926.232
6	Other short term liabilities	476.587.412	119.086.340

Funding sources (1+2+3)		18.790.523.105	17.965.845.015
1	Capital assets fund	64.551.229	64.772.035
2	Other funding sources - social capital	18.115.807.137	17.345.388.375
3	Balance of the Fund	610.164.739	555.684.605

INDOME AND EXPENDITURE ACCOUNT

as on 30.06.2006.

Position No.	Position name	in kn	
		Balance 30.06.2006.	Balance 30.06.2005.
	REVENUES		
1	Other revenues	53.090.265	28.374.427
	Revenues from dividends	3.562.340	7.725.706
	Revenues from bankruptcies	1.483.248	508.422
	Revenues from issued certificates for real estates	145.056	270.810
	Revenues from sale and lease of the real estate	44.072.567	17.221.538
	Other revenues	3.827.054	2.647.951
	TOTAL REVENUE (A)	53.090.265	28.374.427
	EXPENDITURE		
1	Material costs	10.561.934	16.847.756
	Material costs	293.698	952.093
	Energy	430.990	505.579
	Services	9.837.246	15.390.084
2	Personal costs	14.918.041	17.450.571
	Salaries and compensations	14.918.041	17.450.571
3	Non-material costs	3.150.369	1.899.675
4	Investment expenditures	1.045.968	499.674
5	Other expenditures	9.329.360	410.514
	TOTAL EXPENDITURE (B)	39.005.672	37.108.190
	SURPLUS INCOME	14.084.593	-
	INCOME DEFICIT	-	8.733.763