

OPERATIONAL RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - VI 2009.

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.

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 2008 the total realized revenue amounted to **Kn 36.642.609.00** and in the same period of 2009 realized revenues amounted to **Kn 28.488.958.00** - which represents a decrease of 22,3 %.

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 in the period of I - VI 2008 amounted to **Kn 52.698.163.00** while in the same period of 2009 it amounted to **Kn 10.424.675.00**.

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 2009 realized revenue was less than incurred expenses by Kn 12.758.184.00 and for coverage of operation costs Fund used funds from the sale of shares and interests.

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 30.06.2009 the Fund had 176 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-VI of the year 2009 spent was **Kn 41.247.142.00**

BALANCE SHEET

for the period from January 1, to June 30, 2009

Position 01.01.2009

Position 30.06.2009

| ASSETS | 15.884.681.676 | 15.152.812.703 |
|--|-----------------------|-----------------------|
| I. TANGIBLE ASSETS (A+B+C) | 259.199.578 | 268.529.730 |
| A LONG TERM ASSETS (1+2) | 7.684.708 | 7.896.250 |
| 1 <i>land</i> | 7.417.411 | 7.417.411 |
| 2 <i>intangible assets</i> | 267.297 | 478.839 |
| B PRODUCED LONG TERM ASSETS (1 to 4) | 250.992.836 | 260.111.446 |
| 1 <i>building structures</i> | 247.936.543 | 256.963.012 |
| 2 <i>equipment and machinery</i> | 2.904.852 | 2.996.993 |
| 3 <i>vehicles</i> | 151.441 | 151.441 |
| 4 <i>other intangible assets</i> | 0 | 0 |
| C CURRENT ASSETS (1) | 522.034 | 522.034 |
| 1 <i>Building structures in progress</i> | 522.034 | 522.034 |
| II. FINANCIAL ASSETS (1 to 5) | 15.625.482.098 | 14.884.282.973 |
| 1 CASH AT BANKS AND IN HAND | 235.881.464 | 47.810.288 |
| 2 DEPOSIT, GUARANTEES, SHARE BUYERS ETC. | 583.243.404 | 534.518.479 |
| 3 LOANS | 1.565.021.770 | 1.066.724.774 |
| 4 SHARES AND CAPITAL SHARE | 13.115.964.756 | 13.116.164.755 |
| 5 RECEIVABLES FOR OPERATIONAL INCOME | 125.370.704 | 119.064.677 |

| | Position 01.01.2009 | Position 30.06.2009 |
|--|-----------------------|-----------------------|
| LIABILITIES AND RESOURCES (I + II) | 15.884.681.676 | 15.152.812.703 |
| I. LIABILITIES (A+B+C) | 3.582.500.354 | 3.462.962.699 |
| A LIABILITIES FOR OPERATIONAL EXPENDITURES (1 to 4) | 1.655.524.428 | 1.506.924.595 |
| 1 <i>liabilities for salaries</i> | 1.428.077 | 2.699.260 |
| 2 <i>liabilities for material expenditures</i> | 1.933.556 | 1.086.753 |
| 3 <i>liabilities for financial expenditures</i> | 2.734.589 | 3.862.960 |
| 4 <i>liabilities for advances, deposits and other liabilities</i> | 1.649.428.206 | 1.499.275.622 |
| B LIABILITIES FOR CREDITS AND LOANS (1 to 3) | 1.804.730.172 | 1.838.385.359 |
| 1 <i>bank loans</i> | 289.210.937 | 276.935.992 |
| 2 <i>foreign bank loans</i> | 108.192.154 | 154.122.286 |
| 3 <i>domestic loans (Ministry of Finance of the Republic of Croatia)</i> | 1.407.327.081 | 1.407.327.081 |
| C ACCRUALS AND DEFERRED INCOME (1 to 2) | 122.245.754 | 117.652.745 |
| 1 <i>accounts payable</i> | 86.365 | |
| 2 <i>deferred accrued income</i> | 122.159.389 | 117.652.745 |
| II. OWN RESOURCES | 12.302.181.322 | 11.689.850.004 |
| 1 own resources | 12.175.388.652 | 11.702.608.188 |
| 2 income surplus | 126.792.670 | 0 |
| 3 income deficit | 0 | 12.758.184 |

PROFIT AND LOSS ACCOUNT
for the period from January 1, to June 30, 2009

| | <i>PREVIOUS YEAR</i> | <i>CURRENT YEAR</i> |
|------------------------------------|----------------------|---------------------|
| INCOME | 36.642.609 | 28.488.958 |
| 1 INCOME FROM SALES AND SERVICES | 458.779 | 225.368 |
| 2 INCOME FROM ASSETS | 23.396.990 | 27.813.315 |
| - Income from financial assets | 21.160.227 | 14.267.993 |
| - Income from non-financial assets | 2.236.763 | 13.545.322 |
| 3 OTHER INCOME | 12.786.840 | 450.275 |
| EXPENDITURES | 42.953.766 | 41.247.142 |
| 1 COSTS FOR EMPLOYEES | 16.189.012 | 16.633.483 |
| 2 OPERATING CHARGES | 10.346.083 | 6.896.190 |
| - Costs for employees | 617.802 | 560.632 |
| - Cost of material and energy | 1.028.579 | 749.458 |
| - Cost of services | 8.414.277 | 5.391.143 |
| - Other unspecified costs | 285.425 | 194.957 |
| 3 DEPRECIATION COSTS | 1.846.353 | 303.682 |
| 4 FINANCIAL EXPENDITURES | 14.442.055 | 17.090.945 |
| 5 DONATIONS | 9.000 | 9.000 |
| 6 OTHER OPERATIONAL EXPENDITURE | 121.263 | 313.842 |
| OPERATIONAL INCOME DEFICIT | 6.311.157 | 12.758.184 |