

Bond Information Memorandum

REPUBLIC OF CROATIA

U.S.\$857,796,000 Floating Rate Amortizing Bonds Series A Due 2010
U.S.\$604,426,000 Floating Rate Amortizing Bonds Series B Due 2006

July 31, 1996

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THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR INSTITUTIONAL ACCREDITED INVESTORS (WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) AND OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S.

CROATIA HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT THE FACTS MATERIAL TO THE BONDS STATED OR REFERRED TO IN THIS BOND INFORMATION MEMORANDUM ARE TRUE AND ACCURATE IN ALL MATERIAL RESPECTS AS OF THIS DATE AND THAT THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY OF SUCH INFORMATION MATERIALLY MISLEADING. CROATIA ACCEPTS RESPONSIBILITY ACCORDINGLY.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS BOND INFORMATION MEMORANDUM AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY OR ON BEHALF OF CROATIA. THE DELIVERY OF THIS BOND INFORMATION MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO ITS DATE.

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References herein to "U.S. dollars," "U.S.\$," "\$," "USD," "dollars" and "cents" are to United States Dollars and cents, respectively.

INTRODUCTION

The Republic of Croatia ("Croatia") has made a binding offer to issue its Floating Rate Amortizing Bonds (Series A and Series B) in exchange for a portion of the debt that is outstanding under the New Financing Agreement (the "New Financing Agreement"), dated as of September 20, 1988, among the National Bank of Yugoslavia, and Certain Other Yugoslav Banking Institutions, as obligors, the former Socialist Federal Republic of Yugoslavia, as guarantor, the creditors identified therein (the "NFA Creditors") and Chase Manhattan International Limited (formerly known as Chemical Investment Bank Limited), as Agent. Such debt is referred to herein and in the New Financing Agreement as the "Refinancing Loans." In addition, on the closing date of the exchange Croatia will issue Series B Bonds as partial consideration for the purchase by Privredna banka Zagreb dd (acting for the account of and as paying agent for Croatia) of subordinated, "last-out" participation interests in the Deposits (the "Deposits") under the Trade and Deposits Facility Agreement (the "Trade and Deposit Facility Agreement"), dated as of September 20, 1988, among the National Bank of Yugoslavia, Certain Yugoslav Banking Institutions, the creditors identified therein (the "TDFA Creditors") and Chase Manhattan International Limited (formerly known as Chemical Investment Bank Limited) as Agent and Collateral Agent. This Bond Information Memorandum describes the terms and conditions of Croatia's Floating Rate Amortizing Bonds, Series A and Series B (collectively, the "Bonds").

Series A and Series B Bonds will be exchanged for principal in respect of the Refinancing Loans held by Participating NFA Creditors (as defined under "Subscription and Sale") at par, in accordance with the procedures set forth herein under "Subscription and Sale." The principal in respect of the Refinancing Loans that is subject to the exchange will be cancelled upon the occurrence of the exchange. The aggregate principal amount of the Refinancing Loans to be cancelled will be the equivalent of \$1,423,955,603.51 out of an aggregate principal amount of Refinancing Loans outstanding at the time of the exchange (excluding capitalized interest) of \$3,499,077,213.78 (in each case based on currency exchange rates prevailing as of July 11, 1996, the date on which currency translations in respect of the exchange were effected). Series B Bonds will be issued as part of the purchase price for the participation interests described above in the Deposits held by Participating TDFA Creditors (as defined under "Subscription and Sale") in accordance with the procedures set forth herein under Subscription and Sale.

The aggregate principal amount of Bonds to be issued is \$1,462,222,000, consisting of \$857,796,000 Series A Bonds and \$604,426,000 Series B Bonds. The Bonds will be issued on or about July 31, 1996 (the "Issue Date").

Interest on the Bonds will accrue from the Issue Date at the rate of 13/16% per annum above LIBOR (defined herein). Interest on the Bonds will be payable semi-annually in arrears on each Payment Date (defined herein), beginning six months after the Issue Date (subject to adjustment as described herein if such day is not a Business Day (defined herein)).

Principal payments on the Series A Bonds will be made in equal installments on each Payment Date commencing on January 31, 2000, except to the extent that the Series A Bonds are previously redeemed. The stated final maturity date of the Series A Bonds will be July 31, 2010. Principal payments on the Series B Bonds will be made on each Payment Date, commencing on January 31, 1997, except to the extent that the Series B Bonds are previously redeemed. The amount of each installment on the Series B Bonds will be as follows: (i) the first such installment will be equal to the sum of (a) 2.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000 and (b) \$10,000,000, (ii) the second through and including the seventh such installments will be equal to 2.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000, (iii) the eighth through and including the twelfth such installments will be equal to 6.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000 and (iv) the thirteenth through and including the twentieth such installments will be equal to 7.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000. The stated final maturity date of the Series B Bonds will be July 31, 2006. Croatia will have the right to redeem any or all of the Bonds on any Payment Date, at a redemption price of par plus accrued and unpaid interest through the redemption date.

The Bonds will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Bonds will be issued as global Bonds in fully registered form without coupons. The global Bonds will be deposited with the Custodian (defined herein), or with a common depositary (the "Common Depositary") for the account of the Euroclear system ("Euroclear") and Cedel Bank, société anonyme ("Cedel"), as described herein. Bonds will be transferable only in accordance with the restrictions set forth herein under "Subscription and Sale" and in the Fiscal Agency Agreement (defined herein) between Croatia, Citibank, N.A. and Citibank (Luxembourg) S.A.

Application has been made for the listing of the Bonds on the Luxembourg Stock Exchange.

REPUBLIC OF CROATIA

Overview

Area and Population

The Republic of Croatia occupies a total area of 89,738 square kilometers (of which land accounts for 56,538 square kilometers and sea 33,200 square kilometers), extending in an arc from the River Danube in the east to the Istrian peninsula in the west and southwards along the Dalmatian coast of the Adriatic Sea. Croatia is bordered by Slovenia and Hungary to the north, Serbia (a constituent republic of the Federal Republic of Yugoslavia) to the east, Bosnia-Herzegovina to the south, and Montenegro (a constituent republic of the Federal Republic of Yugoslavia) as its extreme southern tip. A total of 1,185 islands in the Adriatic Sea (of which 66 are inhabited) are also Croatian territory. At the last census in 1991, Croatia had a population of 4,784,265.

Recent History

Prior to its independence in 1991, Croatia was one of six constituent republics formally having equal national and other rights with its sister states. In practice, however, the former Yugoslavia was governed by one party, under a communist system, with a prevailing Serbian influence, especially after Tito's death.

The first free elections in Croatia since World War II took place in April and May 1990, resulting in a clear victory for the Croatian Democratic Union ("HDZ") which gained 205 out of 350 seats in the Croatian Parliament. A new democratic parliament was constituted on 30th May, 1990 and the leader of HDZ, Dr. Franjo Tudjman, was elected Head of State. Following the Constitutional amendments of July 1990, fighting broke out between rebel Serbs and the Croatian authorities in Knin. The Yugoslav National Army (the "JNA") did not allow the Croatian police to intervene to re-establish law and order. On 22nd December, 1990 a new Croatian Constitution was promulgated by the Parliament. The Croats sought independence but within the existing Constitution and, therefore, as part of confederate Yugoslavia. On 24th January, 1991 the Yugoslav Presidency legitimized the JNA operations aiding rebel Croatian Serbs, first in the Knin area and later throughout the Republic of Croatia.

In May 1991, 83.56 per cent. of the Croatian electorate turned out for a referendum on independence. 94.17 per cent. of the votes were in favour of independence for Croatia. The decision by Slovenia unilaterally to proclaim independence in June coincided with Croatia's own declaration of independence on 25th June, 1991. The JNA moved against the Slovenian defence forces but, after a seven day conflict, withdrew under a European Community ("EC") plan, according to which both Croatia and Slovenia deferred their declarations of independence for three months.

The 1991 War

Fighting between rebel Croatian Serb forces and Croatian police units broke out in the so-called "Krajina" (around Knin), in Baranja (north of Osijek), and Slavonia (the region west of the river Danube). The JNA intervened in support of the Serbian rebels and there was heavy fighting in and around Vukovar and Vinkovci. In September 1991, Croatian forces laid siege to JNA installation in Croatia, allowing federal troops to leave only when they had surrendered their weapons. During the summer and early autumn, Serbian rebel forces and the JNA took control of more than one-quarter of Croatia's territory. On 23rd October, 1991, Dubrovnik was attacked for the first time. Vukovar was totally destroyed and fell on 19th November, 1991 after a three month siege by the JNA.

In December 1991, the former US Secretary of State, Cyrus Vance, put forward a set of proposals under which 14,000 United Nations ("UN") peace-keeping troops (known as UNPROFOR - the UN Protection Force) would be sent to four areas, later known as UN Protected Areas ("UNPAs"). According to the Vance Plan, the UNPAs were to be demilitarized and conditions created to allow for the return of refugees. However, UNPROFOR was not able to achieve these aims. Rebel Croatian Serbs proclaimed the independence of the occupied territories on 19th December, 1991 although they never gained international recognition. The cease-fire under the Vance plan commenced on 3rd January, 1992 and generally held throughout the year.

Recognition of the Republic of Croatia

When the three-month moratorium on independence expired on 8th November, 1991, Croatia declared itself an independent sovereign state but was not immediately recognized by other countries. To fulfil a condition for EC recognition, Parliament passed the Constitutional Law on Human Rights and Minorities, which provides additional protection for minorities and human rights. The Republic of Croatia was recognized by the EC on 15th January, 1992 and on 7th April, 1992 Croatia was recognized by the United States. Croatia was admitted to the United Nations on 22 May, 1992.

Croatia succeeded to the membership of the former Yugoslavia in the International Monetary Fund on 15 January, 1993. Croatia's original quota was Special Drawing Rights ("SDR") 180.1 million which was subsequently increased to SDR 261.6 million under the IMF's Ninth General Review of Quotas in March 1993.

Croatia has also become a member of the International Bank for Reconstruction and Development, the International Development Association, MIGA, the International Finance Corporation, the European Bank for Reconstruction and Development and the International Labour Organization. Croatia has also submitted an application for membership to the World Trade Organization.

Re-establishment of Government Control over UNPAs

UNPROFOR succeeded in preventing large scale hostilities between Croat and rebel Serb forces, but failed to create conditions which would allow Croatia to re-establish control over the rebel-held regions. In January 1993, the Croatian army launched an offensive to regain control over key infrastructure in Dalmatia. Sporadic fighting continued during 1993 and early 1994 despite attempts of international intermediaries to encourage the parties to agree on confidence-building measures.

In April 1995, the Government renegotiated the UNPROFOR mandate in order that UN troops be redeployed on Croatia's international borders. After repeated attempts at negotiation failed, and following a series of killings of Croatian nationals by rebel Serb forces, Croatian forces re-established, by force, control over the entire region of Western Slavonia in May 1995. On 4th August, 1995, the Croatian army launched "Operation Storm" to re-establish control over the so-called "Krajina." Although the Serb population in the previously occupied territory was publicly asked by the President of Croatia to remain with full guarantees of their rights, the majority of the Serb population has left this area for Serbia.

In November 1995, an agreement was reached to return the area of eastern Slavonia to Croatian rule by peaceful reintegration overseen by the international community. The plan provides for transitional rule over the area for a period of one year (subject to a year's extension at the request of either side) before the region is finally returned to full Croatian sovereignty.

The Dayton Accords and the Elysée Treaty

Negotiations took place over several weeks in Dayton, Ohio which resulted in the Dayton Accords being initialled by the Presidents of the Republic of Croatia, Bosnia-Herzegovina and Serbia on 21st November, 1995. The Dayton Accords provided for the recognition of Bosnia-Herzegovina and a division of power between the Bosnian Serbs and the Croat-Muslim Federation. It also called for the introduction of heavily armed NATO forces to separate warring factions and to settle disputes. The Dayton Accords were ratified by the Elysée treaty signed in Paris in December 1995.

Constitution and Government Structure

Constitution

The present Croatian constitution was adopted by Parliament (the *Sabor*) on 22nd December, 1990. It established a multi-party democracy, an economy based on market principles and private ownership. The constitution is based on the separation of power between the legislature, executive and judiciary.

The Legislature

The legislature comprises the Parliament which consists of two houses: the House of Representatives and the House of Counties. The House of Representatives is the main legislative chamber, with power to pass laws, amend the constitution, adopt the state budget and decide on war and peace, as well as exercising certain supervisory powers over the work of the government. Laws are passed by majority vote provided that a majority of representatives are present, except that laws which deal with certain constitutional rights can only be passed by (in certain cases) a two-thirds majority of all representatives or (in others) a majority of all representatives. The House of Counties has advisory powers and may return legislation passed by House of Representatives for further consideration by it. The President of the Republic is obliged to promulgate laws validly enacted by Parliament.

Under an amended electoral law passed on 18th September, 1995, the House of Representatives has 127 seats of which 12 are reserved for Croats living abroad and 7 for minorities. The electoral system is a mixture of proportional representation and constituency representatives: 80 members of the House of Representatives are elected by proportional representation from lists of candidates proposed by the political parties (known as state lists), 28 members are elected on a constituency basis, 12 members are elected by the Croatian diaspora, three by the Serb population and one each for Italians, Hungarians, Germans and Czech, Slovak, Russian and Ukrainian minorities. In addition to resident Croatian citizens, around 400,000 members of the diaspora are currently eligible to vote (any ethnic Croat can register as a citizen and be eligible to vote and there is no requirement for permanent or temporary residency in the country). The constitution contains a provision to protect the interests of Croats in other states.

The House of Counties has 63 elected members, consisting of three from each of the 21 regions. In addition, the President has the right to appoint five members and ex-Presidents to become life members. The representatives from each region are elected from voters resident in the region. Representatives of each house of parliament are elected for four years.

The Executive

The President of the Republic is elected by popular vote of Croatian citizens for a term of five years, and may not serve more than two terms. The most recent election took place on 2nd August, 1992 at which Franjo Tudjman was elected. Franjo Tudjman is able to stand for re-election at the next presidential elections, as he has only been elected once under the present constitution. The President has the power to appoint and dismiss the prime minister, is the commander-in-chief of the armed forces and has certain powers to act by decree in the case of war or other national peril or emergency, but during such time as these powers are being used the President has no power to dissolve the House of Representatives. The President may, on a proposal of the government countersigned by the Prime Minister after consultation with the chairman of the House of Representatives, dissolve the House of Representatives, if a vote of no confidence in the government

has been passed or where the state budget has not been approved within a month of being proposed. The President may not dissolve the House of Representatives within a year of a previous dissolution.

The Government of Croatia consists of the Prime Minister and other members of the government proposed for appointment by the Prime Minister, subject to vote of confidence by the House of Representatives.

The Judicial System

Croatia has a three-tier judicial system which is independent of the executive and legislature. Municipal courts are generally the court of first instance. Appeals from judgments at the municipal court level go to the county courts whose judgments may then be appealed to the Supreme Court, which is the highest court in the Republic. There are also specialized courts which deal with issues of commercial and administrative law. Judges are appointed by the High Judiciary Council of the Republic (the "Council"), the members of which are selected from among judges and other lawyers and are elected for an eight year term by the House of Representatives after being proposed by the House of Counties. Judges are appointed for life and may not be removed except by the Council under limited circumstances.

The Constitutional Court, which is independent of other courts in the Republic of Croatia, has jurisdiction over matters relating to the interpretation of the Constitution and other constitutional matters. The Constitutional Court has the specific authority, *inter alia*, to repeal as unconstitutional laws or regulations, decide on jurisdictional questions between the legislature, executive and judiciary and on the impeachability of the President of the Republic. The Constitutional Court consists of 11 judges who are elected for eight years by the House of Representatives from among jurists, judges and other lawyers proposed by the House of Counties.

Political Parties

The major political parties are (i) the Croatian Democratic Union (HDZ) which has won over forty per cent. of the vote at all elections since independence and incorporates a wide-range of liberals and right-wing nationalists, (ii) the Croatian Social-Liberal Party (HSL) which is the main opposition party offering a centrist program, (iii) the Social Democratic Party of Croatia (SDP) which is the successor to the former Community Party of Croatia and the main left-wing party and (iv) the Croatian Peasant Party (HSS), the head of a five-party centre-left opposition coalition.

Economic Information

Croatia currently makes a wide variety of information generally available regarding the Croatian economy, including information on gross national product, governmental receipts and expenditures, central bank and other reserves, internal and external debt, balance of trade, balance of

payments and foreign exchange controls. Croatia has filed with the Luxembourg Stock Exchange a copy of the most recent *Bulletin* of the National Bank of Croatia. A copy of this document is attached hereto as Appendix A, and may also be obtained through the Paying Agent in Luxembourg. Future editions of the *Bulletin* may also be obtained through the Paying Agent in Luxembourg. In addition, information provided by the Ministry of Finance and excerpts from the *Monthly Statistical Report* of the Republic of Croatia Central Bureau of Statistics and the *Main Statistical Indicators* of the National Bank of Croatia providing information on the Republic's gross national product, employment trends, import and export trends, a budget forecast for the remainder of 1996 and public debt are attached hereto as Exhibit B.

In 1993 the Croatian government adopted an economic stabilization program which has proven to be highly successful. Since then Croatia has experienced annual inflation of 2%-3% and a stable currency which has traded in a narrow range relative to the Deutschmark. For 1996, Croatia expects to experience a budget deficit of under 3%, which will be financed mainly through external borrowing. Croatia has low levels of debt and can increase its external borrowing while maintaining acceptable debt ratios. The Croatian economy is in a state of recovery; while gross domestic product grew last year at a rate of approximately 3%, it is expected to grow this year at a rate of at least 6%.^{1/}

Croatia had external debt of approximately U.S. \$4.0 billion (including unallocated Paris Club debt and principal and interest in arrears under the 1988 New Financing Agreement at the end of 1995. Croatia has actively sought to reach agreements with creditors of the former SFRY to determine Croatia's fair share of the former Yugoslavia's debt and to agree on how that debt should be paid. The basic formula to allocate the former Yugoslavia's liabilities (which the successor countries expect to be used for allocating assets too) was devised by the IMF order to share out the former Yugoslavia's quota in the organization. The division was based on a GDP per capita formula under which Croatia acknowledges 28.49% of the former Yugoslavia's assets and liabilities. On March 21, 1995, Croatia concluded a debt restructuring agreement with fifteen countries of the Paris Club relating to the payment obligations of the former Yugoslavia. Under the terms of the agreement, Croatia agreed to pay debts of the former Yugoslavia owned and guaranteed by entities located on Croatian territory and 28.49% of debts owed or guaranteed by the former Yugoslavia and not attributable to any successor republic. On April 26, 1996, Croatia reached agreement in principle with lenders of the London Club of creditor banks. The issuance of the Bonds as described herein is part of this agreement.

^{1/} Gross domestic product data are estimates made by the Ministry of Finance of the Republic of Croatia.

DESCRIPTION OF THE BONDS

The Bonds will be issued pursuant to a Fiscal Agency Agreement (the "Fiscal Agency Agreement"), dated as of July 31, 1996, between Croatia, Citibank N.A., as Fiscal Agent, Principal Paying Agent, Registrar and Custodian, and Citibank (Luxembourg) S.A., as Paying Agent (respectively, the "Fiscal Agent," the "Principal Paying Agent," the "Registrar," the "Custodian" and the "Paying Agent," and collectively the "Agents," which terms will include their successors and assigns as such Fiscal Agent, Principal Paying Agent, Registrar, Custodian and Paying Agent). Application has been made to list the Bonds on the Luxembourg Stock Exchange. The following statements briefly summarize some of the terms of the Bonds and the Fiscal Agency Agreement. Such statements do not purport to be complete and are qualified in their entirety by reference to the forms of Bonds and the Fiscal Agency Agreement, copies of which are available for inspection and copying at the offices of the Fiscal Agent in London and the Paying Agent in Luxembourg set forth at the end of this Bond Information Memorandum.

Issuance in Series

The Bonds will be issued in two series (each, a "Series"), denominated as Series A and Series B and will be issued initially in the form of global Bonds (the "Global Bonds").

Principal Amount of Bonds

The aggregate initial principal amount of the Series A Bonds will be \$857,796,000. The aggregate amount of the Series B Bonds will be \$604,426,000.

Interest Payments

Interest on the Bonds will accrue from the Issue Date at the rate of 13/16% per annum above the London interbank offered rate for six-month Eurodollar deposits ("LIBOR"). Interest will accrue on each Bond in any Interest Period (as defined below) on the outstanding principal amount of such Bond immediately following the principal payment made on the first day of such Interest Period (except the initial Interest Period beginning on and including the Issue Date, in respect of which interest will accrue on each Bond on the outstanding principal amount of such Bond on the Issue Date). Interest on the Bonds will be calculated on the basis of the actual number of days elapsed in the relevant Interest Period divided by 360 days, rounding the resulting figure to the nearest cent. Interest on the Bonds will be payable in arrears on each Payment Date.

An "Interest Period" is the period beginning on and including the Issue Date and ending on but excluding the first Payment Date, and each successive period beginning on and including a Payment Date and ending on but excluding the next Payment Date.

"Payment Date" means (i) the date that falls six months after the Issue Date; (ii) each date which falls six months after the preceding Payment Date; and (iii) the stated maturity date of the

Bonds, except that if a Payment Date would otherwise fall on a day which is not a Business Day, it will be postponed to the next day which is a Business Day, unless such next Business Day falls in the next calendar month, in which event such Payment Date will be the preceding Business Day.

"Business Day" means a day on which banks are open for business in London, New York City and Luxembourg and, with respect to any payment to be made by a Paying Agent located in any city, a day on which banks are open for business in such city.

Determination of LIBOR

On the second LIBOR Banking Day (as defined below) prior to the first day of each Interest Period (each, a "LIBOR Determination Date"), the Fiscal Agent shall determine LIBOR by obtaining the quoted offered rate for six-month United States dollar deposits that appears on the display designated as Page 3750 on the Telerate (defined herein) monitor (or such other page or service as shall replace it for the purposes of displaying London interbank offered rates at major banks for U.S. dollar deposits) as of 11:00 a.m., London time, on such LIBOR Determination Date.

The term "LIBOR Banking Day" means a day on which dealings in deposits in U.S. dollars are transacted on the London interbank market, provided that if LIBOR is determined on the basis of quotations from New York Reference Banks (defined herein) as described below, "LIBOR Banking Day" means a day on which dealings in deposits in U.S. dollars are transacted on the New York City interbank market.

"Telerate" means the Associated Press-Dow Jones Telerate Service.

Alternate Determination of LIBOR

If on any LIBOR Determination Date no quotation for LIBOR is given on Telerate Page 3750 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates at major banks for U.S. dollar deposits), LIBOR will be the arithmetic mean, expressed as a percentage, of the offered rates for deposits in U.S. dollars, for a period of six months, that appear as of 11:00 a.m., London time, on such LIBOR Determination Date on the display designated as "LIBO" on the Reuters Monitor Money Market Rate Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates at major banks for U.S. dollar deposits) (the "Reuters Screen LIBO Page"). If such rate is not displayed on the Reuters Screen LIBO Page at such-time, the Fiscal Agent will obtain from each of four leading banks in London selected by the Fiscal Agent (the "Reference Banks") quotations of the rates offered by the Reference Banks as of approximately 11:00 a.m., London time, on such LIBOR Determination Date for deposits in U.S. dollars of \$1,000,000 to prime banks in the London interbank market for a period of six months. If two or more such quotations are provided as requested, then LIBOR for such date shall be the arithmetic average of such quotations. If fewer than two such quotations are provided as requested, the Fiscal Agent will obtain from each of the four leading banks in New York City selected by the Fiscal Agent (the "New York Reference Banks") quotations of the rates offered by the New York Reference Banks as of approximately 11:00 a.m., New York City time, on such

LIBOR Determination Date for deposits in U.S. dollars of \$1,000,000 to leading European banks for a period of six months. If two or more such quotations are provided as requested, then LIBOR for such date shall be the arithmetic average of such quotations. If on any LIBOR Determination Date the Fiscal Agent is required but unable to determine LIBOR in the manner provided above, LIBOR for the next Interest Period for such Bonds shall be LIBOR as determined on the previous LIBOR Determination Date.

General

All percentages resulting from any calculations of LIBOR will be rounded, if necessary, to the nearest of 1/16 of 1% and all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent or more being rounded upwards).

The establishment of LIBOR on each LIBOR Determination Date by the Fiscal Agent and its calculation of the rate of interest applicable to the Bonds for the related Interest Period will (in the absence of manifest error) be final and binding on Croatia, the Fiscal Agent, the Registrar, the Paying Agent, each other Paying Agent and all holders of Bonds.

The Fiscal Agent will cause notice of the rate of interest and the interest amount for each Interest Period and the relevant Payment Date to be given as set forth below in "Notices" and provided to the Luxembourg Stock Exchange as soon as possible after each LIBOR Determination Date but in no event later than the fourth Business Day thereafter.

Principal Payments, Redemption and Purchase

Principal payments on the Series A Bonds will be made in twenty-two (22) equal installments on each Payment Date, commencing January 31, 2000, except to the extent that the Series A Bonds are previously redeemed. The Series A Bonds will have a final maturity on July 31, 2010. Principal on the Series B Bonds will be payable in twenty (20) installments on each Payment Date, commencing on January 31, 1997, except to the extent that the Series B Bonds are previously redeemed. The amount of each installment on the Series B Bonds will be as follows: (i) the first such installment will be equal to the sum of (a) 2.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000 and (b) \$10,000,000, (ii) the second through and including the seventh such installments will be equal to 2.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000, (iii) the eighth through and including the twelfth such installments will be equal to 6.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000 and (iv) the thirteenth through and including the twentieth such installments will be equal to 7.00% of the remainder of (x) the original principal amount of the Series B Bonds minus (y) an amount equal to \$10,000,000. The Series B Bonds will have a final maturity on July 31, 2006.

Croatia will have the right to redeem any or all of the Bonds on any Payment Date, at a redemption price of par plus accrued and unpaid interest through the redemption date. Holders of

Bonds called for redemption, in whole or in part, must surrender their Bonds at the office of one of the paying agents in order to receive the redemption price.

If less than all of the Bonds of any Series are to be redeemed, the Bonds (or portions thereof) called for redemption will be selected by the Fiscal Agent on a pro rata basis in accordance with the outstanding principal amount of such Bonds prior to such redemption. The minimum aggregate principal amount of any Series that may be called for redemption on any date is \$10,000,000; provided that in the event that Bonds of any Series are redeemed in part, any such redemption will be in an aggregate principal amount of any such Series which is an integral multiple of \$1,000. In addition, in the event that Bonds are redeemed in part, the principal amount redeemed will be applied ratably among amortization payments. Notice of redemption will be given in the manner described under "Notices" below, not less than thirty nor more than sixty days prior to the applicable redemption date. All notices of redemption will state:

- (i) the applicable date on which redemption is to occur;
- (ii) the principal amount of Bonds of each Series to be redeemed on such date, and the redemption price;
- (iii) that the amount payable in respect of the redeemed Bonds will be limited to the redemption price therefor and that interest will cease to accrue on the redemption date specified in the notice; and
- (iv) the place or places where the Bonds called for redemption are to be surrendered for payment of the redemption price, which will be at the offices of the paying agents, and that the redemption price will be payable upon presentation of such Bonds at any such office.

If notice of redemption has been given in the manner described under "Notices" below, the Bonds to be redeemed will become due and payable on the redemption date specified in such notice, and, upon presentation and surrender of the Bonds at the place or places specified in such notice, the Bonds will be paid and redeemed by Croatia at the place or places and in the manner herein specified and at the redemption price herein specified. If monies for the redemption of the Bonds are not made available for payment until after the redemption date, the Bonds called for redemption will continue to bear interest until such monies have been made so available.

Croatia may at any time purchase Bonds of any Series in the open market or otherwise at any price, so long as no Event of Default (or event which would with the lapse of time become an Event of Default) resulting from the failure to pay principal of or interest on the Bonds has occurred and is continuing.

The Bonds will be eligible for such debt conversion programs, including privatization programs, as may be established in accordance with applicable law in effect from time to time.

Nature of Obligation; Negative Pledge

Nature of Obligation

The Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of Croatia and will at all times rank pari passu and without any preference among themselves. The full faith and credit of Croatia is pledged for the due and punctual payment of the principal of, and interest on, the Bonds and the performance of the covenants in the Bonds. The payment obligations of Croatia under the Bonds will at all times rank at least equally with all the other present and future unsecured and unsubordinated External Indebtedness (defined herein) of Croatia.

"External Indebtedness" means obligations, and guarantees of obligations, (i) for borrowed money or (ii) evidenced by bonds, debentures, notes or other similar instruments or other securities, in each case, which are denominated or payable, or which at the option of the holder thereof may be payable, in a currency other than the lawful currency of Croatia.

Negative Pledge

So long as any Bond remains outstanding, except as set forth below, Croatia will not create or permit to exist any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance (any of the foregoing, a "Lien") upon the whole or any part of its existing or future assets or revenues to secure any External Indebtedness of Croatia unless, at the same time or prior thereto, Croatia's obligations under the Bonds are secured equally and ratably therewith. Notwithstanding the foregoing, Croatia may create or permit to exist:

(i) any Lien upon property incurred for the purpose of financing the acquisition or construction of such property or any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;

(ii) any Lien existing on any property at the time of its acquisition and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;

(iii) any Lien in existence on the date of exchange, and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, provided that the principal amount of indebtedness secured thereby is not more than the original amount thereof;

(iv) any Lien incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project, provided that (A) the holders of the External Indebtedness of Croatia secured by such Lien expressly agree to look to the assets and revenues of such project as the principal source of repayment of such External

Indebtedness, and (B) the property over which such Lien is granted consists solely of such assets and revenues;

(v) any Lien arising in the ordinary course of banking transactions and securing the indebtedness of Croatia maturing not more than one year after the date on which it is originally incurred;

(vi) any Lien which arises pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings and any Lien which secures the reimbursement obligation for any bond obtained in connection with the release of property from any Lien arising pursuant to such legal process, provided that the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(vii) any Lien arising by operation of law which has not been foreclosed or otherwise enforced against the properties to which it applies;

(viii) any Lien on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property, provided that any such Lien secures only rentals and other amounts payable under such lease;

(ix) any Lien in favor of the Bank for International Settlements or other multilateral monetary authorities or organizations or central banks or treasuries of sovereign states securing present or future extensions of credit the duration of which does not exceed one year;

(x) any Lien arising in connection with contracts entered into substantially simultaneously for sales and purchases at market prices of precious metals; and

(xi) any Lien in addition to those permitted by clauses (i) to (x) above, provided that the aggregate amount of External Indebtedness secured by such additional Lien shall not at any time exceed the equivalent of \$200,000,000.

Covenants

Croatia will covenant and agree that, so long as any Bond remains outstanding:

(i) It will duly obtain and maintain in full force and effect all governmental approvals (including any exchange control and transfer approvals) which may be necessary or advisable under the laws of Croatia for the execution, delivery and performance of the Bonds by it or for the validity or enforceability of the Bonds and duly take all necessary and advisable governmental and administrative action in Croatia in order to make all payments to be made under the Bonds as required by the Bonds and the Fiscal Agency Agreement; and

(ii) It will use its best efforts to list, and maintain the listing of, the Bonds on the Luxembourg Stock Exchange.

Events of Default; Acceleration

Events of Default

Each of the following events constitutes an "Event of Default" with respect to the Bonds of any Series:

(i) **Non-Payment**: Croatia fails to pay any principal of any of the Bonds of any Series when due and payable or fails to pay any interest on any of the Bonds of any Series when due and payable, and, except in the case of the payment due on the stated maturity date of or any redemption date in respect of the Bonds of any Series, such failure continues for a period of 15 days; or

(ii) **Breach of Other Obligations**: Croatia does not perform or comply with any one or more of its other obligations under the Bonds or under the Fiscal Agency Agreement, which default is incapable of remedy or, if capable of remedy, is not remedied within 60 days after notice of such default has been given to Croatia by the Fiscal Agent; or

(iii) **Cross Default**: (A) the holders of any Publicly Issued External Indebtedness (as defined below) of Croatia (including Bonds of any Series), as a result of any failure to pay the principal of, or interest on, such Publicly Issued External Indebtedness, accelerate such Publicly Issued External Indebtedness or declare such Publicly Issued External Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof and such acceleration, declaration or prepayment shall not have been annulled or rescinded within 30 days thereof or (B) Croatia fails to pay in full any principal of, or interest on, any Bond of any other Series when due (after expiration of any applicable grace period); or

(iv) **Payment Moratorium**: any general moratorium on the payment of any External Indebtedness is declared by Croatia or the National Bank of Croatia; or

(v) **Revocation of Government Approval**: any revocation of any governmental approval (including the approval of the exchange offer pursuant to which the Bonds are being issued by the Parliament of Croatia) necessary for the Bonds to constitute legal, valid, binding and enforceable obligations of Croatia.

"Publicly Issued External Indebtedness" means External Indebtedness of, or guaranteed by, Croatia which (i) is publicly issued or privately placed in the capital markets, (ii) is in the form of, or represented by, bonds, debentures, notes or other similar instruments or other securities or any guarantee thereof and (iii) is, or may be, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market.

Acceleration of Maturity

If an Event of Default occurs and is continuing in respect of any Series of Bonds, the holders of not less than 33-1/3% of the aggregate principal amount of the Bonds outstanding of such Series, excluding outstanding Bonds of such Series held by or on behalf of Croatia, the National Bank of Croatia or any Croatian Government Entity (as defined below), may, by notice in writing to Croatia at the office of the Fiscal Agent, declare the principal amount of the Bonds of such Series, together with accrued interest and any other amounts payable in respect of the Bonds of such Series, to be immediately due and payable. After any such declaration, if all amounts then due with respect to the Bonds of such Series are paid in full (other than amounts due solely because of such declaration) and all other defaults with respect to the Bonds of such Series are cured, such declaration may be annulled and rescinded by holders of not less than 50% in aggregate outstanding principal amount of the Bonds of such Series by written notice thereof to Croatia at the office of the Fiscal Agent.

Tax Events

All payments of principal and interest in respect of the Bonds by Croatia will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Croatia or by any authority therein or thereof having power to tax (together "Croatian Taxes"), unless such withholding or deduction is required by law.

In the event that withholding or deduction of Croatian Taxes from payments of principal and interest in respect of the Bonds is required by law, Croatia will pay such additional amounts as will result in receipt by the holders of Bonds of such amounts as would have been received by them had no such withholding or deduction been required ("Additional Amounts"), except that no Additional Amounts will be payable with respect to any Bond:

(i) to a holder (or to a third party on behalf of a holder) where such holder is liable for such Croatian Taxes in respect of such Bond by reason of (A) its being an individual who is a citizen or resident of Croatia or a corporation, partnership, trust, joint venture, unincorporated organization or other juridical entity organized under the laws of Croatia or any political subdivision thereof or therein or having its principal place of business in Croatia or (B) its having an operating presence or permanent establishment in Croatia or any political subdivision thereof or therein; or

(ii) presented for payment more than 30 days after the Relevant Date (as defined below) when presentment is required in order to receive such payment, except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

Within 30 days after the date of any payment of Croatian Taxes, Croatia will furnish to the Fiscal Agent the original or a certified copy of a receipt of the amount and payment thereof. The

Fiscal Agent shall forward such original or copy to each holder of Bonds to which Croatia made or is obligated to make a payment that resulted in such Croatian taxes.

The "Relevant Date" in respect of any Bond means the date on which payment in respect thereof first becomes due or (if the full amount of the money payable has not been received by the Fiscal Agent on or prior to such due date) the date on which notice is duly given to the holders of Bonds in the manner described in "Notices" below that such moneys have been so received and are available for payment. Any reference to "principal" and/or "interest" herein will be deemed to include any Additional Amounts which may be payable under the Bonds.

Prescription

Claims against Croatia for payment of principal of and interest on the Bonds will become void unless made within ten years (in the case of principal) and five years (in the case of interest) from the due date for payment.

Form of Bonds

The Bonds and any Global Bond representing such Bonds will be issued in fully registered form without coupons attached. Bonds in definitive form will be issued to owners of beneficial interests in the Global Bonds only upon the terms and subject to the conditions described below.

Bonds initially issued to U.S. Persons or holders that are located in the United States will be represented by beneficial interests in two Restricted Global Bonds (defined herein), one for the Series A Bonds and one for the Series B Bonds. Bonds initially issued outside the United States to holders that are not U.S. Persons will be represented by beneficial interests in two Regulation S Global Bonds (defined herein), one for the Series A Bonds and one for the Series B Bonds.

Definitive Bonds

Except in the limited circumstances described below, owners of beneficial interests in the Global Bonds will not be entitled to have Bonds registered in their names, will not receive or be entitled to receive Bonds in definitive form ("Definitive Bonds") and will not be considered holders thereof under the Fiscal Agency Agreement or the Bonds. If the Common Depository or the Custodian notifies the Fiscal Agent that it is unwilling or unable to continue as depository or custodian, as the case may be, for the Global Bonds, and a successor depository or custodian is not appointed by the Fiscal Agent within 90 days after receiving such notice, or if an Event of Default with respect to any Series of the Bonds has occurred and is continuing as described under "Default; Acceleration of Maturity" as a result of which the principal amount of Bonds of such Series, together with interest and any other amounts payable in respect of the Bonds of such Series, is declared immediately due and payable, Croatia will issue or cause to be issued Definitive Bonds in exchange for the Global Bonds.

Denominations

Bonds represented by the Regulation S Global Bonds will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. All other Bonds will be issued in denominations of \$250,000 and integral multiples of \$1,000 in excess thereof.

Title

Subject to applicable law and the terms of the Fiscal Agency Agreement and the Bonds, Croatia and the Fiscal Agent will deem and treat the registered holder of such Bonds as the absolute owner thereof for all purposes whatsoever, notwithstanding any notice to the contrary, and all payments to or on the order of the registered holder, as the case may be, will be valid and effective to discharge the liability of Croatia and the Fiscal Agent on the Bonds to the extent of the sum or sums so paid.

Method of Payment

Principal of and interest on the Bonds and any Additional Amounts required to be paid as described in "Tax Events" above in respect of any Bond will be payable in such coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts, by wire transfer to an account maintained at a bank by the holder thereof in immediately available funds. Principal of and interest on the Bonds and any Additional Amounts required to be paid at maturity of each Bond will be made upon presentation of such Bond at the office of any Paying Agent. Interest and any Additional Amounts payable at maturity will be payable to the person to whom the principal of the Bond will be paid. Installments of principal and interest (and any Additional Amounts) due other than at maturity for the Bonds will be payable to the persons in whose name such Bonds are registered at the close of business on the Record Date (as defined herein) with respect to the relevant Payment Date (as defined herein).

The "Record Date" with respect to any Payment Date (as defined below) will be the fifteenth day prior to such Payment Date, whether or not such day is a Business Day.

The Fiscal Agent will act as Principal Paying Agent for the Bonds under the Fiscal Agency Agreement and will have the right to appoint additional Paying Agents (which will include a Luxembourg Paying Agent, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require). Subject to the foregoing, Croatia will have the right at any time to terminate any such appointment and to appoint any other Paying Agents in such other places as it may deem appropriate upon notice given in accordance with "Notices" below.

Transfer and Exchange of Bonds

Transfers of Bonds may be made only in compliance with the restrictions set forth herein under "Subscription and Sale" and in accordance with the procedures set forth in the Fiscal Agency Agreement, which are summarized below.

A transfer of an interest in a Restricted Global Bond will be effected by book entry in the records maintained by the Custodian for such purpose, upon delivery by the person registered in such records as the owner of such interest of a duly executed transfer notice in the form set forth in the Fiscal Agency Agreement and in compliance with the restrictions set forth herein under "Subscription and Sale." Because the Custodian will not maintain cash accounts on behalf of the holders of interests in the Restricted Global Bonds, payment arrangements in connection with transfers of such interests must be made separately from arrangements for the transfer of the related Bonds. Transfers of interests in Regulation S Global Bonds between participants in Euroclear and Cedel will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Beneficial interests in the Restricted Global Bonds may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Bond of the same Series only upon receipt by the Fiscal Agent, or the Paying Agent in Luxembourg, of a written certification from the transferor (in the form set forth in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S (defined herein). No such certification requirement applies to transfers of beneficial interests in the Regulation S Global Bond of any such Series to a person who takes delivery in the form of an interest in the Restricted Global Bond of the same Series. Any beneficial interest in one of the Global Bonds of a given Series that is transferred to a person who takes delivery in the form of an interest in another Global Bond of the same Series, will, upon transfer, cease to be an interest in such Global Bond and become an interest in such other Global Bond, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Bond for as long as it remains such an interest. Beneficial interests in Global Bonds of one Series may not be exchanged for beneficial interests in Global Bonds of another Series.

Notices

All notices to the holders of the Bonds will be deemed to have been given (i) upon publication in the *Financial Times*, and (ii) for so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, upon publication in a leading daily newspaper of general circulation in Luxembourg (which is expected to be *The Luxemburger Wort*). Notwithstanding the foregoing, so long as all Bonds are represented by Global Bonds held on behalf of Euroclear and Cedel and/or by the Custodian, there may be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear, Cedel and/or the Custodian for communication by them to the holders of interests in the relevant Global Bond, subject to any rules of the Luxembourg Stock Exchange requiring such publication. Any such notice shall be deemed to have been given on the date of such mailing or publication or, if published more than once on different dates, on the first date on which publication is made.

Further Issues

Croatia may in its sole discretion from time to time issue further bonds without the consent of the holders of the Bonds pursuant to an agreement supplemental to the Fiscal Agency Agreement, such further bonds being fungible with the Bonds of any Series as regards their financial service,

provided that such bonds and the Bonds carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such bonds provide for such fungibility.

Governing Law

The Bonds will be governed by, and interpreted in accordance with, the laws of the State of New York; provided, however, that the due authorization and execution of the Bonds by and on behalf of Croatia will be governed by the laws of Croatia.

Jurisdiction, Consent to Service and Enforceability

Croatia will irrevocably submit to the non-exclusive jurisdiction of any New York State or Federal court sitting in the City and County of New York, and of the High Court of Justice in London and any appellate court from any thereof, in any action or proceeding arising out of or relating to the Bonds brought by a holder of such Bonds, and will irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court or the High Court of Justice in London. Croatia will irrevocably waive, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding, any objection to venue and any right of jurisdiction in such action or proceeding on account of the place of residence or domicile of such party. Croatia irrevocably appoint CT Corporation System in The City and County of New York (the "New York Process Agent"), with an office on the date hereof at 1633 Broadway, New York, New York, 10019, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding in any New York State or Federal court sitting in the City and County of New York and any appellate court from any thereof. Croatia irrevocably appoint The Law Debenture Trust Corporation p.l.c. in London (the "London Process Agent"), with an office on the date hereof at Princes House, 95 Gresham Street, London EC2V 7LY, as its agent to receive on behalf of itself and its property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding in the High Court of Justice in London and any appellate court from any thereof. Such appointments shall be irrevocable until all amounts in respect of all the Bonds have been paid to the Fiscal Agent. A final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. If, for any reason, CT Corporation System ceases to be able to act as the New York Process Agent or to have an address in the City of New York or The Law Debenture Trust Corporation p.l.c. ceases to be able to act as the London Process Agent or to have an address in London, Croatia will appoint another person in The City and County of New York or London, as the case may be, to act as the New York Process Agent or the London Process Agent, as the case may be, and notify holders of Bonds thereof.

Croatia will waive irrevocably immunity from jurisdiction to which it might otherwise be entitled (including sovereign immunity and immunity from pre-judgment attachment and post-judgment attachment and execution) in any action based upon the Bonds in any state or federal court in The City and County of New York, in the High Court of Justice in London or in any competent

court in Croatia. The waiver of immunities referred to herein will constitute only a limited and specific waiver for the purpose of the Bonds and under no circumstances shall it be interpreted as a general waiver of Croatia or a waiver with respect to proceedings unrelated to the Bonds.

Judgment Currency

The obligations of Croatia in respect of any amount owing under the Bonds shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by a holder of any sum adjudged to be so due in the Judgment Currency such holder may in accordance with normal banking procedures purchase U.S. dollars with the Judgment Currency; if the amount of U.S. dollars so purchased is less than the sum originally due to such holder in U.S. dollars Croatia will agree, as a separate obligation and notwithstanding any such judgment, to indemnify such holder against such loss.

Modifications, Amendments and Waivers

Croatia and the Fiscal Agent may, without the vote or consent of any holder of Bonds, amend the Fiscal Agency Agreement or the Bonds for the purpose of (i) adding to the covenants of Croatia, for the benefit of the holders of Bonds, (ii) surrendering any right or power conferred upon Croatia, (iii) securing the Bonds pursuant to the requirements of the Bonds or otherwise, (iv) correcting or supplementing any defective provision contained in the Fiscal Agency Agreement or in the Bonds, (v) modifying any provision of the Fiscal Agency Agreement on the Bonds as required by a change in law or (vi) amending the Fiscal Agency Agreement or the Bonds in any manner which Croatia and the Fiscal Agent may determine and which will not, as evidenced by an opinion of counsel acceptable to the Fiscal Agent, be inconsistent with the Bonds and not adversely affect the interest of any holder of Bonds.

Croatia or the Fiscal Agent, at the request of the holders of Bonds of any Series, may call a meeting of the holders of Bonds of such Series under the circumstances and in the manner set forth below for the purpose of making, giving or taking any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the Bonds to be made, given or taken by holders of Bonds or to modify, amend or supplement the terms of the Bonds or the Fiscal Agency Agreement as hereinafter provided. Croatia may at any time call a meeting of holders of Bonds of any Series for any such purpose defined above to be held at such time and at such place as Croatia will determine. Notice of each such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, will be given as set forth herein under "Notices" not less than 30 nor more than 60 days prior to the date fixed for the meeting. The holders of at least 10% in aggregate principal amount of the outstanding Bonds of such Series may request the Fiscal Agent to call a meeting of the holders of such Bonds for any such purpose defined above, by written request setting forth in reasonable detail the action proposed to be taken at the meeting. Upon receipt of such request, the Fiscal Agent will call such meeting for such purposes by giving notice thereof to the holders of Bonds of such Series.

To be entitled to vote at any meeting of holders of Bonds of any Series, a person must be a holder of outstanding Bonds of such Series. Notwithstanding the above, in determining whether the holders of the requisite principal amount of Bonds outstanding of any Series have voted for any matter hereunder, the aggregate principal amount of Bonds of such Series held by Croatian Government Entities (as defined below) and all Bonds of such Series held by Croatia will be disregarded and deemed not to be outstanding, except that in determining whether the Fiscal Agent will be protected in relying upon any such vote, only Bonds that the Fiscal Agent actually knows to be so held will be so disregarded. A "Croatian Government Entity" is defined as any corporation, entity, trust, credit institution or public agency which is directly or indirectly controlled by Croatia. The persons entitled to vote a majority in principal amount of the outstanding Bonds of the relevant Series will constitute a quorum. No business will be transacted unless a quorum is present when the meeting is called to order. In the absence of a quorum within two hours of the time fixed for any such meeting, the meeting will be adjourned for a period of not less than 15 days as determined by the chairman of the meeting. In the absence of a quorum at any such reconvened meeting, such reconvened meeting will be further adjourned for a period of not less than 10 additional days as determined by the chairman of the meeting. Notice of the reconvening of any adjourned meeting will be given as provided above except that such notice need be published only once, but must be given not less than five days prior to the date on which the meeting is scheduled to be reconvened. Subject to the foregoing, at the reconvening of any meeting adjourned for a lack of a quorum, the persons entitled to vote 25% in principal amount of the outstanding Bonds of such Series will constitute a quorum for the taking of any action set forth in the notice of the original meeting. Except as otherwise provided in the Bonds or in the Fiscal Agency Agreement, the Fiscal Agent may make such reasonable and customary regulations as it will deem advisable for any meeting of holders of Bonds with respect to the proof of the holding of Bonds, the adjournment and chairmanship of such meeting, the appointment and duties of inspectors of votes, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it will deem appropriate. Notice of the reconvening of an adjourned meeting will state expressly the percentage of the aggregate principal amount of the outstanding Bonds of such Series which will constitute a quorum. Any holder of a Bond who has executed an instrument in writing appointing a person as proxy will be deemed to be present for the purposes of determining a quorum and be deemed to have voted; provided that such holder will be considered as present or voting only with respect to the matters covered by such instrument in writing (which may include authorization to vote on any other matters as may come before the meeting). The only persons who shall be entitled to be present or to speak at any meeting of the holders of Bonds shall be the persons entitled to vote at such meeting and their counsel, any representatives of Croatia and its counsel and any representatives of the Fiscal Agent and its counsel.

With (x) the approval of holders of Bonds at a meeting duly called and held as specified above, upon the affirmative vote, in person or by proxy thereunto duly authorized in writing, of the holders of not less than 66 2/3% in aggregate principal amount of the Bonds of the relevant Series then outstanding represented at such meeting, or (y) the written consent of the owners of 66 2/3% in aggregate principal amount of the Bonds of the relevant Series then outstanding, Croatia and the Fiscal Agent may modify, amend or supplement the terms of the Bonds of such Series or, insofar as respects the Bonds of such Series, the Fiscal Agency Agreement, in any way, and such holders may make, take or give any request, demand, authorization, direction, notice, consent, waiver or other

action provided by the Fiscal Agency Agreement or the Bonds of such Series to be made, given or taken by holders of such Bonds; provided, however, that no such action may, without the consent of the holders of each Bond of such Series, (i) change the due date for the payment of the principal of or any installment of interest on any Bond of such Series, (ii) reduce the principal amount of any Bond of such Series, the portion of such principal amount which is payable on any Payment Date or upon acceleration of the maturity of such Bond or the interest rate thereon, (iii) change the coin or currency in which or the required places at which payment with respect to interest, any premium or principal in respect of the Bonds of such Series is payable, (iv) reduce the proportion of the principal amount of the Bonds of such Series the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the Bonds of such Series or to make, take or waive any request, demand, authorization, notice, consent, waiver or other action provided thereby to be made, taken or given, or (v) change the obligation of Croatia to pay any Additional Amounts with respect to Bonds of such Series.

The appointment of any proxy will be proved by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker, trust company or recognized security dealer satisfactory to Croatia. The holding of a registered Bond will be proved by the registry books maintained in accordance with the Fiscal Agency Agreement or by a certificate or certificates of the Registrar in its capacity as Croatia's agent for the maintenance of such books.

Croatia will appoint a temporary chairman of the meeting. A permanent chairman and a permanent secretary of the meeting will be elected by vote of persons entitled to vote a majority in principal amount of the Bonds represented at the meeting. At any meeting, each holder of Bonds or proxy will be entitled to one vote for each U.S. \$1,000 principal amount of the Bonds as to which he is a holder or proxy; provided that no vote will be cast or counted at any meeting in respect of any Bond challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting will have no right to vote except as a holder of a Bond or proxy. Any meeting of the holders of Bonds duly called at which a quorum is present may be adjourned from time to time by vote of such holders of a majority in aggregate principal amount of the Bonds represented and voting at such meeting, and the meeting may be held as so adjourned without further notice (except, so long as the Bonds are listed on the Luxembourg Stock Exchange, as may be required under the regulations of the Luxembourg Stock Exchange).

The vote upon any resolution submitted to any meeting of holders of Bonds will be by written ballot on which will be subscribed the signatures of such holders or proxies and on which will be inscribed an identifying number or numbers or to which will be attached a list of identifying numbers of the Bonds entitled to be voted by them. The permanent chairman of the meeting will appoint two inspectors of votes who will count all votes cast at the meeting for or against any resolution and who will make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record in triplicate of the proceedings of each meeting of holders of Bonds will be prepared by the secretary of the meeting and there will be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published and mailed as provided above. The record will be signed and

verified by the permanent chairman and secretary of the meeting and one will be delivered to each of Croatia and the Fiscal Agent, the latter to have attached thereto the ballots voted at the meeting and to be preserved by the Fiscal Agent. Any record so signed and verified will be conclusive evidence of the matters therein stated.

For purposes of modifications, amendments and waivers, any Bond authenticated and delivered pursuant to the Fiscal Agency Agreement shall, as of any date of determination, be deemed to be "outstanding", except: (i) Bonds theretofore cancelled by the Fiscal Agent or any Transfer Agent or delivered to the Fiscal Agent or any transfer agent for cancellation, (ii) Bonds which have been called for redemption in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which monies sufficient to pay the principal thereof and any interest and Additional Amounts thereon shall have been paid to the holder thereof or duly provided for; and (iii) Bonds held by Croatia or a Croatian Government Entity.

SUBSCRIPTION AND SALE

1. The Bonds will be issued in exchange for principal in respect of Refinancing Loans outstanding under the New Financing Agreement and as partial payment of the purchase price for participations in the Deposits outstanding under the Trade and Deposit Facility Agreement to NFA Creditors and TDFFA Creditors that are not Identified Connected Persons or Controlled Yugoslav Persons (each as defined below) and that do not hold such Refinancing Loans and or Deposits (or any portion thereof being exchanged or purchased) on behalf of Identified Connected Persons or Controlled Yugoslav Persons (such NFA Creditors and TDFFA Creditors are referred to respectively as "Participating NFA Creditors" and "Participating TDFFA Creditors," and collectively as "Participating Creditors"). NFA Creditors and TDFFA Creditors will be required to provide a certificate as to their status as Participating NFA Creditors and Participating TDFFA Creditors, in the form that has previously been distributed to all NFA Creditors and TDFFA Creditors, in order to receive Bonds. NFA Creditors must execute and deliver an irrevocable instrument of transfer (the "Instrument of Transfer"), in the form that has previously been distributed to all NFA Creditors, in order to exchange principal in respect of their Refinancing Loans (or portions thereof) for Bonds. Principal in respect of Refinancing Loans will be exchanged at par, in the amounts determined in accordance with the Instrument of Transfer executed by each Participating NFA Creditor that has executed and delivered an Instrument of Transfer. TDFFA Creditors must execute and deliver a Power of Attorney authorizing The Chase Manhattan Bank (formerly Chemical Bank) as Closing Agent to execute and deliver a Deposit Participation Agreement, together with Bond Delivery Instructions, in order to sell a participation in their Deposits. The form of Power of Attorney, Deposit Participation Agreement and Bond Delivery Instructions have previously been distributed to all TDFFA Creditors. Participations will be purchased for Series B Bonds and cash in the amounts determined in accordance with the Deposit Participation Agreement executed by the Closing Agent on behalf of each Participating TDFFA Creditor that has executed and delivered a Power of Attorney.

An "Identified Connected Person" is a person or entity identified on (i) the list prepared by the Office of Foreign Assets Control of the United States Department of Treasury as "Blocked Persons and Specially Designated Nationals of the Federal Republic of Yugoslavia (Serbia and Montenegro)", or (ii) the list which has previously been distributed to Creditors (including, as to any Creditor holding Refinancing Loans or any portion thereof beneficially owned by any person or entity referred to in clause (i) or this clause (ii), such Creditor to the extent of such Refinancing Loans or such portion).

A person or entity is a "Controlled Yugoslav Person" if such person or entity (a) is the government of the Federal Republic of Yugoslavia (Serbia and Montenegro), including any subdivisions thereof or local governments therein, their respective agencies or instrumentalities, including the National Bank of Yugoslavia or the Yugoslav Chamber of Economy, (b) is, or is an affiliate of, a person or entity that is a citizen of, resident of or domiciled, organized, headquartered or having its principal place of business in the Federal Republic of Yugoslavia (Serbia and Montenegro), (c) is owned or controlled, directly or indirectly, by the government or any

governmental agency of the Federal Republic of Yugoslavia (Serbia and Montenegro) or by Serbian or Montenegrin persons or entities, or (d) is acting or purporting to act, directly or indirectly, or which holds, owns or controls, directly or indirectly, Refinancing Loans or Deposits or any portion thereof on behalf of or for the benefit of persons or entities referred to in (a), (b) or (c) above (in the case of this clause (d), only to the extent of the Refinancing Loans or Deposits or any portion thereof held on behalf of or for the benefit of such persons or entities).

2. It is anticipated that closing and delivery of the Bonds will take place on July 31, 1996.

3. Bonds issued outside the United States (as defined in Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act")) to Participating Creditors that represent in the Instrument of Transfer or other applicable instrument that they are not U.S. Persons (as defined in Regulation S) will be represented by global Bonds (the "Regulation S Global Bonds") to be held by the Common Depositary on behalf of Euroclear and Cedel. Each such Participating Creditor will be required to represent and agree in such Instrument of Transfer or other applicable instrument that:

(a) it is not a U.S. Person and is acquiring the Bonds for its own account or for the account of a person that is not a U.S. Person and not with a view to a distribution in the United States or to U.S. Persons (except as may be permitted by Regulation S); and

(b) it acknowledges that the Bonds are being offered and issued outside the United States in an offshore transaction within the meaning of Regulation S and that the Bonds have not been and will not be registered under the Securities Act.

4. Regulation S Global Bonds representing Bonds will be denominated in U.S. dollars and will be issued in registered form without coupons.

5. Bonds that are issued to Participating Creditors that do not make the representation set forth in paragraph (3) will be denominated in U.S. dollars and will be issued in the form of global Bonds (the "Restricted Global Bonds") to be registered in the name of, and held by, a custodian (the "Custodian"). Each such Participating Creditor will be required to represent and agree in the Instrument of Transfer or other applicable instrument that it:

(a) is (i) a qualified institutional buyer (as defined in Rule 144A under the Securities Act) (a "qualified institutional buyer") acquiring such Bonds for its own account or for the account of one or more qualified institutional buyers, or (ii) an institutional investor that is an accredited investor within the meaning of Rule 501 (a)(1), (2), (3) or (7) under the Securities Act (an "institutional accredited investor") acquiring the Bonds being issued to it for its own account or for the account of one or more institutional accredited investors;

(b) is not acquiring such Bonds with a view to any resale or distribution other than in accordance with the restrictions set forth below;

(c) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Bonds and is able to bear the economic risk of investment in the Bonds;

(d) has received a copy of the Information Memorandum dated May 9, 1996 (the "Information Memorandum") and the Offer Notices dated June 14, 1996 and has been afforded an opportunity (i) to ask such questions as it has deemed necessary of, and to receive answers from, representatives of Croatia concerning the terms and conditions of the Bonds and the exchange offer for the Bonds and (ii) to obtain such additional information which Croatia possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information contained in the Information Memorandum and the Offer Notices; and

(e) acknowledges that (i) neither Chase Manhattan Bank as Closing Agent, nor Croatia nor any affiliate of the Closing Agent or Croatia nor any person acting on behalf of the Closing Agent or Croatia has made any representation to it with respect to Croatia or the offer or sale of any Bonds and (ii) any information it desires concerning the Bonds or any other matter relevant to its decision to purchase the Bonds is or has been made available to it.

6. Each Participating Creditor that takes a beneficial interest in a Restricted Global Bond will be required to represent and agree in the instrument of transfer or other applicable instrument that it understands that the Bonds have not been and will not be registered under the Securities Act, and that the Bonds being issued to it may only be transferred by delivery to the Custodian of a duly executed transfer notice in the form attached to the Fiscal Agency Agreement, in which the transferor will be required to represent that the transfer is being made:

(a) to a person that the transferor reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A under the Securities Act;

(b) in accordance with Regulation S;

(c) to an institutional accredited investor in a transaction not involving any general solicitation or advertising (in which case the transferee will be required to execute and deliver to the Fiscal Agent an investment letter (an "Investment Letter") in the form attached to the Fiscal Agency Agreement representing, among other things, that it is an institutional accredited investor acquiring the Bonds being transferred to it for its own account or for the account of one or more institutional accredited investors and it is not acquiring the Bonds with a view to any distribution or resale other than in accordance with the restrictions set forth herein); or

(d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available).

7. The Restricted Global Bonds will be issued only in respect of the Bonds and will be issued in registered form without coupons.

8. The Restricted Global Bonds will bear a legend to the following effect unless Croatia determines otherwise in compliance with applicable law:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THESE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT, (C) TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT EXECUTES AND DELIVERS TO THE FISCAL AGENT AN INVESTMENT LETTER IN THE FORM ATTACHED TO THE FISCAL AGENCY AGREEMENT, OR (D) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

GENERAL INFORMATION

1. The issuance of the Bonds was authorized in accordance with Article 132 of the Constitution of Croatia and an Executive Order, authorized by the President of Croatia on July 24, 1996 (Reg. No. 01-1353/1) and authorized by the Government of Croatia on July 25, 1996 (Class: 441-01/96-01/02; Reg. No. 5030114-96-1).

2. Copies of the Fiscal Agency Agreement, in substantially the form in which it will be executed, may be examined prior to the issuance of the Bonds, by any Participating Creditor, or its agent or representative at the corporate trust office of the Fiscal Agent in London or at the office of the Paying Agent for the Bonds in Luxembourg. After the date of issuance of the Bonds, copies of the Fiscal Agency Agreement may be examined by any holder of Bonds, or any other person at the office of the Fiscal Agent in London and at the office of the Paying Agent for the Bonds in Luxembourg. Wherever particular provisions of the Bonds or the Fiscal Agency Agreement are referred to or described herein, the statements are qualified in their entirety by reference to the Bonds or the Fiscal Agency Agreement. The holders of the Bonds and the related rights are entitled to the benefit of, are bound by, and are deemed to have notice of, all of the provisions contained in the Fiscal Agency Agreement.

3. Application has been made to list the Bonds on the Luxembourg Stock Exchange. There is no intention to organize formally any other market.

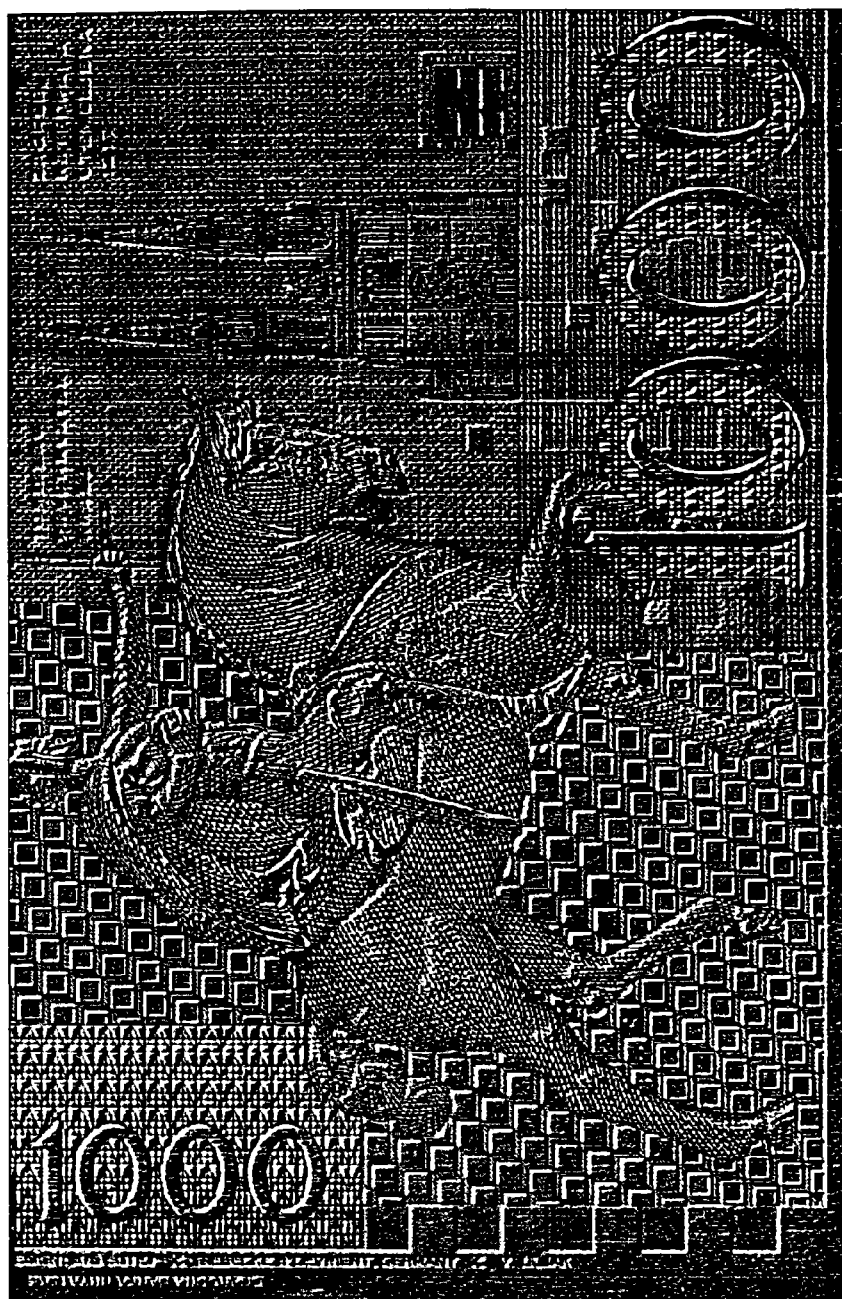
4. The Bonds represented by the Regulation S Global Bonds have been assigned the following Common Code and ISIN reference numbers:

	<u>Common Code</u>	<u>ISIN Number</u>
Series A:	6836461	XS0068364610
Series B:	6836470	XS0068364701

APPENDIX A

Bulletin of the National Bank of Croatia

NATIONAL BANK OF CROATIA



BULLETIN

No. 6 - JULY 1996

NATIONAL BANK OF CROATIA

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No. 6

JULY

1996

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ISSN 1330-9384

**The new definition of sector central government has been adopted.
Time series are revised to the new definition.**

GENERAL INFORMATION ON CROATIA

ECONOMIC INDICATORS

	<u>1993</u>	<u>1994</u>	<u>1995</u>
Area (<i>square km</i>)	56,538	56,538	56,538
GDP ¹⁾ per capita (<i>USD, constant 1990</i>)	3 495	3 524	-
GDP ¹⁾ growth % (<i>constant prices</i>)	-3.7	0.8	-
Retail price inflation (<i>end of year</i>)	1,149.3	-3.0	3.7
Population (<i>mid-year, in millions</i>)	4.8	4.8	4.8
Exports fob (<i>as % of GDP in current prices</i>)	26.7	29.3	27.0
Imports cif (<i>as % of GDP in current prices</i>)	31.9	36.0	44.0
Current account balance (<i>as % of GDP in current prices</i>)	0.7	0.7	-
Outstanding external debt (<i>end of year, in millions of USD</i>)	2,486	2,822	3,247
Foreign exchange reserves (<i>end of year, in terms of months of imports</i>)	1.3	2.5	2,4
Exchange rate on December 31st (<i>HRK : 1 USD</i>)	6.5619	5.6287	5.3161
Average exchange rate (<i>HRK : 1 USD</i>)	3.5776	5.9961	5.2300

¹⁾ Estimate

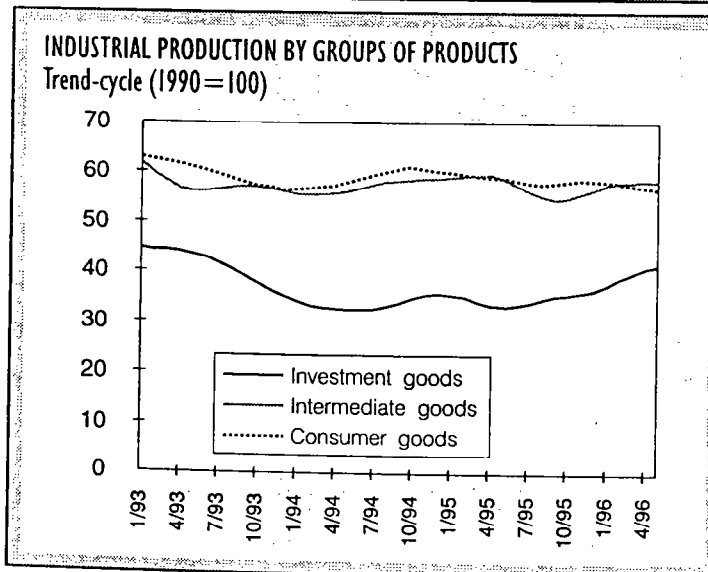
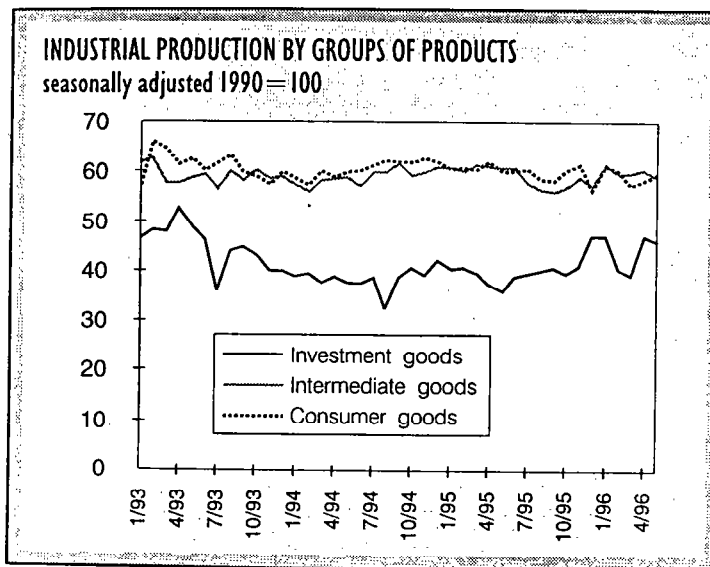
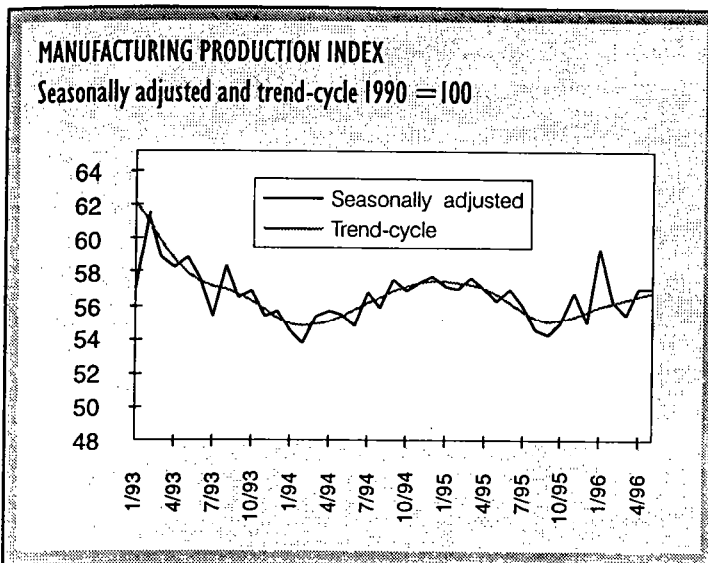
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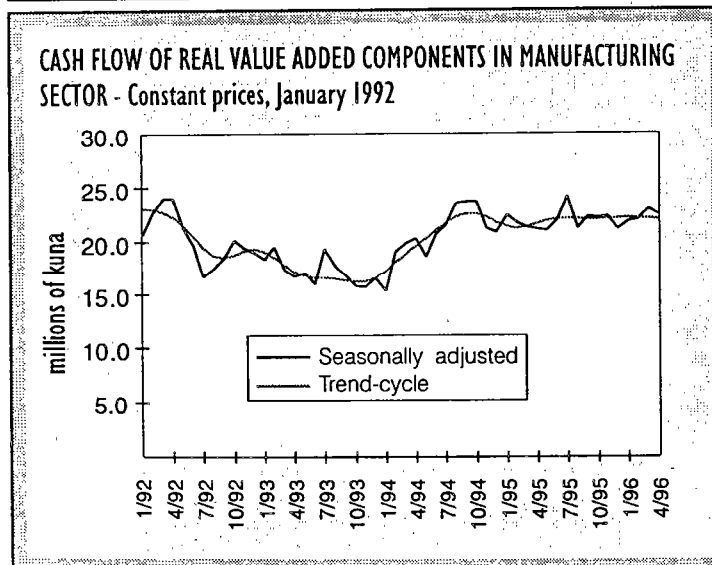
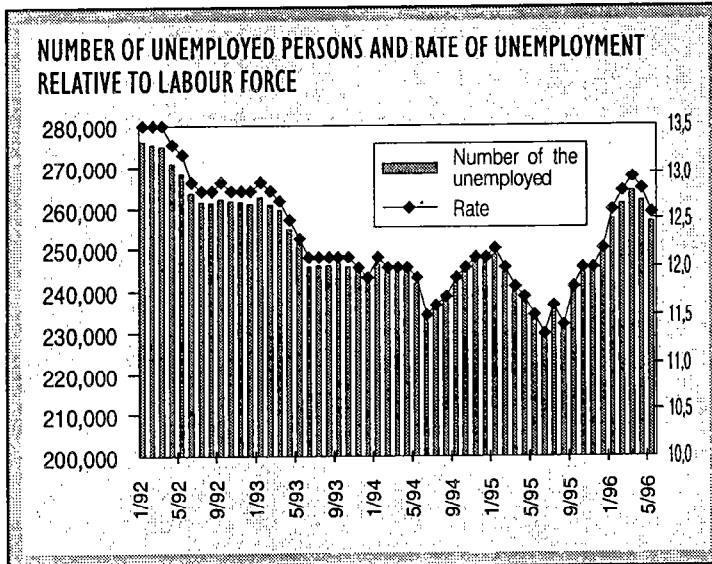
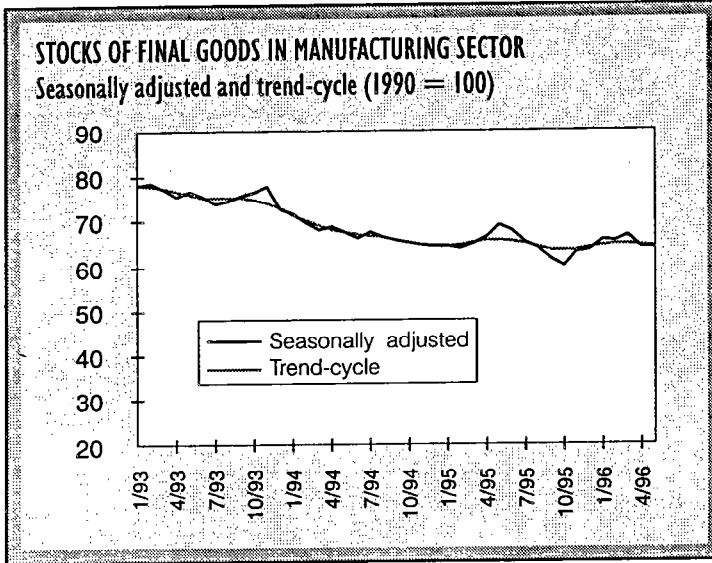
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MANUFACTURING INDUSTRY

According to the data for up until May, manufacturing industry has continued its slight upward trend which has started in October 1995 at an average monthly rate of 0.4%. Measured in original statistical numbers, manufacturing industry was by 0.8% higher during the first five months of 1996 than in the same period last year, while the year-on-year growth rate for May amounted to 2.3%. With the end of the first semester approaching, monthly growth rates should be much more intense in the coming months in order to achieve annual growth of any significance. The seasonally adjusted value of total industry activity for May is the same as the value attained in April and the annual average. Following the period of more prominent influence of seasonal and irregular component at the beginning of the year, the last two months have been characterized by weakening of their influence.

Further growth of industrial activity is added to by growth in investment goods industries. The cumulative year-on-year growth of this component amounts to 14.7% (28.3% monthly). The above mentioned positive developments reflected on the trend curve (upward since September 1994). In this group, significant cumulative year-on-year growth is recorded in the machine building industry (20.1%), shipbuilding industry (32.1%), and metal manufacturing industry (4.2%). The investment goods experienced a larger decrease during the war period, than the other two components. In the period January 1996 - May 1996, the intermediary goods industries recorded a 0.2% decrease compared to the same period last year. As a component with the largest weight (47.1%), intermediary goods industries slowed down the growth of aggregate industrial production.





Following a mild upswing in the last months of 1995, the trend-cycle has been showing the stagnation of activity. Cumulative year-on-year decrease in production of consumer goods amounts to 1.5% (0.3% monthly), which reflects on the curve of the basic tendencies in production development (downward since the beginning of the year). This is the consequence of developments in the agricultural industry, textile industry and timber and wood industry, which have all recorded decrease in production, compared to the first five months of 1995.

The inventories of finished products have been stagnating since the beginning of the year, which is in the line with the decreasing trend they have been rerecording for the past several years. The physical volume of inventories in first five months of 1996 is approximately the same as it was in 1995, while the year-on-year monthly rate for May indicates a decrease of 6.6%. Seasonal (but not irregular) effect was negligible in the first five months of 1996. It should be noted that the industrial raw materials on stock have decreased in the last several months.

A decrease in the number of unemployed in the last two months is considered one of positive indicators in the overall economic developments. However, such a high number of unemployed, as recorded in first two months, has not been recorded in last two years.

Indicator of the value added in industry and mining, registered at the Payments Institute, has been stable for months. However, the cumulative year-on-year growth for the first four months amounts to 4.2%, with April value exceeding the value recorded in April 1995 by 8%.

TRADE

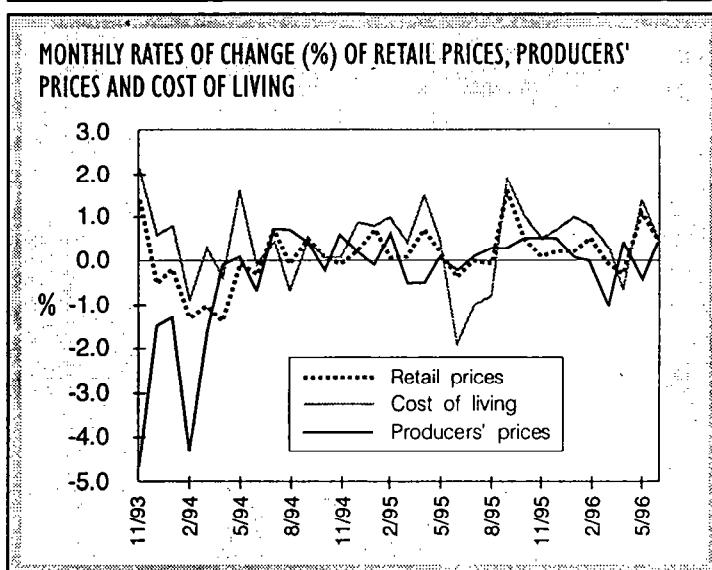
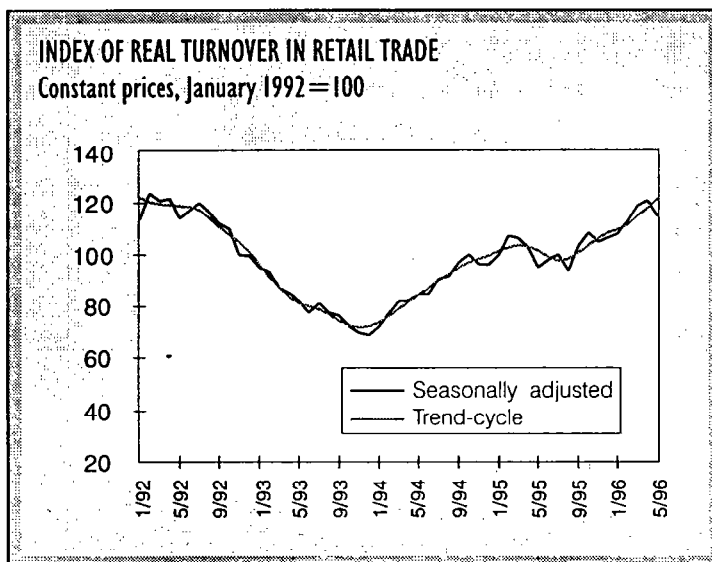
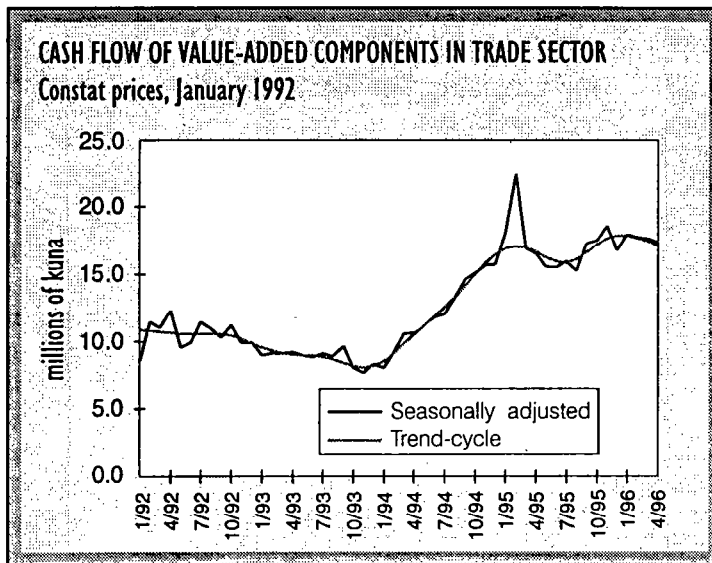
Positive tendencies in the real value added in trade of the second half of 1995 were terminated in 1996. Although the year-on-year growth rate in April reached 4.9%, cumulatively the activity decreased by 3.7%. The turnover indicator paints a more favorable picture of developments in retail trade. The upward trend which started in August 1995 at an average monthly rate of 2.2% (promising significant annual growth), has continued. Trading activity in May was 21.5% higher than the record in May 1995; cumulatively 14.3% higher. Positive tendencies in retail trade are backed up by the real value of the stock. In the first five months of 1996 this value was 9.5% lower compared to the same period last year.

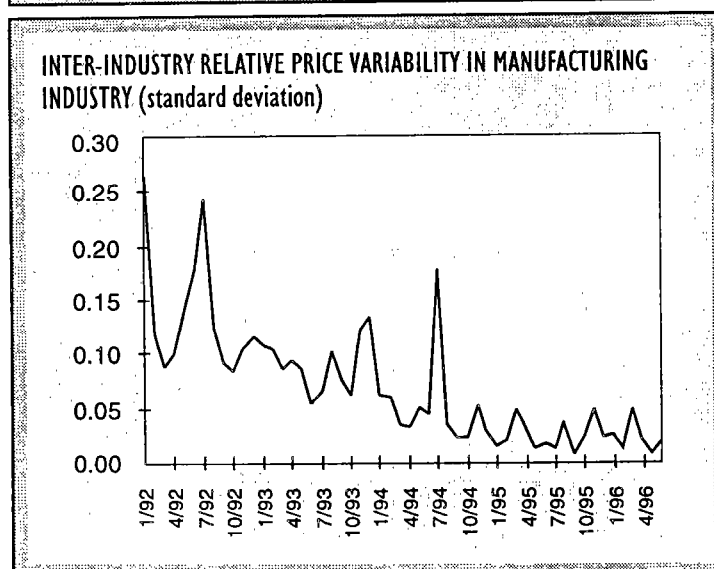
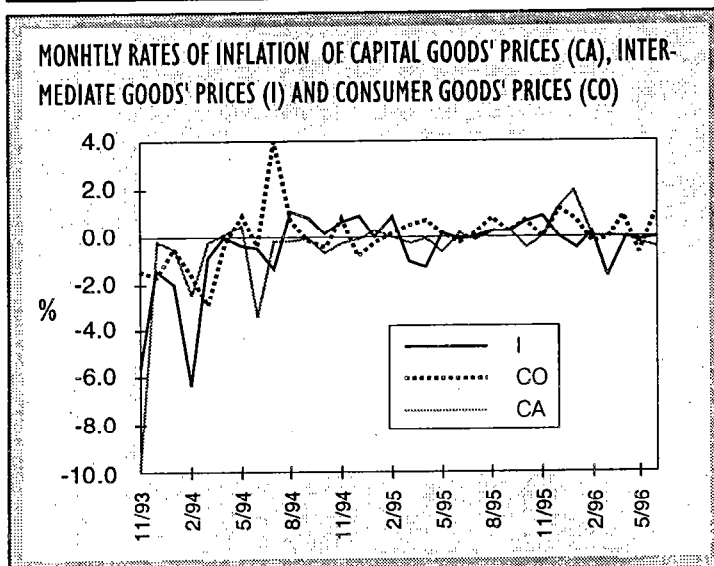
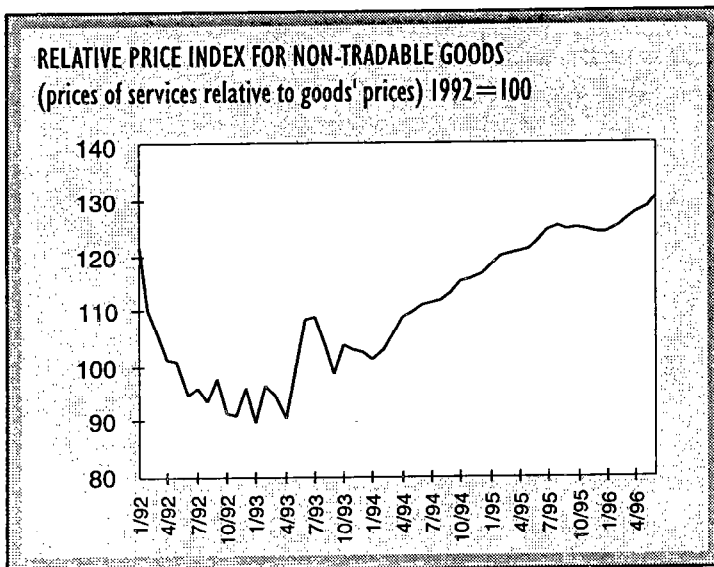
PRICES

Retail prices were 0.5% higher in June than in May 1995, propelled by an increase in prices of services. While prices of goods grew by mere 0.2%, prices of services grew by high 1.7%. Among goods, prices of non-foodstuffs continued to fall. The cumulative growth of retail prices in the first semester of 1996 compared to the same period in 1995, amounted to 3.3%.

The cost of living index also recorded an identical growth rate in June with identical changes in the structure - prices of goods increased by 0.4%, services by 1.2% (due to increase in prices of transportation services and postal and telecommunications services). Producers prices are still lower than at the end of 1995.

The two things should be in regard with developments in prices in June. First, the sudden May increase in prices was of temporary nature. Therefore, June showed that the inflation





pressures present in the system are much less present than we might expect judging from the May data. Second, the inflation pressures are still present and slightly stronger than in 1995. These pressures are in connection with the rapid growth in aggregate demand.

One of the indicators of such inflation pressures is rapid increase in the relative price of the internationally non-tradable goods, i.e. services. The prices of services, due to the absence of imports competition, react very quickly to increases in aggregate demand. Their relative stagnation in the period July 1995 - February 1996 matches the period of stagnation in demand (and supply) of money, while their relative growth since March 1996 happens at the time of an increase in demand (total and money demand). The second indicator of the above developments is a relatively rapid growth in producers' prices of consumer goods. In June, the aggregate producers' prices grew by 0.4% and the prices of consumer goods grew by 1.1%. Furthermore, the inflation in producers' prices compared to June 1995 amounts to 1.7%, while inflation in prices of consumer goods amounts to 4.5% at the same period.

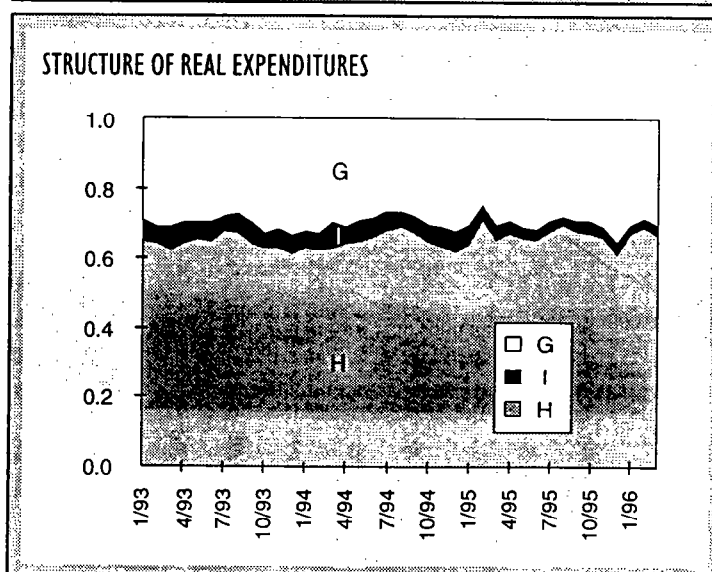
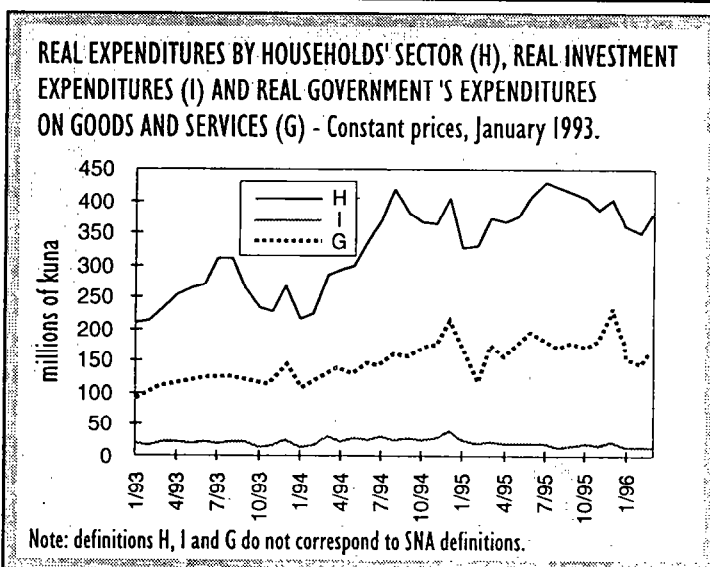
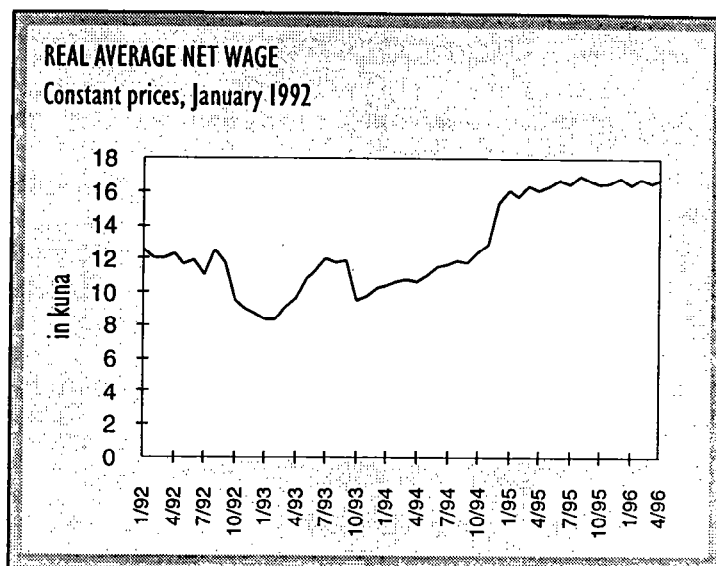
The main message these tendencies are sending refers to the strong limitations of domestic supply in the services sector and part of industrial sector. The increase in aggregate demand is already reflecting on inflation, instead of real output growth. Limitations of the supply are bound to become an even more serious limiting factor to the growth (and even more serious generator of inflation), unless the process of restructuring of the real sector of the economy is sped up.

WAGES AND AGGREGATE DEMAND

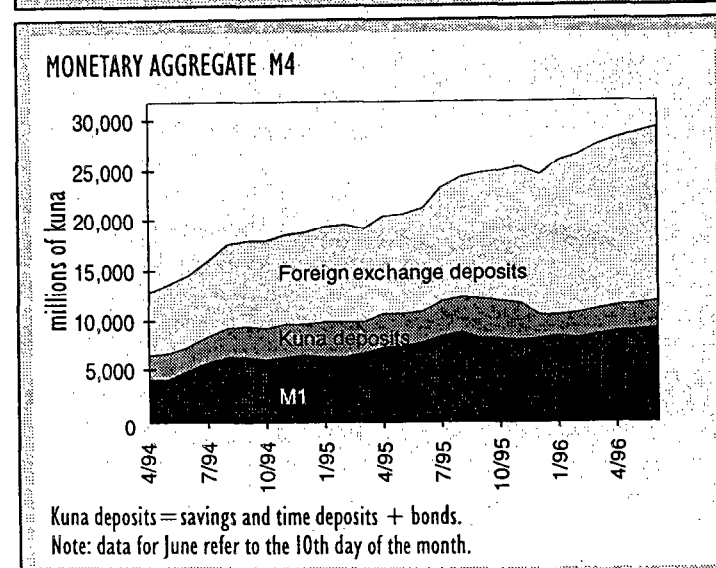
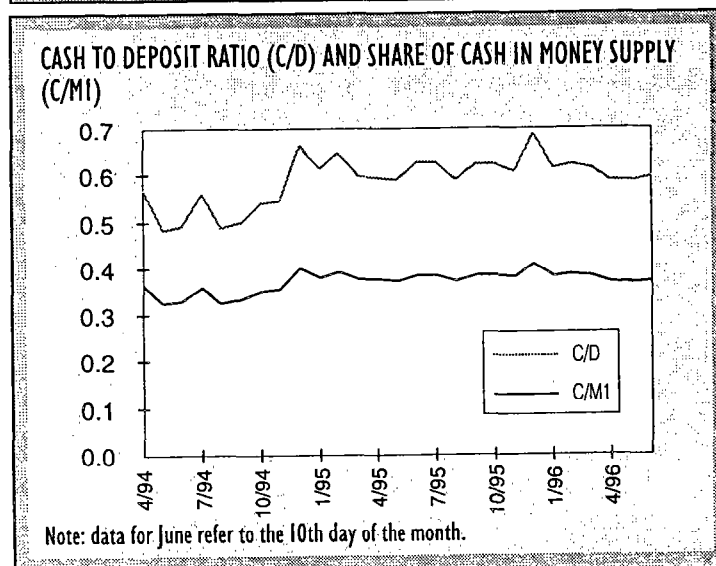
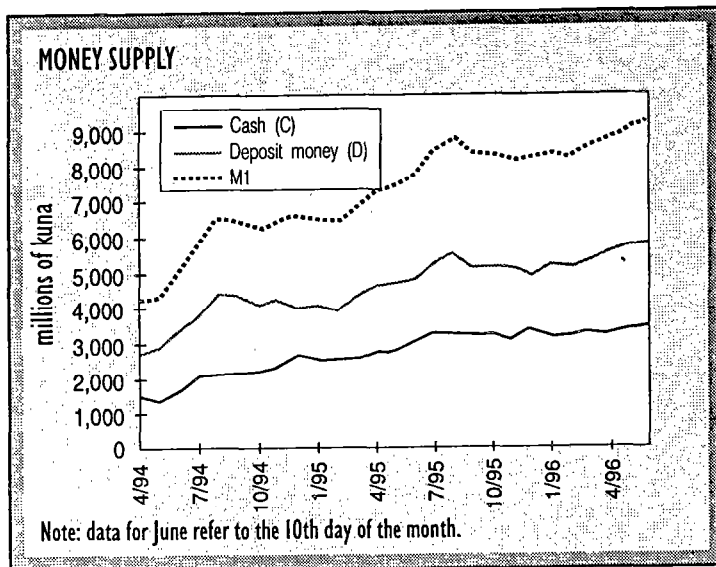
The real wage indicator (the average nominal wage deflated by the cost of living) shows stable growth. In April, the real average net wage was 4.9% higher than in April 1995. Cumulatively, for the first four months of 1996, the real wage is 3.9% higher.

Since the beginning of 1995 (since when our data are methodologically comparable) developments in the real wage indicator point to a very consistent income policy, which allows growth of real wages in accordance with the growth in productivity of labour. Naturally, a policy that would guarantee the equality between the two is quite impossible, but the ex post results confirm the correctness of its principles. Bearing other economic tendencies in mind, further growth of real wages can be expected.

The upward trend of the economy is also confirmed by developments in real aggregate demand. In the first quarter of 1996, total real money demand was 4% higher than in the same period last year (with real expenditures of the household sector 5.6% higher and real government expenditures 6.7% higher than last year). As changes in the structure of real expenditures clearly indicate, investment expenditures recorded, at the same time, a significant decrease. It is known that registered investment payouts are under the predominant influence of capital expenditures of the government, and that this statistics insufficiently covers investment in the private sector. Consequently, the government should be warned once again about the possible crowding out of investment due to huge current government expenditures, even though the actual data on investment activity is not known.



MONETARY DEVELOPMENTS



June 1996 marks the second anniversary of the change in the system of accounts of banks and savings banks. Since then, the Deposit Money Banks Consolidated has been followed using the new methodology, consequent to the acceptance of sectorization according to international financial statistics. Although the bank has always managed balance sheets of deposit money banks, frequent changes in the methodology have made more systematic analysis and comparison of data quite impossible. Any analysis referring to a longer period of time demanded re-estimation of aggregates to match the new methodology or following the aggregate by using the old methodology. Currently, we are in a situation to look back not only to previous month, but to the previous two years.

The main characteristic May was a mild growth in monetary aggregates. Money supply grew slightly more intensely than during the previous months (244 mil kuna or 2.8%), but the foreign currency deposits (generator of growth M4 in the last couple of months) increased by modest 175 mil kuna or 1%. As a reminder, the foreign exchange deposits grew at average by 500 mil kuna per month since September 1995 (when the most intense depreciation of kuna was recorded). Preliminary data for May indicated a slowdown, confirmed also by the final data. Whether foreign currency deposits became less attractive due to strengthening of the kuna and relocation of interests on demand deposits, or households emptied their piggy banks dry, should be revealed in the coming months.

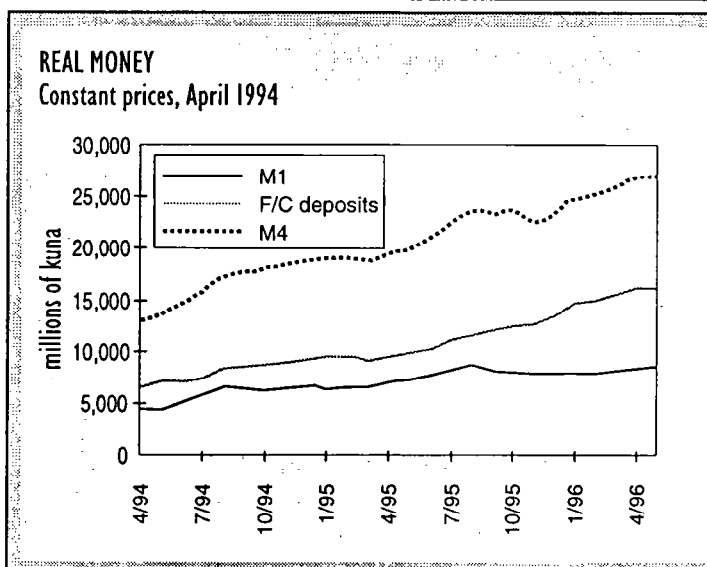
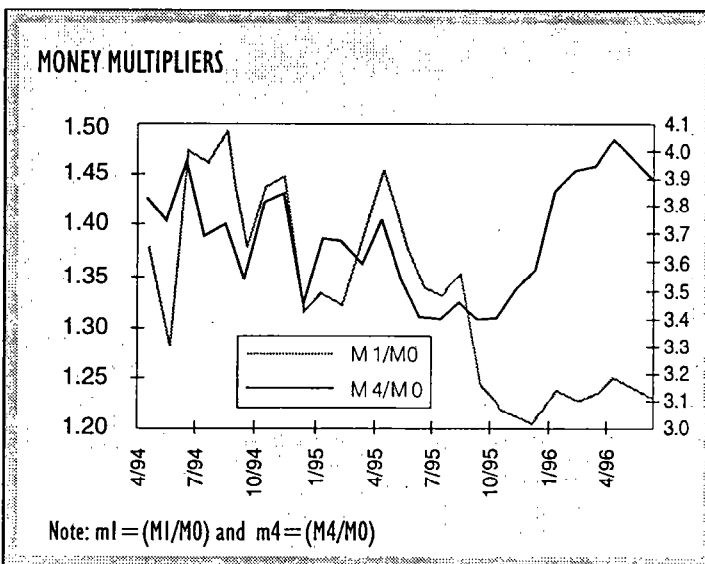
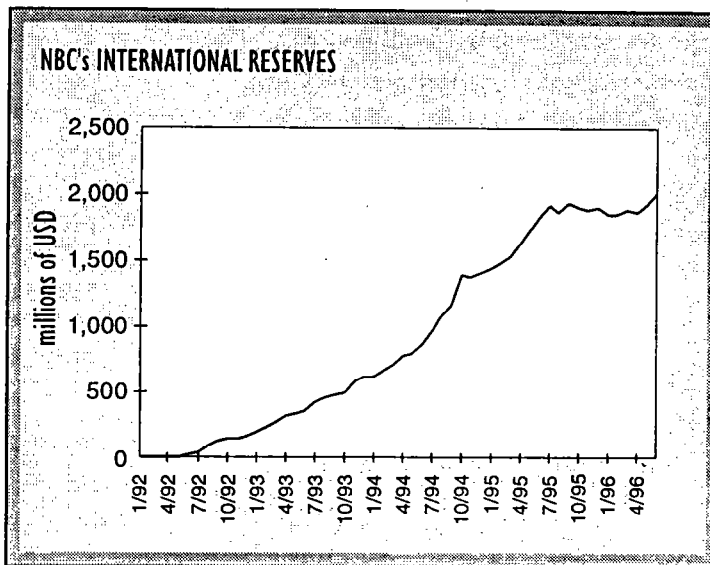
Cash in circulation reached 3,322 mil kuna at the end of May 1996, which is still lower than its levels from the

beginning of the year. Why is that important? Because the cash is good approximate of the liquidity of the households' sector. Although we spoke of the re-distribution of cash in favor of that sector (and the public sector) and at the expense of the private enterprises sector, we must say that for the past six months, the liquidity of this sector is under control.

The structure of money supply by sectors amounted to 43% with enterprises and 45% with households by the middle of 1994. During the last two years, the gap broadened: the share of money with enterprises fell to 38% and with households it rose to 52%. It should be noted, though, that the ratio remained unchanged for the last six months.

The structure of savings and time deposits changed in the similar way during the last two years. At the end of June 1994, the kuna deposits were divided between enterprises and households in the 46% : 42% ratio. The share of enterprises has been falling continuously, and at the time it amounts to 35%. On the other hand, households' savings currently make up more than 50% of the total kuna deposits. We must stress, though, that the total kuna deposits grew by only 941 million in that entire period (two month average growth in foreign exchange deposits!), reaching 2,629 mil kuna at the end of the first decade of June. However the kuna savings, which grew from 1.9% to 2.9% of the GDP in the last two years is still not a significant macroeconomics category.

As a summary, let us say: the total liquid assets more than doubled in the last two years of the stable kuna exchange rate, money supply almost doubled, foreign exchange deposits increased threefold while non-monetary deposits grew by almost 50%.



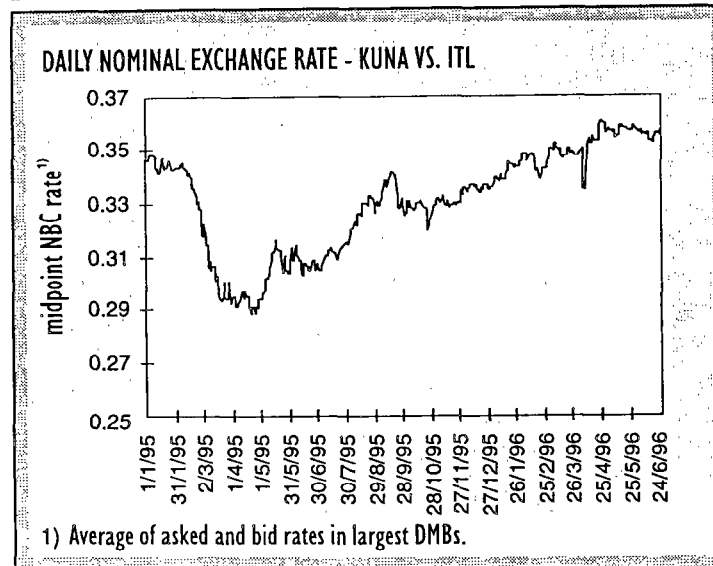
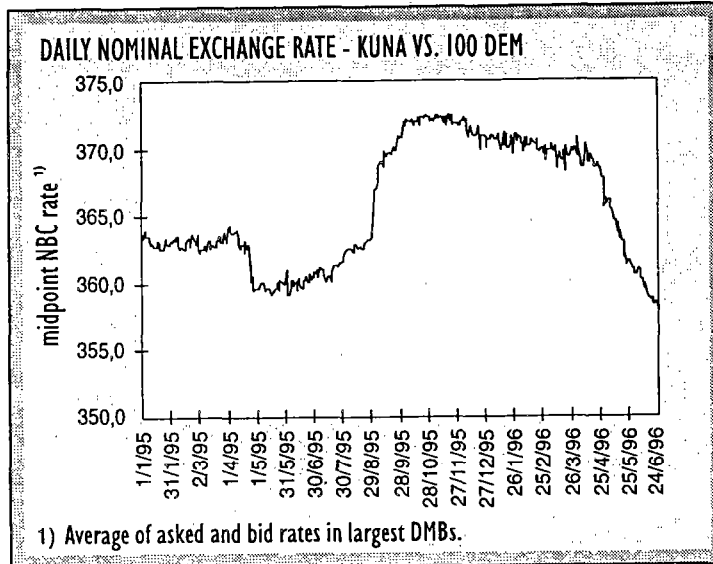
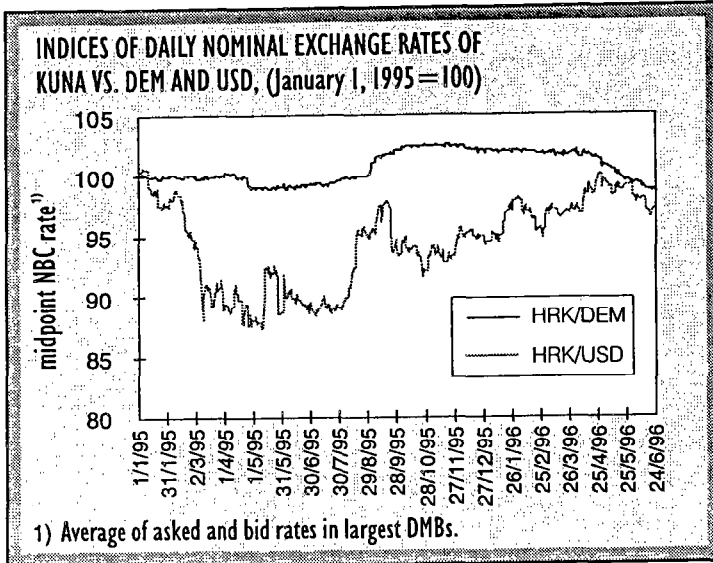
EXCHANGE RATE

The kuna is still gaining on the German mark. After two months of intense appreciation, the kuna reached its strongest position toward the German mark (357.82 kuna per 1 DEM) at the end of June 1996, while a month ago we could have claimed that the kuna was only returning to its "pre-storm" value, today's data show the kuna even stronger.

Fighting these tendencies, the NBC intensified foreign currency purchasing in May and June. In June (by June 26th), the NBC bought USD 52 mil, increasing its foreign exchange reserves to over USD 2 bil.

Espoused to the last couple of months, when the German mark was losing value to all mayor currencies, in June this was not the case. In relation to the US dollar, the kuna appreciated as well.

Despite such developments, the real exchange rate index shows that no conclusion of the real strength of kuna can be made simply by looking at the nominal exchange rates. The tendencies in prices in Croatia and abroad can, nowadays, significantly influence the real value of domestic currency. Therefore, we expect the real exchange rate to show slight depreciation in June and a very high level of stability through the entire period of implementation of the Stabilization Program.

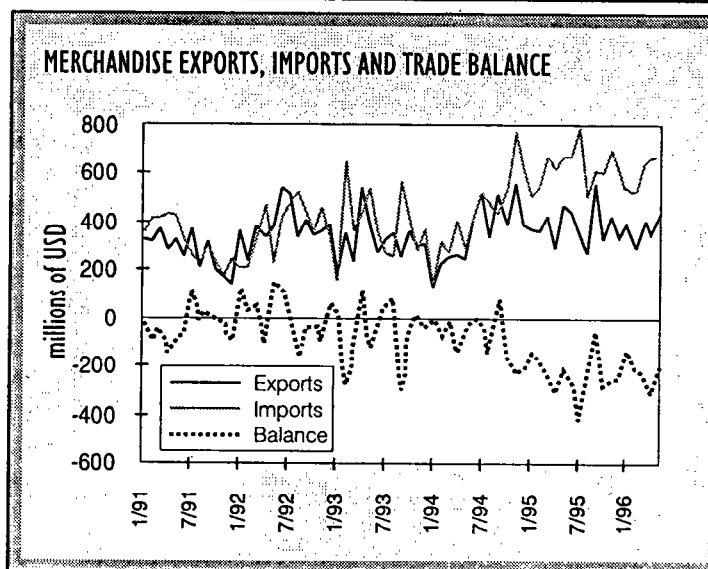
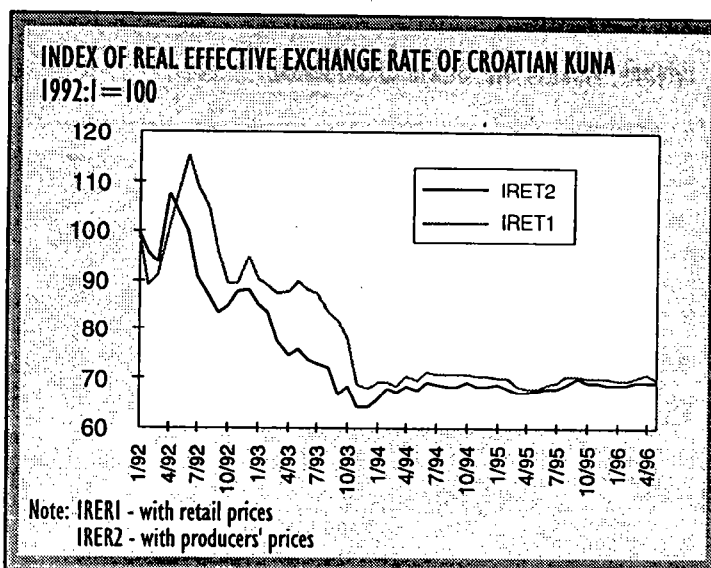


BALANCE OF PAYMENTS

Data on merchandise trade in May (in current dollars) report a 2.9% decrease in exports and a 2.2% decrease in imports, compared to the first five months of 1995. However, these data are irrelevant due to a significant rise in value of US dollar in the same period. Converting the original figures into kuna at the midpoint exchange rate of NBC, results in a 1.7% increase in exports and 2.8% increase in imports. On the year-on-year monthly level, exports was 1.9%, and imports was 3.1% higher than in May 1995.

Merchandise trade deficit in the first five months of 1996, in the original dollar amount recorded a decrease of 1.1%, while in the kuna amount it recorded a 4.7% increase. However, the average monthly deficit has been stagnating for a longer period of time (since the second half of 1994). In the light of other developments in the balance of payments, (a significant decrease in the current account deficit compared to the same period last year, due to the recovery of the services sector and an increased inflow on the basis of private transfers), there is no reason for concern.

The deficit decreased by 28%. However, the influence of the unexplained foreign exchange inflow (evident in the item net errors and omissions) is still very significant, although not nearly as much as at the same period last year, when errors and omissions amounted to US\$ 543 mil. There has been a notable decrease in this item, as well as in the surplus on the financial account, which occurred in April due to the time incoordination between business and their recording in the balance of payments statistics. In light of the above, an increase in surplus can be expected in the coming months.



BALANCE OF PAYMENTS (JANUARY-APRIL)
in millions of USD (preliminary data)

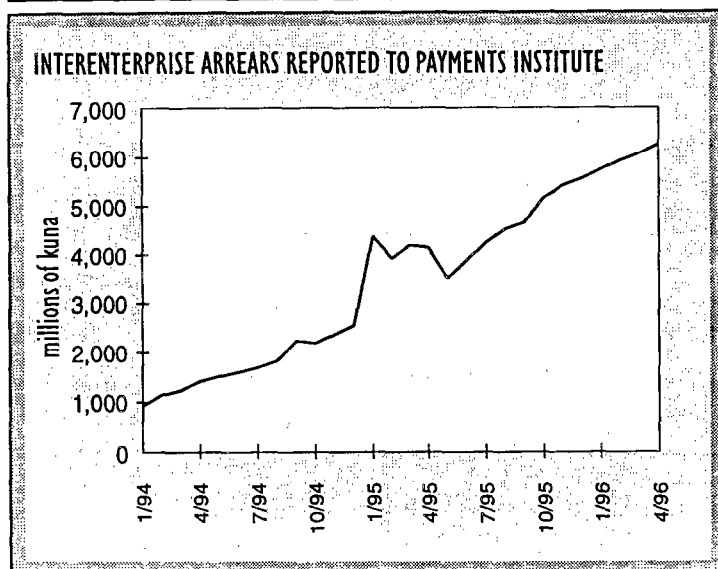
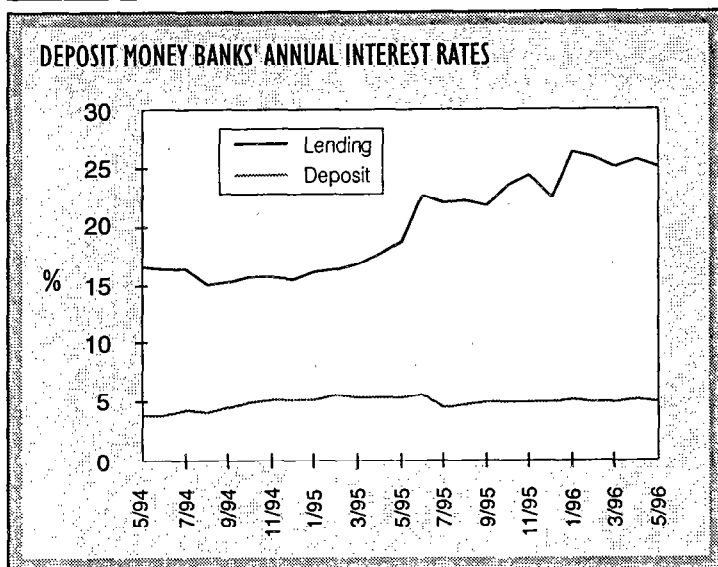
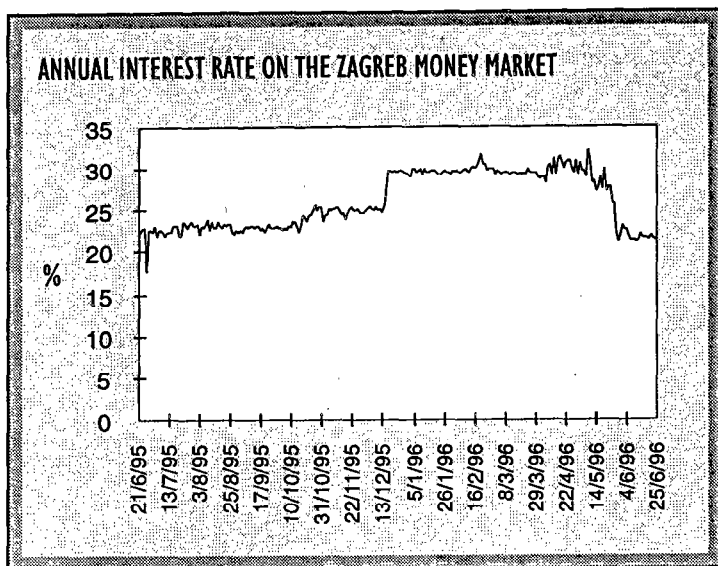
Current account	-407.9
Capital and financial accounts	22.9
NBC international reserves	18.9
Net errors and omissions	366.1

source: NBC

MERCHANDISE EXPORTS AND IMPORTS (in millions of USD)

	Jan. - May 1996	Jan. - May 1995	May 1996	May 1995
EXPORTS	1868.7	1923.7	433.2	467.6
IMPORTS	2966.8	3033.9	637.1	679.5

source: Bureau of Statistics



MONEY MARKET & INTEREST RATES

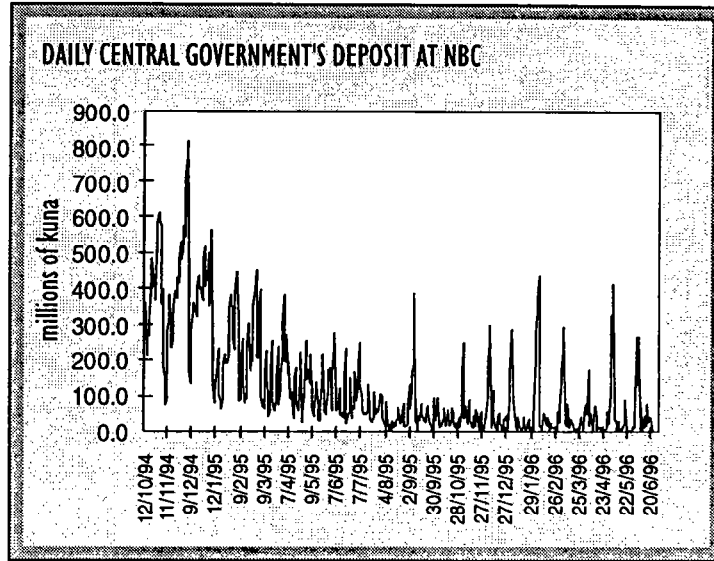
The end of May brought a lot of optimism to the Zagreb Money Market due to a spectacular 11 percentage points fall in the price of capital. The interest rate of 21% on the annual level is a fantastic achievement, in spite of the fact that the theory explains the consequences of financial restructuring of unsound banks (with price inelastic demand for money) with a precisely identical reaction by interest rates. This decrease is here to stay which is visible from the developments of interest rates on the Money Market throughout June. The average daily interest rate oscillated between 21% and 22%, while in the last two weeks the interest on loans oscillated between 20% and 22%. A quite satisfactory liquidity of the banking system (only one bank is chronically insolvent and constant customer of the Money Market), and almost constantly higher supply of money than demand on both overnight and daily market, promise to keep the interest rates on their current levels. The news on interest on voluntary treasury bills being lowered to 21% i.e. 23% (depending on the maturity) make the creditors on the Money Market believe that there will not be any significant decreases in interest rates. We hope interest rates will continue to fall and estimate 19% to be lowest level attainable at this moment. A decrease in obligatory treasury bills rate, scheduled in July, should additionally increase the liquidity of the banking system.

On the capital market, where the banking system deals with economic subjects, the average interest rates (both credit and deposit) recorded a slight decrease in May. But the spread between credit and deposit rates is still

over 20%. Since the events the Money Market at the end of May could not influence banks' credit rates in that month, we expect the price of capital to start falling in June. This is supported by announcements of decreases in some credit rates (for prime borrowers) coming from certain banks. For the verification of these claims, we will have to wait until the next issue of the Bulletin.

STATE BUDGET

Developments in the giro account of the balances on state budget reflect the position defined after August 1995. The beginning of May brought the profit tax inflow, which filled the treasury of the state budget. In June, the peak (in the first week when funds for payroll is gathered) was not as distinct as it was in May, but it was still higher than at the end of 1995. However, the government using short term credits with the NBC in April and May (up to 200 mil kuna) and in June (150 mil kuna) caused peaks after the middle of the month and favorable balance throughout the month.



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Table A1: Monetary and Credit Aggregates
End of period, millions of kuna and %

Year	Month	Reserve money	Money M1	Money M1a	Broadest money M4	Net domestic assets	Domestic credit	M o n t h l y	
								Reserve money	Money M1
1993	Dec.	2,248.9	3,139.3	3,764.1	10,075.5	9,835.8	21,294.7	-	-
1994	Sept.	4,332.2	6,498.6	7,520.3	16,747.6	12,507.8	26,252.2	5.08	-0.91
	Oct.	4,141.9	6,292.2	6,611.9	16,745.8	12,113.8	26,145.5	-4.39	-3.18
	Nov.	4,219.3	6,504.0	6,740.1	17,299.0	12,783.8	27,680.0	1.89	3.37
	Dec.	4,714.2	6,640.6	6,989.4	17,488.2	14,479.6	28,207.0	11.73	2108
1995	Jan.	4,517.0	6,537.6	6,840.9	18,045.0	15,212.0	28,176.9	-4.18	-1.55
	Feb.	4,558.6	6,511.5	6,790.3	18,099.9	15,347.7	27,937.8	0.92	-0.40
	Mar.	4,543.8	6,829.1	6,937.3	17,765.8	14,886.4	27,663.0	-0.32	4.88
	Apr.	4,747.8	7,315.7	7,583.2	18,876.7	15,829.3	28,832.7	4.49	7.13
	May	5,161.9	7,492.3	7,796.1	19,139.7	15,883.0	28,505.3	8.72	2.41
	Jun.	5,558.2	7,749.0	7,948.8	19,698.0	15,686.8	28,069.8	7.68	3.43
	July	6,173.7	8,510.7	8,739.2	21,712.1	17,388.7	29,098.8	11.07	9.83
	Aug.	6,231.5	8,841.7	9,019.5	22,634.5	18,163.4	29,711.3	0.94	3.89
	Sept.	6,437.3	8,363.5	8,552.6	22,830.2	18,048.0	30,261.0	3.30	-5.41
	Oct.	6,611.2	8,339.2	8,516.0	23,246.9	18,846.2	31,965.7	2.70	-0.29
	Nov.	6,549.8	8,199.2	8,369.5	23,734.4	19,462.1	32,759.7	-0.93	-1.68
	Dec.	6,744.1	8,275.0	8,497.7	24,542.0	19,792.2	34,141.6	2.97	0.92
1996	Jan.	6,513.5	8,339.3	8,393.3	25,967.8	21,409.9	34,698.4	-3.42	0.78
	Feb.	6,510.6	8,296.7	8,417.3	26,482.2	21,676.3	34,971.7	-0.04	-0.51
	Mar.	6,675.8	8,601.1	8,704.9	27,541.0	22,187.7	35,572.5	2.54	3.67
	Apr.	6,664.2	8,756.3	8,837.3	28,242.4	22,191.3	36,573.3	-0.17	1.81
	May	6,811.5	9,000.3	9,192.4	28,724.0	22,349.0	36,782.4	2.21	2.79

Table B1: Monetary Survey
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	
ASSETS							
1. Foreign assets (net)	239.8	3,008.5	2,879.4	4,011.2	4,782.1	4,749.8	4
2. Domestic credit	40,363.8	43,831.8	43,103.9	43,107.5	45,422.6	49,297.4	50
2.1. Claims on central government and funds (net)	19,069.1	15,624.8	15,440.9	15,037.7	15,161.6	15,155.8	15
2.2. Claims on other domestic sectors	21,268.8	28,115.2	27,550.5	27,950.4	30,136.7	34,010.1	34
2.3. Claims on other banking institutions	10.2	30.0	35.2	34.6	21.3	30.8	
2.4. Claims on nonbank financial institutions	15.7	61.8	77.2	84.8	102.9	100.6	
Total (1+2)	40,603.6	46,840.3	45,983.3	47,118.7	50,204.7	54,047.1	54
LIABILITIES							
1. Money	3,139.3	6,640.6	6,829.1	7,749.0	8,363.5	8,275.0	8
2. Savings and time deposits	1,475.7	1,873.3	1,864.9	1,850.9	2,133.8	2,043.3	2
3. Foreign currency deposits	5,412.3	8,775.3	8,977.1	9,990.7	12,178.7	14,099.4	15
4. Bonds and money market instruments	48.3	199.0	94.8	107.5	154.2	124.3	
5. Restricted and blocked deposits	15,593.9	13,321.5	12,946.1	12,718.7	12,480.6	11,920.7	11
o/w: Households' blocked f/c deposits	13,857.4	11,470.6	11,060.8	10,798.1	10,476.6	9,812.5	9
6. Other items (net)	14,934.1	16,030.7	15,271.4	14,702.0	14,893.9	17,584.4	17
Total (1+2+3+4+5+6)	40,603.6	46,840.3	45,983.3	47,118.7	50,204.7	54,047.1	54

Table B2: Number of Reporting Deposit Money Banks ¹⁾ and Savings Banks

Year	Month	Total number of reporting DMBs	Reporting DMBs graded according to their total assets						Total number report savin bank
			Less than 100 million kuna	100 million kuna to less than 500 million kuna	500 million kuna to less than 1 billion kuna	1 billion kuna to less than 2 billion kuna	2 billion kuna to less than 10 billion kuna	10 billion kuna and over	
1	2	3	4	5	6	7	8	9	10
1993	Dec.	46	16	12	8	6	2	2	0
1994	Sept.	51	15	17	8	7	2	2	0
	Oct.	52	15	18	7	8	2	2	0
	Nov.	52	12	21	7	8	2	2	0
	Dec.	53	13	21	7	8	2	2	33
1995	Jan.	54	15	20	7	8	2	2	34
	Feb.	53	13	21	7	8	2	2	35
	Mar.	54	13	22	8	7	2	2	37
	Apr.	54	14	21	8	7	2	2	37
	May	54	13	23	7	7	2	2	38
	Jun.	54	14	22	5	9	2	2	35
	July	54	14	21	6	9	2	2	21
	Aug.	55	15	20	7	9	2	2	21
	Sept.	55	15	20	7	9	2	2	21
	Oct.	55	15	20	7	9	2	2	21
	Nov.	56	16	19	8	9	2	2	21
	Dec.	56	15	20	8	9	2	2	21
1996	Jan.	56	14	21	8	9	2	2	21
	Feb.	57	14	22	8	8	3	2	21
	Mar.	57	13	23	7	9	3	2	21
	Apr.	57	13	23	7	9	3	2	21
	May	57	11	24	8	10	2	2	21

1) Including former branch banks in liquidation.

Table C1: Monetary Authorities Account (Assets)
End of period, millions of kuna

ASSETS	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Foreign assets	4,043.5	7,908.3	7,671.7	9,207.6	10,214.5	10,075.1	1
1.1. Gold	-	-	-	-	-	-	-
1.2. Holdings of SDRs	24.4	25.4	27.5	518.0	770.2	743.4	-
1.3. Foreign cash in vaults	608.4	87.9	81.8	252.0	383.3	383.8	-
1.4. Demand deposits with foreign banks	7.3	1.4	8.1	4.9	7.2	12.0	-
1.5. Time deposits with foreign banks	3,403.5	7,793.6	7,554.3	8,432.7	8,997.4	8,381.3	-
1.6. Securities in f/c	-	-	-	-	56.3	554.6	-
1.7. Nonconvertible foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0	-
2. Claims on central government and funds	535.1	250.6	191.9	119.4	109.1	390.1	
2.1. Claims in kuna	383.6	180.1	131.3	70.1	59.8	353.1	
Bridging loans	-	-	-	-	45.0	-	
Loans on the special decrees	376.7	180.1	125.1	70.1	14.8	353.1	
Overdue claims	7.0	-	6.1	-	-	0.1	
2.2. Claims in f/c	151.4	70.5	60.7	49.4	49.4	37.0	
3. Claims on other domestic sectors	0.3	0.7	2.7	2.1	1.5	0.9	
4. Claims on DMBs	191.6	223.8	173.2	204.7	90.7	220.2	
4.1. Credits to DMBs	181.6	221.7	171.0	40.5	88.4	122.8	
Refinancing of DMBs	139.8	-	-	-	-	-	
Short-term credits against securities portfolio	-	-	-	-	27.2	25.8	
Lombard credits	41.0	24.0	170.7	40.1	60.8	96.6	
Other credits	0.8	0.4	0.4	0.4	0.4	0.4	
NBC bills under repurchase agreement	-	197.3	-	-	-	-	
4.2. NBC deposits with DMBs	0.5	1.2	1.2	1.2	1.3	1.3	
4.3. Overdue claims	9.5	0.9	0.9	163.0	1.1	96.1	
5. Claims on other banking institutions	-	-	-	-	-	-	
Total (1+2+3+4+5)	4,770.5	8,383.4	8,039.4	9,533.8	10,415.9	10,686.3	1

Table C1: Monetary Authorities Account (Liabilities)
End of period, millions of kuna

LIABILITIES	1993	1994	1995			
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.
1. Reserve money	2,248.9	4,714.2	4,543.8	5,558.2	6,437.3	6,744.1
1.1. Currency outside banks	1,367.0	2,658.2	2,555.6	2,982.6	3,211.9	3,365.1
1.2. DMBs' cash in vaults	52.2	133.8	119.8	125.9	132.3	131.5
1.3. DMBs' deposits	821.5	1,901.3	1,855.5	2,422.5	3,059.5	3,199.0
Giro accounts	54.9	116.1	48.1	97.7	59.0	181.2
Statutory reserves	766.6	1,785.2	1,807.3	2,055.1	2,320.0	2,201.8
NBC bills on obligatory basis	-	-	-	269.6	680.5	816.0
1.4. Deposits of other banking institutions	0.0	5.9	8.2	15.2	21.7	45.6
1.5. Deposits of other domestic sectors	8.2	15.0	4.8	11.9	11.8	2.8
2. Restricted and blocked deposits	1.4	40.3	129.7	154.7	172.4	212.2
2.1. Restricted deposits	1.4	40.3	26.7	39.8	45.1	54.1
2.2. Escrow deposits	-	-	103.0	114.8	127.3	158.1
3. Foreign liabilities	151.8	716.2	671.9	1,188.2	1,188.6	1,175.2
3.1. Use of IMF credit	151.4	715.4	671.2	1,187.4	1,187.6	1,174.0
3.2. Liabilities to international organizations	0.3	0.8	0.7	0.7	1.0	1.2
4. Central government and funds deposits	0.0	793.8	628.9	705.1	328.1	395.5
4.1. Demand deposits	0.0	793.8	628.9	705.1	328.1	395.5
Central government demand deposits	-	725.5	511.4	524.1	276.6	338.6
Central government funds demand deposits	0.0	68.3	117.4	181.0	51.5	56.9
4.2. Central government f/c deposits	-	-	-	-	-	-
5. NBC bills	21.2	375.1	406.9	252.1	308.7	168.3
6. Capital accounts	2,366.0	2,066.0	1,652.4	1,664.0	1,968.5	2,019.4
7. Other items (net)	-18.8	-322.2	5.9	11.6	12.2	-28.4
Total (1+2+3+4+5+6+7)	4,770.5	8,383.4	8,039.4	9,533.8	10,415.9	10,686.3

Table D1: Deposit Money Banks' Accounts
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
ASSETS							
1. Reserves	866.1	2,036.2	1,981.1	2,494.1	3,206.5	3,303.8	
2. Foreign assets	8,596.5	9,117.5	8,833.0	9,207.6	9,470.7	11,185.2	1
o/w: Claims on former Yugoslavia	3,353.0	2,424.9	2,353.8	2,319.3	2,403.2	2,337.1	
3. Claims on central government and funds	19,971.9	17,837.5	17,537.5	17,444.2	17,325.8	17,186.8	1
3.1. Bonds arising from blocked f/c deposits	14,836.8	11,437.3	11,043.2	10,852.8	10,486.5	10,078.2	
3.2. Big bonds	3,635.5	4,971.6	5,103.3	5,063.9	4,999.9	5,060.9	
3.3. Other claims	1,499.6	1,428.6	1,391.0	1,527.4	1,839.2	2,047.7	
4. Claims on other domestic sectors	21,268.5	28,114.4	27,547.8	27,948.3	30,135.2	34,009.2	3
4.1. Claims on local governments and funds	11.4	112.9	122.2	131.0	161.4	147.1	
4.2. Claims on enterprises	19,354.7	24,626.5	23,898.6	23,980.2	25,711.7	29,349.6	2
4.3. Claims on households	1,902.4	3,375.1	3,527.1	3,837.1	4,262.2	4,512.6	
5. Claims on other banking institutions	10.2	30.0	35.2	34.6	21.3	30.8	
6. Claims on nonbank financial institutions	15.7	61.8	77.2	84.8	102.9	100.6	
Total (1+2+3+4+5+6)	50,728.9	57,197.5	56,011.8	57,213.5	60,262.2	65,738.0	6
LIABILITIES							
1. Deposit money	1,764.1	3,961.5	4,260.5	4,739.2	5,118.1	4,861.4	
2. Savings and time deposits	1,475.7	1,873.3	1,864.9	1,850.9	2,133.8	2,043.3	
3. Foreign currency deposits	5,412.3	8,775.5	8,977.1	9,990.9	12,178.7	14,099.5	1
4. Bonds and money market instruments	423.7	199.0	94.8	107.5	154.2	124.3	
5. Foreign liabilities	12,248.4	13,301.0	12,953.4	13,215.7	13,714.4	15,335.4	1
o/w: Liabilities to former Yugoslavia	8,356.2	6,941.7	6,746.1	6,789.8	6,871.5	6,896.0	
6. Central government and funds' deposits	1,437.8	1,669.4	1,659.6	1,820.8	1,945.0	2,025,660	
7. Credit from central bank	275.3	224.0	183.0	137.8	89.8	183.1	
8. Restricted and blocked deposits	15,592.5	13,280.7	12,918.9	12,678.3	12,434.8	11,865.7	
o/w: Households' blocked f/c deposits	13,857.4	11,470.6	11,060.8	10,798.1	10,476.6	9,812.5	
9. Capital accounts	11,756.2	14,184.9	14,168.0	13,404.2	13,412.7	16,228.1	1
10. Other items (net)	718.2	-271.6	-1,068.3	-731.7	-919.1	-950.0	
Total (1+2+3+4+5+6+7+8+9+10)	50,728.9	57,197.5	56,011.8	57,213.5	60,262.2	65,816.5	6

Table D2: Deposit Money Banks' Foreign Accounts

Table D2: Deposit Money Banks' Foreign Assets
End of period, millions of kuna

	1993	1994	1995			
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.
1. Foreign assets in f/c	5,223.3	6,659.8	6,445.8	6,867.6	7,049.6	8,832.8
1.1. Claims on foreign banks	4,714.1	5,581.1	5,359.4	5,677.5	5,902.9	7,960.5
Foreign currencies	437.0	464.4	412.4	582.8	451.5	569.3
Demand deposits and f/c savings deposits	2,357.0	2,448.7	2,419.3	2,402.6	2,560.8	3,286.2
Pledged deposits	25.2	45.8	27.7	27.0	29.1	27.9
Letters of credit	161.2	145.5	116.9	223.2	152.7	97.5
Time and notice deposits	1,544.7	2,301.3	2,231.8	2,296.0	2,558.0	3,803.8
Securities	51.4	60.3	37.7	47.2	49.1	76.1
Loans and advances	49.2	22.6	22.2	20.6	20.7	19.2
Arrears	-	-	-	-	-	-
Shares and participations	88.5	92.4	91.4	78.1	81.1	80.4
1.2. Claims on foreign nonbanks	509.2	1,078.7	1,086.4	1,190.1	1,146.7	872.3
Claims on foreign governments	-	-	-	-	-	-
Claims on other nonresidents	552.9	785.6	767.3	873.7	830.2	572.3
Securities	531.2	514.4	475.0	581.1	576.5	536.2
Loans and advances	21.7	271.2	292.4	292.6	253.7	36.1
Arrears	-47.0	-	-	-	-	7.2
Shares and participations	3.4	293.0	319.1	316.4	316.4	292.8
2. Foreign assets in kuna	19.6	32.7	33.0	20.5	17.8	15.3
2.1. Claims on foreign banks	-	-	-	-	-	-
2.2. Claims on foreign nonbanks	19.6	32.7	33.0	20.5	17.8	15.3
Loans and advances	16.5	28.5	28.8	20.5	17.8	15.3
Arrears	3.1	4.1	4.1	-	-	-
3. Claims on former Yugoslavia	969.2	385.9	338.1	376.6	403.4	425.8
3.1. Claims in f/c	968.4	383.0	334.8	374.2	400.1	423.8
Claims on foreign banks	864.7	194.7	177.6	175.2	194.1	198.3
Claims on foreign nonbanks	103.7	188.3	157.2	199.0	206.0	225.5
3.2. Claims in kuna	0.8	2.9	3.3	2.4	3.3	2.1
4. Adjustment for former branch banks	2,384.4	2,039.1	2,016.1	1,942.8	1,999.9	1,911.3
o/w: Claims on former Yugoslavia	2,383.9	2,039.0	2,015.8	1,942.7	1,999.8	1,911.3
Total (1+2+3+4)	8,596.5	9,117.5	8,833.0	9,207.6	9,470.7	11,185.2

Table D3: Deposit Money Banks' Claims on Central Government and Funds
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Bonds arising from blocked f/c deposits	14,836.8	11,437.3	11,043.2	10,852.8	10,486.5	10,078.2	9,
2. Big bonds	3,635.5	4,971.6	5,103.3	5,063.9	4,999.9	5,060.9	4,
3. Other claims	1,499.6	1,428.1	1,390.5	1,526.9	1,838.9	2,047.4	2,
3.1. In kuna	532.4	176.3	40.9	158.5	261.8	181.1	
3.1.1. Claims on central government	407.4	147.4	28.1	144.4	241.3	166.3	
Securities	133.1	144.0	24.3	122.4	221.3	145.6	
Loans and advances	10.8	2.5	3.8	21.4	19.9	20.2	
Arrears	263.4	0.9	0.0	0.7	0.1	0.4	
3.1.2. Claims on central government funds	125.0	28.9	12.8	14.0	20.5	14.9	
Securities	-	-	-	-	-	-	
Loans and advances	124.9	28.7	12.2	14.0	20.4	14.9	
Arrears	0.1	0.2	0.7	0.0	0.0	0.0	
3.2. In f/c	967.2	1,251.9	1,349.6	1,368.5	1,577.1	1,866.3	2
3.2.1. Claims on central government	769.3	1,016.6	1,103.1	1,087.3	1,289.5	1,771.2	2
Bonds	55.1	271.3	233.2	225.9	607.4	704.7	1
Loans and advances	598.1	529.9	510.5	519.3	513.2	678.8	
Postponed interest arrears	-	84.2	86.3	97.2	100.0	150.9	
Arrears	116.1	131.2	273.1	244.8	68.9	236.8	
3.2.2. Claims on central government funds	197.9	235.2	246.5	281.2	287.6	95.1	
Securities	-	-	-	-	-	-	
Loans and advances	197.9	233.4	246.3	247.9	251.0	95.1	
Postponed interest arrears	-	-	0.0	33.3	36.6	-	
Arrears	-	-	0.0	0.0	-	-	
4. Adjustment for former branch banks	-	0.5	0.5	0.5	0.2	0.2	
Total (1+2+3+4)	19,971.9	17,837.5	17,537.5	17,444.2	17,325.6	17,186.8	17

Table D4: Deposit Money Banks' Claims on Central Government and Funds

Table D4: Deposit Money Banks' Claims on Other Domestic Sectors
End of period, millions of kuna

	1993	1994	1995				Jan
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Claims in kuna	10,122.6	17,126.9	17,069.9	17,803.1	19,508.9	21,296.8	21,61
1.1. Bills of exchange	1.0	7.8	17.9	20.1	27.9	53.0	2
1.2. Commercial bills	1,138.7	149.3	84.4	41.6	29.8	23.9	2
1.3. Bonds	16.2	8.0	10.6	4.5	8.8	8.0	
1.4. Other short-term securities	-	-	-	0.1	0.1	-	
1.5. Loans and advances	6,618.6	11,536.7	11,950.7	12,850.0	14,459.8	15,749.4	16,05
1.6. Arrears	- 130.4	161.8	170.8	152.5	197.8	235.6	25
1.7. Shares and participations	2,478.5	5,263.2	4,835.5	4,734.3	4,784.6	5,227.0	5,24
2. Claims in f/c	10,139.2	10,094.0	9,633.3	9,303.0	9,762.1	11,048.9	11,27
2.1. Securities	0.5	3.6	21.9	10.7	3.6	3.6	
2.2. Loans and advances	10,240.5	9,071.8	8,623.8	8,251.8	8,663.7	9,801.7	9,96
2.3. Postponed interest arrears	-	933.2	889.9	958.0	986.8	1,076.1	1,11
2.4. Arrears	- 101.8	85.3	97.8	82.5	108.0	167.5	19
3. Adjustment for former branch banks	1,006.8	893.6	844.6	842.2	864.1	1,663.4	1,67
Total (1+2+3)	21,268.5	28,114.4	27,547.8	27,948.3	30,135.2	34,009.2	34,56

Table D5: Distribution of Deposit Money Banks' Loans by Domestic Instit
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
LOANS IN KUNA							
1. Loans to central government and funds	135.7	31.2	15.9	35.4	40.3	35.1	
1.1. Loans to central government	10.8	2.5	3.8	21.4	19.9	20.2	
1.2. Loans to central government funds	124.9	28.7	12.2	14.0	20.4	14.9	
2. Loans to local governments and funds	11.4	93.5	95.5	102.1	131.1	122.5	
2.1. Loans to other republic funds	0.9	0.0	-	-	-	-	
2.2. Loans to local governments and funds	10.5	93.5	95.5	102.1	131.1	122.5	
3. Loans to enterprises	4,707.8	8,096.2	8,338.7	8,923.7	10,081.2	11,136.6	11
4. Loans to households	1,899.4	3,347.1	3,516.5	3,824.1	4,247.4	4,490.3	4
5. Loans to other banking institutions	10.0	29.8	35.1	32.3	19.0	28.5	
6. Loans to nonbank financial institutions	4.1	34.8	50.7	42.7	59.4	61.1	
A. Total (1+2+3+4+5+6)	6,768.4	11,632.6	12,052.5	12,960.4	14,578.6	15,874.2	16
LOANS IN F/C							
1. Loans to central government and funds	796.0	765.2	756.9	767.2	764.2	773.9	
1.1. Loans to central government	598.1	529.9	510.5	519.3	513.2	678.8	
1.2. Loans to central government funds	197.9	235.2	246.4	247.9	251.0	95.1	
2. Loans to local governments and funds	-	19.4	21.7	25.1	26.3	21.4	
2.1. Loans to other republic funds	-	-	-	-	-	-	
2.2. Loans to local governments and funds	-	19.4	21.7	25.1	26.3	21.4	
3. Loans to enterprises	10,239.6	9,049.3	8,597.4	8,221.7	8,632.1	9,770.0	9
4. Loans to households	0.9	3.1	4.7	5.0	5.3	10.3	
5. Loans to other banking institutions	-	-	-	-	-	-	
6. Loans to nonbank financial institutions	-	-	-	-	-	-	
B. Total (1+2+3+4+5+6)	11,036.4	9,837.0	9,380.7	9,019.7	9,427.9	10,575.5	10
TOTAL (A+B)	17,804.9	21,469.6	21,433.2	21,979.4	24,006.5	26,449.7	26

Table D6: Demand Deposits with Deposit M

Table D6: Demand Deposits with Deposit Money Banks
End of period, millions of kuna

	1993	1994	1995				Jan
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Local governments and funds	142.5	512.8	596.6	679.0	737.7	495.3	60
1.1. Other republic funds	9.7	9.2	11.6	9.0	21.8	14.6	4
1.2. Local governments and funds	132.9	503.6	585.0	670.0	715.9	480.6	56
2. Enterprises	1,264.7	2,678.2	2,674.9	2,941.0	3,165.1	3,161.9	3,22
3. Households	327.3	752.7	933.7	1,084.2	1,165.6	1,156.8	1,16
4. Other banking institutions	2.8	0.1	0.1	0.4	0.2	0.1	
5. Nonbank financial institutions	42.6	47.5	76.9	75.0	86.3	79.6	13
6. Other transferable deposits	0.6	2.1	0.7	0.3	0.6	3.2	
7. Less: Checks of other banks and checks in collection	-21.8	-32.7	-23.4	-41.7	-38.3	-35.5	-1
8. Adjustment for former branch banks	5.4	1.0	0.9	1.0	1.0	0.2	
Total (1+2+3+4+5+6+7+8)	1,764.1	3,961.5	4,260.5	4,739.2	5,118.1	4,861.4	5,12

Table D7: Time and Savings Deposits with Deposit Money Banks
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Savings deposits of households	215.2	389.7	429.6	464.8	486.1	494.6	
2. Time and notice deposits	1,255.3	1,477.1	1,429.3	1,380.2	1,641.8	1,543.2	1
2.1. Local governments and funds	41.8	119.8	133.0	152.8	147.9	81.2	
Other republic funds	5.6	39.7	46.0	48.6	38.6	5.0	
Local governments and funds	36.2	80.1	87.0	104.2	109.3	76.2	
2.2. Enterprises	680.0	765.0	704.8	611.1	811.1	784.1	
2.3. Households	408.1	425.4	422.3	424.4	445.7	475.1	
2.4. Other banking institutions	4.1	3.3	- 0.5	3.9	3.5	5.1	
2.5. Nonbank financial institutions	116.3	163.6	169.7	188.0	233.6	197.7	
3. Adjustment for former branch banks	10.1	6.4	6.0	5.9	5.8	5.4	
Total (1+2+3)	1,475.7	1,873.3	1,864.9	1,850.9	2,133.8	2,043.3	2

Table D8: Foreign Currency Deposits with Deposit Money Banks

Table D8: Foreign Currency Deposits with Deposit Money Banks
End of period, millions of kuna

	1993	1994	1995				Ja
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Savings Deposits	3,843.4	5,482.8	5,253.8	5,784.7	6,826.7	7,952.1	8,5
1.1. Local governments and funds	4.0	2.1	2.9	3.0	3.6	6.0	
Other republic funds	2.9	0.8	1.8	1.9	1.7	0.0	
Local governments and funds	1.1	1.4	1.1	1.1	1.9	6.0	
1.2. Enterprises	1,302.0	1,460.9	1,074.9	1,111.5	1,367.9	1,498.0	1,3
1.3. Households	2,524.3	3,978.2	4,138.1	4,635.6	5,412.5	6,407.3	7,2
1.4. Other banking institutions	-	-	-	-	-	0.0	
1.5. Nonbank financial institutions	3.6	29.3	28.0	23.3	28.7	28.3	
1.6. Other demand deposits	9.4	12.3	9.9	11.3	14.1	12.5	
2. Time deposits	1,568.9	3,292.5	3,723.3	4,206.0	5,352.0	6,147.3	6,8
2.1. Enterprises	224.6	547.2	470.2	407.0	824.1	743.7	7
2.2. Households	1,308.0	2,642.7	3,147.2	3,687.1	4,413.1	5,276.4	5,8
2.3. Other banking institutions	-	-	-	-	-	-	
2.4. Nonbank financial institutions	36.3	102.6	105.9	111.8	114.8	127.2	1
Total (1+2)	5,412.3	8,775.3	8,977.1	9,990.7	12,178.7	14,099.4	15,3

Table D9: Bonds and Money Market Instruments
End of period, millions of kuna

	1993	1994	1995			
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.
1. Money market instruments (net)	3.3	1.5	1.0	0.8	0.8	0.2
2. Bonds (net)	12.8	47.8	43.0	42.9	43.2	42.9
3. Other domestic borrowing	32.2	149.7	50.8	64.0	110.7	81.7
3.1. Local governments and funds	0.8	14.8	12.8	12.4	12.3	9.9
Other republic funds	0.8	14.8	12.8	12.4	12.3	9.9
Local governments and funds	-	-	-	-	-	-
3.2. Enterprises	3.9	5.6	1.8	4.3	5.7	3.9
3.3. Other banking institutions	1.3	13.4	6.3	7.4	20.1	6.7
3.4. Nonbank financial institutions	26.3	115.8	29.8	39.9	72.6	61.2
4. Adjustment for former branch banks	0.0	0.0	0.0	-0.2	-0.5	-0.5
Total (1+2+3+4)	48.3	199.0	94.8	107.5	154.2	124.3

Table D10: Deposit Money Banks' Foreign Liabilities
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	Jan.
1. Foreign liabilities in f/c	3,860.9	6,329.7	6,181.8	6,394.2	6,810.0	8,397.8	8,665.4
1.1. Liabilities to foreign banks	2,294.5	4,056.9	4,080.3	4,256.2	4,494.3	5,285.9	5,418.1
Current accounts	218.8	105.2	207.2	147.1	87.6	117.0	116.0
Time and notice deposits	298.1	371.4	468.3	519.1	667.0	1,152.8	1,125.0
Letters of credit	1.0	2.6	1.6	2.5	2.2	1.9	1.0
Loans and advances	1,776.5	2,527.2	2,456.6	2,520.7	2,610.1	2,740.9	2,850.0
Postponed interest arrears	-	1,050.6	946.6	1,066.7	1,127.3	1,273.2	1,318.0
1.2. Liabilities to foreign nonbanks	1,566.5	2,272.8	2,101.5	2,138.0	2,315.7	3,111.9	3,247.3
Savings and time deposits	450.5	608.9	635.9	654.3	773.1	1,204.2	1,310.0
Sight deposits	373.6	401.1	388.2	453.7	464.2	654.2	720.0
Time and notice deposits	76.9	207.8	247.7	200.6	308.9	549.9	589.0
Loans and advances	1,116.0	1,558.7	1,408.3	1,413.6	1,469.8	1,825.7	1,840.0
Postponed interest arrears	-	105.3	57.3	70.0	72.8	82.1	80.0
2. Foreign liabilities in kuna	28.4	27.6	21.5	27.7	28.7	37.2	40.0
2.1. Liabilities to foreign banks	1.0	4.8	6.3	11.0	10.2	7.5	17.0
Demand deposits	1.0	4.8	6.3	9.4	6.1	6.4	15.0
Time and notice deposits	-	0.0	0.0	1.6	4.1	1.1	2.0
Loans and advances	-	-	-	-	-	-	-
2.2. Liabilities to foreign nonbanks	27.4	22.8	15.3	16.8	18.5	29.7	23.0
Demand deposits	27.1	20.7	14.9	16.3	18.3	29.6	23.0
Time and notice deposits	0.2	2.2	0.4	0.5	0.2	0.1	0.0
Loans and advances	-	-	-	-	-	-	-
3. Liabilities to former Yugoslavia	8,177.1	6,777.5	6,585.0	6,635.7	6,716.7	6,713.6	6,810.0
3.1. In f/c	8,109.5	6,771.2	6,578.1	6,632.1	6,713.0	6,709.8	6,810.0
o/w: Loans from foreign banks	8,097.7	6,725.0	6,348.7	6,406.5	6,479.6	6,469.0	6,560.0
3.2. In kuna	67.5	6.3	6.9	3.6	3.7	3.8	0.0
4. Adjustment for former branch banks	182.0	166.2	165.1	158.2	159.1	186.7	180.0
o/w: Liabilities to former Yugoslavia	179.2	164.2	161.1	154.1	154.8	182.4	180.0
Total (1+2+3+4)	12,248.4	13,301.0	12,953.4	13,215.7	13,714.4	15,335.4	15,700.0

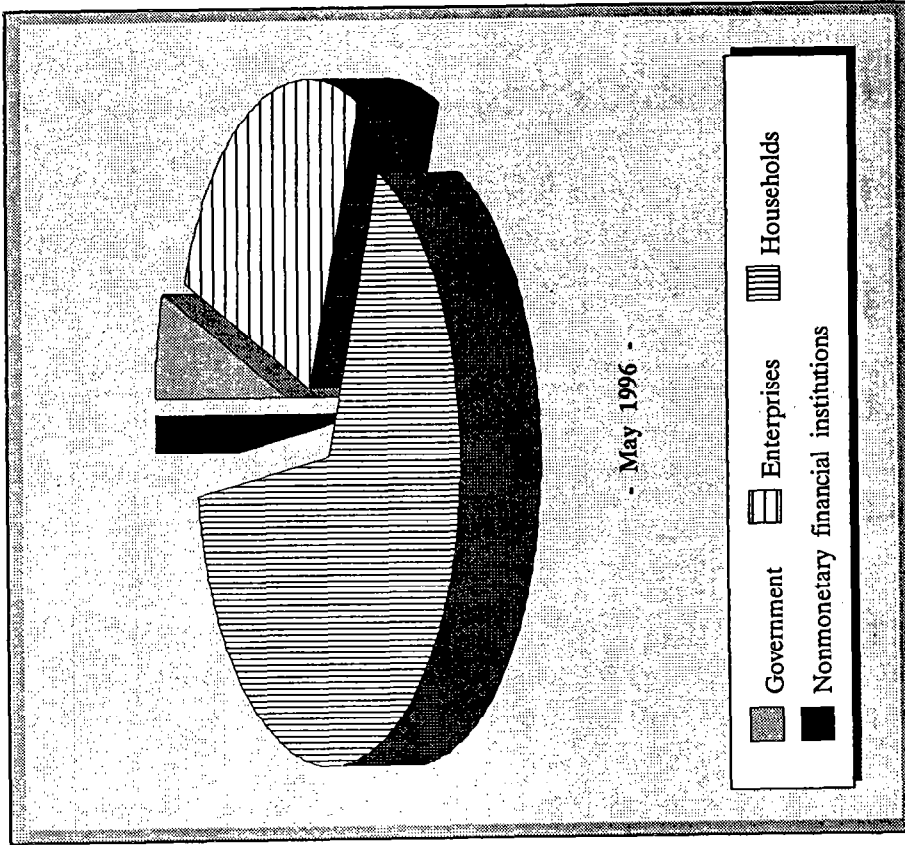
Table D11: Central Government and Funds Deposits with Deposit Money B
End of period, millions of kuna

	1993	1994	1995				
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	Jan.
1. In kuna	1,122.1	1,511.5	1,330.5	1,562.8	1,676.5	1,760.4	1,578.4
1.1. Central government deposits	494.0	178.1	142.1	141.9	130.0	179.3	153.5
Demand deposits	445.5	16.9	3.2	0.0	0.0	17.9	2.8
Time and notice deposits	32.1	145.5	122.8	102.1	94.0	126.5	116.0
Loans and advances	16.3	15.7	16.1	39.8	36.0	34.9	34.6
1.2. Central government funds deposits	628.1	1,333.4	1,188.5	1,420.9	1,546.5	1,581.1	1,424.9
Demand deposits	187.4	352.8	117.9	226.9	222.6	253.2	96.7
Time and notice deposits	43.3	129.5	170.7	133.8	149.5	200.7	173.8
Loans and advances	397.4	851.1	899.8	1,060.1	1,174.4	1,127.2	1,154.4
2. In foreign currency	315.8	157.9	329.0	258.0	268.4	265.2	260.2
2.1. Central government deposits	315.8	118.8	245.9	153.3	156.7	145.4	134.7
Savings deposits	315.8	118.8	234.6	142.2	145.6	134.3	118.9
Time and notice deposits	-	-	11.3	11.2	11.1	11.1	15.9
2.2. Central government funds deposits	0.0	39.1	83.2	104.7	111.7	119.8	125.5
Savings deposits	0.0	39.1	83.2	104.7	13.5	21.2	25.7
Time and notice deposits	-	-	-	-	98.3	98.6	99.7
Total (1+2)	1,437.8	1,669.4	1,659.6	1,820.8	1,945.0	2,025.6	1,838.6

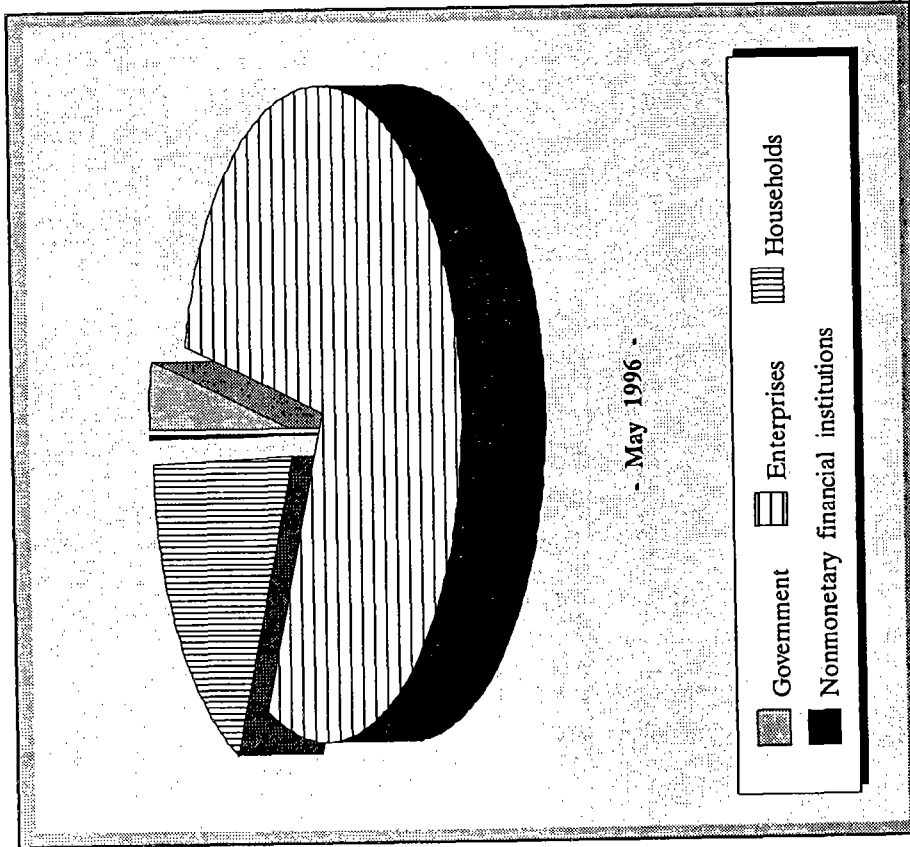
Table D12: Restricted and Blocked Deposits with Deposit Money Banks
End of period, millions of kuna

	1993	1994	1995				Ja
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.	
1. Restricted deposits	408.4	593.3	606.9	617.8	647.4	690.7	5
1.1. In kuna	79.6	156.6	209.3	217.3	216.1	271.3	2
1.2. In foreign currency	324.5	433.0	393.9	396.9	427.6	415.6	3
1.3. Adjustment for former branch banks	4.3	3.7	3.7	3.6	3.7	3.7	
2. Blocked f/c deposits	13,857.4	11,491.8	11,150.5	10,913.3	10,608.1	9,969.0	9,5
2.1. Central government and funds	-	19.6	38.0	48.4	54.0	67.9	
2.2. Enterprises	-	1.6	51.7	66.7	77.4	88.7	
2.3. Households	13,857.4	11,470.6	11,060.8	10,798.1	10,476.6	9,812.5	9,3
3. F/c deposits with former branch banks	1,326.7	1,195.5	1,161.5	1,147.3	1,179.3	1,206.0	1,2
Total (1+2+3)	15,592.5	13,280.7	12,918.9	12,678.3	12,434.8	11,865.7	11,2

Graph D2: Distribution of Deposit Money Banks' Deposits



Graph D1: Distribution of Deposit Money Banks' Loans



Note: "Government" includes central government and funds and local governments and funds.
Sector "Nonmonetary financial institutions" includes other banking institutions and nonbank financial institutions.

Table E1: Savings Banks' Accounts
End of period, millions of kuna

	1994	1995				
	Dec.	Mar.	Jun.	Sept.	Dec.	Jan.
ASSETS						
1. Reserves	6.3	9.0	16.8	24.9	48.1	48.
2. Foreign assets	4.2	8.3	12.6	16.9	22.7	25.
3. Claims on central government and funds	0.2	0.1	0.1	0.2	1.6	3.
4. Claims on other domestic sectors	377.9	435.7	391.8	371.0	372.0	368.
4.1. Claims on local governments and funds	0.1	-	-	-	-	-
4.2. Claims on enterprises	249.3	278.7	176.2	158.4	141.0	133.
4.3. Claims on households	128.5	157.0	215.6	212.6	231.0	235.
5. Claims on DMBs	35.8	33.7	25.8	29.6	18.9	23.
6. Claims on nonbank financial institutions	0.3	3.7	2.0	0.1	0.2	0.
Total (1+2+3+4+5+6)	424.6	490.4	449.1	442.7	463.5	470.
LIABILITIES						
1. Demand deposits	9.3	8.1	9.4	9.4	8.8	8.
2. Time and savings deposits	182.1	192.0	114.8	110.7	127.4	142.
3. Foreign currency deposits	8.0	10.8	14.5	17.7	-	-
4. Bonds	68.0	90.4	55.3	26.2	34.9	27.
5. Foreign liabilities	0.1	0.1	0.9	1.3	1.3	2.
6. Central government deposits	5.6	5.0	2.0	2.0	-	-
7. Credit from central bank	0.6	0.6	0.2	-	-	-
8. Restricted deposits	6.3	9.5	8.7	6.7	6.4	6.
9. Capital accounts	125.7	125.7	219.9	266.9	276.1	265.
10. Other items (net)	19.1	48.3	23.5	1.9	8.6	16.
Total (1+2+3+4+5+6+7+8+9+10)	424.6	490.4	449.1	442.7	463.5	470.

Table F1: Credit Rates of National Bank of Croatia
In percentage, on annual basis

Year	Month	Credit rates						
		NBC discount rate	On lombard credits ¹⁾	On intervention credits	On daily credits for households' savings in kuna ¹⁾	On special credits for payment of blocked f/c deposits	On initial credits	On adv on the 2 of star reser
1	2	3	4	5	6	7	8	9
1992	Dec.	1,889.39	2,840.09	-	6,881.51	-	-	4,191
1993	Dec.	34.49	46.78	-	289.60	-	-	101
1994	Dec.	8.50	18.00	19.00	17.00	-	14.00	
1995	Jan.	8.50	18.00	19.00	17.00	-	-	
	Feb.	8.50	18.00	19.00	17.00	-	-	
	Mar.	8.50	18.00	19.00	17.00	-	-	
	Apr.	8.50	18.00	19.00	17.00	-	-	
	May	8.50	18.00	19.00	17.00	-	-	
	Jun.	8.50	18.86	19.00	17.00	-	-	
	July	8.50	19.72	19.00	17.00	12.00	-	
	Aug.	8.50	20.53	19.00	17.00	12.00	-	
	Sept.	8.50	22.33	19.00	17.00	12.00	-	
	Oct.	8.50	24.35	19.00	17.00	12.00	-	
	Nov.	8.50	24.86	19.00	17.00	12.00	-	
	Dec.	8.50	25.49	19.00	17.00	12.00	-	
1996	Jan.	8.50	25.72	19.00	17.00	12.00	-	
	Feb.	8.50	27.26	19.00	17.00	12.00	-	
	Mar.	8.50	27.69	19.00	17.00	12.00	-	
	Apr.	8.50	28.11	19.00	17.00	12.00	-	
	May	8.50	28.30	19.00	17.00	12.00	-	

1) Breaks in the series of data are explained in the Notes on Methodology.
2) Since May 8, 1996.

Table F2: Deposit Rates of National Bank of Croatia

Table F2: Deposit Rates of National Bank of Croatia
In percentage, on annual basis

Year	Month	Interest rates on statutory reserves dep. with the NBC ¹⁾	Interest rates on NBC bills on obligatory basis	Interest rates on NBC bills on voluntary basis ¹⁾		
				Due in 7 days	Due in 35 days ¹⁾	Due in 91 days ¹⁾
1	2	3	4	5	6	7
1992	Dec.	367.60	556.66	1,057.67	1,889.39	-
1993	Dec.	0.00	-	67.84	63.08	97.38
1994	Sept.	5.15	-	11.07	14.10	17.01
	Oct.	5.15	-	11.07	13.72	17.00
	Nov.	5.15	-	8.98	11.00	14.00
	Dec.	5.15	-	9.00	12.00	14.00
1995	Jan.	5.15	-	9.00	12.00	14.00
	Feb.	5.15	-	9.50	12.50	14.75
	Mar.	5.15	-	9.00	16.14	17.29
	Apr.	5.15	-	9.00	15.90	17.50
	May	5.50 ²⁾	16.50	9.00	15.81	17.50
	Jun.	5.50	16.50	9.00	18.00	19.33
	July	5.50	16.50	9.00	18.96	19.50
	Aug.	5.50	16.50	10.00	19.21	24.00
	Sept.	5.50	16.50	12.00	21.95	24.00
	Oct.	5.50	16.50	12.00	22.89	26.00
	Nov.	5.50	16.50	12.00	24.43	27.00
	Dec.	5.50	16.50	12.00	25.54	27.00
1996	Jan.	5.50	16.50	12.00	26.00	-
	Feb.	5.50	16.50	12.00	26.00	27.37
	Mar.	5.50	16.50	12.00	26.00	27.55
	Apr.	5.50	16.50	12.00	26.00	28.00
	May	5.50	16.50	12.00	25.14	27.00

1) Breaks in the series of data are explained in the Notes on Methodology.
2) Since May 15, 1995.

Table F3: Deposit Money Banks' Reserves on Obligatory Basis
Daily averages and percentages, millions of kuna and %

Year	Month	Reserve requirement (RR)	Weighted average reserve requirement in % of res. base	Statutory reserves deposited with the NBC	Statutory reserves deposited with the NBC in % of RR	Other deposits with the NBC on obligatory basis	Total reserve requirement	Total reserve requirement in % of res. base
1	2	3	4	5	6=[5/3]*100	7	8=3+7	9
1993	Dec.	894.9	25.32	804.0	89.84	19.8	914.7	25.88
1994	Jun.	1,386.4	26.47	1,352.5	97.55	135.8	1,522.3	29.06
	July	1,519.9	26.87	1,477.8	97.23	168.4	1,688.3	29.85
	Aug.	1,657.6	27.27	1,610.5	97.16	188.3	1,845.9	30.36
	Sept.	1,942.7	27.98	1,890.2	97.30	210.2	2,152.9	31.00
	Oct.	1,870.0	26.82	1,822.8	97.48	188.7	2,058.8	29.53
	Nov.	1,821.5	26.23	1,775.5	97.47	184.2	2,005.6	28.89
	Dec.	1,826.0	26.20	1,779.2	97.44	188.3	2,014.3	28.90
1995	Jan.	1,979.6	28.51	1,768.8	89.35	5.5	1,985.1	28.59
	Feb.	1,995.7	28.38	1,804.8	90.44	7.1	2,002.8	28.48
	Mar.	2,006.7	28.36	1,829.2	91.15	0.9	2,007.6	28.37
	Apr.	2,030.6	28.38	1,836.5	90.44	1.1	2,031.7	28.39
	May	2,168.9	29.20	1,948.9	89.86	6.5	2,175.4	29.29
	Jun.	2,256.9	29.88	2,046.1	90.66	133.3	2,390.2	31.64
	July	2,280.1	29.87	2,065.5	90.59	369.2	2,649.3	34.71
	Aug.	2,352.6	29.86	2,134.4	90.72	541.5	2,894.2	36.74
	Sept.	2,504.9	30.53	2,275.3	90.84	608.4	3,113.3	37.95
	Oct.	2,517.1	30.87	2,291.0	91.02	771.6	3,288.7	40.33
	Nov.	2,473.1	30.88	2,247.3	90.87	832.3	3,305.3	41.27
	Dec.	2,431.8	30.90	2,215.9	91.12	826.5	3,258.4	41.40
1996	Jan.	2,407.7	30.87	2,197.6	91.30	805.5	3,212.6	41.21
	Feb.	2,430.5	30.88	2,203.8	90.67	798.0	3,228.4	41.01
	Mar.	2,446.9	31.02	2,225.5	90.95	798.1	3,244.9	41.14
	Apr.	2,517.8	30.85	2,300.3	91.36	810.8	3,328.6	40.79
	May	2,558.1	30.85	2,337.5	91.38	822.2	3,380.3	40.77

Table F4: Deposit Money Banks' Liquidity Indicators

Table F4: Deposit Money Banks' Liquidity Indicators
Daily averages and percentages, millions of kuna and %

Year	Month	Free reserves	Primary liquidity ratio (in %)	Secondary liquidity sources	NBC bills on voluntary basis
1	2	3	4	5	6
1993	Dec.	-18.5	-0.52	188.0	1.9
1994	Sept.	126.0	1.81	238.9	194.9
	Oct.	136.0	1.95	271.6	157.1
	Nov.	146.3	2.11	234.1	126.1
	Dec.	119.5	1.72	393.7	210.2
1995	Jan.	24.9	0.36	229.3	389.0
	Feb.	12.9	0.18	231.3	401.0
	Mar.	65.1	0.92	96.6	336.0
	Apr.	25.3	0.35	154.8	365.0
	May	17.2	0.23	154.2	280.3
	Jun.	43.5	0.58	144.3	263.7
	July	29.2	0.38	154.4	256.3
	Aug.	57.9	0.74	106.7	273.3
	Sept.	28.9	0.35	206.4	336.6
	Oct.	7.0	0.09	209.5	269.6
	Nov.	56.1	0.70	107.2	193.5
	Dec.	49.4	0.63	199.4	218.7
1996	Jan.	86.5	1.11	64.9	206.6
	Feb.	71.2	0.90	116.1	271.8
	Mar.	92.3	1.17	79.0	293.5
	Apr.	36.5	0.45	112.4	338.2
	May	36.5	0.45	112.4	338.2

Table G1: Deposit Money Banks' Credit Rates
Weighted averages of monthly interest rates, in % on annual basis

Year	Month	Money market interest rates		Interest rates on credits in kuna			Interest rates on credits in kuna indexed to f/c		
		On daily market	On overnight market	Total average	On short-term credits	On long-term credits	Total average	On short-term credits	On long-term credits
1	2	3	4	5	6	7	8	9	10
1992	Dec.	2,182.26	2,182.26	2,332.92	2,384.89	1,166.29	20.41	9.90	21.41
1993	Dec.	86.90	34.49	59.00	59.00	78.97	21.84	19.00	23.14
1994	Dec.	17.76	8.50	15.39	15.43	13.82	11.99	12.38	11.65
1995	Jan.	17.03	8.50	16.00	16.05	13.63	12.31	11.82	12.68
	Feb.	16.76	8.50	16.13	16.16	14.36	15.03	19.11	12.84
	Mar.	17.81	8.50	16.72	16.80	13.26	14.45	16.70	12.56
	Apr.	17.24	8.50	17.56	17.69	14.59	20.41	19.68	21.26
	May	18.22	8.50	18.72	18.80	15.33	19.25	17.27	21.15
	Jun.	21.96	21.96	22.62	22.77	15.18	21.58	20.77	22.01
	July	22.75	22.74	21.88	22.62	10.10	21.70	25.80	13.10
	Aug.	23.13	23.07	22.01	22.61	11.86	25.99	30.00	13.80
	Sept.	22.97	22.97	21.73	21.80	16.86	23.62	29.60	13.90
	Oct.	23.78	23.80	23.52	23.56	17.35	24.67	30.32	16.21
	Nov.	24.76	24.75	24.21	24.39	17.24	22.97	31.20	12.33
	Dec.	27.15	27.26	22.32	22.56	13.48	19.56	21.62	14.33
1996	Jan.	29.55	29.70	26.37	26.57	16.20	24.02	26.71	11.26
	Feb.	30.01	30.01	25.81	26.00	14.85	26.21	31.52	11.55
	Mar.	29.41	29.40	24.87	25.15	16.36	22.75	27.28	12.85
	Apr.	29.93	19.00	25.59	25.78	15.85	23.49	27.09	12.67
	May	27.40	19.00	25.06	25.20	17.25	22.85	27.15	11.66
Relative significance ¹⁾		10.52	54.87	22.38	21.99	0.39	10.81	7.80	3.01

1) These data represent percentages of related credits in total credits included in calculation of weighted averages of monthly interest rates.

Table G2: Deposit Money Banks' Deposit Rates

Table G2: Deposit Money Banks' Deposit Rates
Weighted average of monthly interest rates in % on annual basis

Year	Month	Interest rates on deposits in kuna			Interest rates on time and savings deposits in kuna indexed to f/c	Interest	
		Total average	On demand deposits	On time and savings deposits ¹⁾		Total average	On c
1	2	3	4	5	6	7	
1992	Dec.	434.47	184.69	1,867.18	6.04	....
1993	Dec.	27.42	18.16	52.16	5.91	....
1994	Sept.	4.31	3.04	8.63	7.83	....
	Oct.	4.89	3.45	9.13	7.57	....
	Nov.	5.00	3.55	9.04	7.53	....
	Dec.	5.03	3.55	9.65	6.95	....
1995	Jan.	5.10	3.62	9.19	6.12	....
	Feb.	5.49	3.79	10.11	6.75	....
	Mar.	5.26	3.80	10.27	7.53	....
	Apr.	5.25	3.79	10.47	6.72	....
	May	5.25	3.82	10.65	6.86	....
	Jun.	5.40	3.87	11.20	6.46	....
	July	5.24	3.81	10.55	8.13	4.55	
	Aug.	5.32	3.72	11.33	9.75	5.22	
	Sept.	5.94	4.05	12.35	8.31	4.64	
	Oct.	5.76	4.15	11.21	9.10	3.66	
	Nov.	6.19	3.94	14.06	13.05	4.61	
	Dec.	6.10	3.88	13.65	12.69	4.57	
1996	Jan.	6.35	3.95	14.81	11.22	4.61	
	Feb.	6.56	3.97	15.22	13.02	4.72	
	Mar.	6.44	3.92	14.88	9.72	4.70	
	Apr.	6.45	3.91	15.07	7.85	4.67	
	May	6.40	3.93	14.93	11.68	4.44	

1) From December 1992 through June 1995, data in columns 5 and 9 represent weighted averages of monthly interest rates on end-of-month deposits. Since July 1995, data represent weighted averages of monthly interest rates on new deposits in reporting month.

Table G3: Deposit Money Banks' Trade with Foreign Exchange
Millions of Deutsche Mark, current exchange rate

	1994	1995	1 9 9 4				1 9 9 5		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3
A. Purchases of foreign exchange									
1. Legal entities	2,861.3	3,295.9	600.2	682.2	813.8	765.1	825.9	785.9	769.4
2. Individuals	3,463.8	3,492.4	520.8	781.2	1,201.9	959.9	726.8	914.5	1,045.5
2.1. Residents	2,512.8	2,908.9	449.1	612.7	758.6	692.4	641.5	762.4	786.2
2.2. Non-residents	951.0	583.4	71.7	168.5	443.3	267.5	85.3	152.1	259.3
3. DMBs	375.0	599.9	56.4	90.5	98.6	129.5	135.2	176.4	158.0
4. National Bank of Croatia	434.0	334.0	54.0	63.0	86.0	231.0	83.2	13.8	48.2
Total (1+2+3+4)	7,134.1	7,722.2	1,231.4	1,616.9	2,200.3	2,085.5	1,771.2	1,890.5	2,021.1
B. Sales of foreign exchange									
1. Legal entities	3,845.8	5,000.4	689.2	871.2	1,077.4	1,208.0	1,182.6	1,186.0	1,300.5
2. Individuals	1,221.8	1,502.7	232.9	327.0	316.1	345.8	334.0	323.9	383.3
2.1. Residents	1,221.8	1,502.7	232.9	327.0	316.1	345.8	334.0	323.9	383.3
2.2. Non-residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. DMBs	375.0	599.9	56.4	90.5	98.6	129.5	135.2	176.4	158.0
4. National Bank of Croatia	1,407.0	663.2	201.0	269.0	520.0	417.0	90.5	272.1	223.3
Total (1+2+3+4)	6,849.6	7,766.2	1,179.5	1,557.7	2,012.1	2,100.3	1,742.3	1,958.5	2,065.1
C. Net purchasing (A-B)									
1. Legal entities	- 984.5	- 1,704.5	- 89.0	- 189.0	- 263.6	- 442.9	- 356.7	- 400.2	- 531.1
2. Individuals	2,242.0	1,989.7	287.9	454.2	885.8	614.1	392.8	590.5	662.3
2.1. Residents	1,291.0	1,406.9	216.2	285.7	442.5	346.6	307.6	438.4	403.0
2.2. Non-residents	951.0	583.4	71.7	168.5	443.3	267.5	85.3	152.1	259.3
3. DMBs	- 973.0	- 329.2	- 147.0	- 206.0	- 434.0	- 186.0	- 7.3	- 258.3	- 175.1
4. National bank of Croatia									
Total (1+2+3)	284.5	- 44.0	51.9	59.2	188.2	- 14.8	28.9	- 68.0	- 44.3

Table H1: Balance of Payments - Summary
Millions of US dollars

	1993	1994	1995	1995		
				Q1	Q2	Q3
A. CURRENT ACCOUNT (1+6)	104.0	103.4	-1,712.0	-340.3	-476.9	-393.3
1. Goods, services and income (2+5)	-272.0	-355.9	-2,357.8	-481.7	-619.6	-500.3
1.1. Credit	5,822.2	6,653.9	7,375.3	1,762.2	1,938.1	1,920.7
1.2. Debit	-6,094.1	-7,009.8	-9,733.1	-2,244.0	-2,557.7	-2,421.0
2. Goods and services (3+4)	-130.7	-231.4	-2,264.5	-475.8	-579.3	-497.1
2.1. Credit	5,710.5	6,552.9	7,201.9	1,719.3	1,903.4	1,880.4
2.2. Debit	-5,841.2	-6,784.3	-9,466.4	-2,195.0	-2,482.8	-2,377.5
3. Goods	-762.5	-968.9	-2,877.2	-569.7	-778.4	-728.6
3.1. Credit	3,903.8	4,260.4	4,632.7	1,165.7	1,199.1	1,177.4
3.2. Debit	-4,666.4	-5,229.3	-7,509.9	-1,735.4	-1,977.5	-1,906.1
4. Services	631.9	737.5	612.7	93.9	199.1	231.5
4.1. Credit	1,806.7	2,292.5	2,569.2	553.6	704.3	702.9
4.2. Debit	-1,174.9	-1,555.0	-1,956.5	-459.7	-505.2	-471.4
5. Income	-141.3	-124.5	-93.3	-6.0	-40.3	-3.2
5.1. Credit	111.6	101.0	173.4	43.0	34.7	40.3
5.2. Debit	-252.9	-225.5	-266.7	-48.9	-74.9	-43.5
6. Current transfers	376.0	459.3	645.8	141.4	142.7	161.0
6.1. Credit	554.9	602.1	814.6	178.6	186.5	201.3
6.2. Debit	-178.9	-142.8	-168.8	-37.2	-43.8	-40.3
B. CAPITAL AND FINANCIAL ACCOUNT	-179.8	-205.2	411.5	-46.3	136.7	108.7
B1. Capital account	-	-	-	-	-	-
B2. Financial account, excluding reserves	269.8	583.6	901.7	83.9	427.6	226.4
1. Direct investments	74.3	97.6	80.5	18.0	20.9	17.5
2. Portfolio investments	-	-	-	-	-	-
3. Other investments	195.4	486.1	821.2	65.9	406.7	208.9
3.1. Assets	44.2	241.8	49.8	-30.2	195.6	87.2
3.2. Liabilities	151.2	244.2	771.4	96.1	211.1	121.7
B3. Reserve assets	-449.6	-788.8	-490.2	-130.2	-290.9	-117.7
C. NET ERRORS AND OMISSIONS	75.8	101.7	1,300.5	386.6	340.2	230.6

Table H2: Balance of Payments - Goods and Services
Millions of US dollars

	1993	1994	1995	1995			
				Q1	Q2	Q3	Q4
1. Goods	- 762.5	- 968.9	-2,877.2	- 569.7	- 778.4	- 728.6	- 800.
1.1. Credit	3,903.8	4,260.4	4,632.7	1,165.7	1,199.1	1,177.4	1,090.
1.1.1. Intermediate goods	1,975.7	2,073.1	2,443.1	592.7	653.0	607.7	589.
1.1.2. Equipment	350.5	528.0	539.6	129.8	169.7	145.4	94.
1.1.3. Consumers goods	1,577.5	1,659.3	1,650.0	443.1	376.4	424.4	406.
1.2. Debit	-4,666.4	-5,229.3	-7,509.9	-1,735.4	-1,977.5	-1,906.1	-1,890.
1.2.1. Intermediate goods	-2,749.5	-2,929.0	-4,154.6	-971.0	-1,084.7	-1,100.6	-998.
1.2.2. Equipment	- 748.6	- 898.1	-1,314.3	-314.7	-337.3	-297.4	-365.
1.2.3. Consumers goods	-1,168.3	-1,402.2	-2,040.9	-449.7	-555.5	-508.1	-527.
2. Services	631.9	737.5	612.7	93.9	199.1	231.5	88.
2.1. Transportation	178.6	120.4	59.9	5.5	28.7	31.1	-5.
2.1.1. Credit	674.8	630.9	654.5	146.8	183.7	179.1	145.
2.1.2. Debit	-496.2	-510.6	-594.6	-141.2	-155.0	-148.0	-150.
2.2. Travel	533.2	874.7	813.2	135.8	253.4	268.1	156.
2.2.1. Credit	831.6	1,426.9	1,583.8	317.0	447.1	449.6	370.
2.2.2. Debit	-298.4	-552.3	-770.8	-181.1	-193.8	-181.5	-214.
2.3. Other services	- 79.9	-257.5	-260.5	-47.5	-82.9	-67.7	-62.
2.3.1. Credit	300.4	234.7	330.8	89.8	73.5	74.3	93.
2.3.2. Debit	-380.2	-492.2	-591.3	-137.3	-156.5	-141.9	-155.
Total (1+2)	- 130.7	- 231.4	-2,264.5	- 475.8	-579.3	-497.1	- 712.

Table H3: Balance of Payments - Income and Current Transfers

Table H3: Balance of Payments - Income and Current Transfers
Millions of US dollars

	1993	1994	1995	1995			
				Q1	Q2	Q3	Q4
1. Income	-141.3	-124.5	-93.3	-6.0	-40.3	-3.2	-43.9
1.1. Credit	111.6	101.0	173.4	43.0	34.7	40.3	55.4
1.1.1. Interest payments	108.3	100.3	172.4	42.6	34.8	40.0	55.1
1.1.2. Other	3.3	0.7	1.0	0.4	-0.1	0.4	0.4
1.2. Debit	-252.9	-225.5	-266.7	-48.9	-74.9	-43.5	-99.3
1.2.1. Interest payments	-162.8	-141.0	-168.5	-31.8	-32.4	-32.0	-72.4
1.2.2. Interest arrears	-75.6	-78.4	-85.2	-16.5	-34.2	-9.4	-25.1
1.2.3. Other	-14.5	-6.1	-13.0	-0.6	-8.3	-2.1	-1.9
2. Current transfers	376.0	459.3	645.8	141.4	142.7	161.0	200.7
2.1. General government	249.8	235.3	279.8	69.1	61.6	69.0	80.2
2.1.1. Credit	255.7	261.9	309.2	74.5	70.4	77.1	87.1
2.1.2. Debit	-6.0	-26.6	-29.3	-5.4	-8.9	-8.1	-7.0
2.2. Other sectors	126.2	224.0	366.0	72.3	81.1	92.0	120.6
2.2.1. Credit	299.2	340.2	505.5	104.2	116.1	124.2	161.1
2.2.2. Debit	-172.9	-116.2	-139.5	-31.9	-35.0	-32.2	-40.5
Total (1+2)	234.7	334.8	552.5	135.5	102.4	157.8	156.8

Table H4: Balance of Payments - Other Investments
Millions of US dollars

	1993	1994	1995	1995		
				Q1	Q2	Q3
1. Assets	44.2	241.8	49.8	- 30.2	195.6	87.2
1.1. Currency and deposits	44.2	241.8	49.8	- 30.2	195.6	87.2
1.1.1. Banks	- 210.6	- 189.5	- 467.1	- 115.9	- 36.6	- 8.2
1.1.2. Other sectors	254.8	431.3	516.9	85.7	232.2	95.4
2. Liabilities	151.2	244.2	771.4	96.1	211.1	121.7
2.1. Loans	- 118.5	- 21.5	430.7	25.9	72.4	57.1
2.1.1. Monetary authorities	- 24.0	105.5	97.6	- 1.1	100.9	-
2.1.1.1. Use of Fund credit and loans	- 24.0	105.5	97.6	- 1.1	100.9	-
2.1.1.1.1. Drawings	-	114.2	103.0	-	103.0	-
2.1.1.1.2. Repayments	- 24.0	- 8.7	- 5.4	- 1.1	- 2.1	-
2.1.2. General government	- 7.8	- 1.8	93.5	- 3.3	- 6.4	- 3.6
2.1.2.1. Long-term	- 7.8	- 1.8	- 6.5	- 3.3	- 6.4	- 3.6
2.1.2.1.1. Drawings	3.7	10.4	9.4	0.6	-	-
2.1.2.1.2. Repayments	- 11.5	- 12.2	- 15.9	- 3.9	- 6.4	- 3.6
2.1.2.2. Short-term	-	-	100.0	-	-	-
2.1.3. Banks	- 115.8	- 41.7	176.2	24.0	- 27.7	14.5
2.1.3.1. Long-term	- 133.2	- 56.7	- 94.2	- 19.2	- 44.1	- 7.3
2.1.3.1.1. Drawings	55.2	69.4	72.0	4.5	17.5	18.0
2.1.3.1.2. Repayments	- 188.4	- 126.1	- 166.2	- 23.7	- 61.6	- 25.3
2.1.3.2. Short-term	17.4	15.0	270.4	43.2	16.4	21.8
2.1.4. Other sectors	29.1	- 83.5	63.4	6.3	5.6	46.2
2.1.4.1. Long-term	- 50.7	- 78.3	- 36.1	- 13.0	- 37.2	23.0
2.1.4.1.1. Drawings	94.7	104.5	233.7	24.1	41.2	79.0
2.1.4.1.2. Repayments	- 145.4	- 182.8	- 269.8	- 37.1	- 78.4	- 56.0
2.1.4.2. Short-term	79.8	- 5.2	99.5	19.3	42.8	23.2
2.2. Other liabilities	269.7	265.8	340.7	70.2	138.7	64.6
2.2.1. General government	-	-	0.3	-	3.2	- 2.8
2.2.2. Banks	221.6	165.8	209.5	55.1	70.9	10.5
2.2.3. Other sectors	48.1	100.0	130.9	15.1	64.6	56.9
Total (1+2)	195.4	486.1	821.2	65.9	406.7	208.9

Table H5: International Reserves of National Bank of Croatia
End of period, millions of US dollars

Year	Month	Total	Special drawing rights	Reserve position in the Fund	Foreign exchange		
					Total	Currency and deposits	Bonds and notes
1991	Dec.	-	-	-	-	-	-
1992	Dec.	166.8	-	-	166.8	166.8	-
1993	Dec.	616.4	3.7	-	612.7	612.7	-
1994	Jun.	866.1	0.3	-	865.8	865.8	-
	July	970.1	4.4	-	965.7	965.7	-
	Aug.	1,082.1	3.5	-	1,078.6	1,078.6	-
	Sept.	1,160.3	2.4	-	1,157.8	1,157.8	-
	Oct.	1,393.9	6.9	-	1,386.9	1,386.9	-
	Nov.	1,369.2	5.7	-	1,363.5	1,363.5	-
	Dec.	1,405.0	4.5	-	1,400.5	1,400.5	-
1995	Jan.	1,445.2	4.6	-	1,440.7	1,440.7	-
	Feb.	1,477.4	2.0	-	1,475.5	1,475.5	-
	Mar.	1,535.2	5.5	-	1,529.7	1,529.7	-
	Apr.	1,641.7	105.3	-	1,536.4	1,536.4	-
	May	1,721.7	103.1	-	1,618.6	1,618.6	-
	Jun.	1,826.1	102.7	-	1,723.4	1,723.4	-
	July	1,911.5	102.1	-	1,809.4	1,809.4	-
	Aug.	1,863.1	95.3	-	1,767.8	1,767.8	-
	Sept.	1,943.8	146.6	-	1,797.2	1,786.5	10.7
	Oct.	1,897.4	143.0	-	1,754.4	1,706.9	47.5
	Nov.	1,892.0	140.3	-	1,751.7	1,679.9	71.8
	Dec.	1,895.2	139.8	-	1,755.4	1,651.0	104.3
1996	Jan.	1,845.2	137.0	-	1,708.1	1,591.8	116.4
	Feb.	1,883.6	137.8	-	1,745.8	1,626.9	118.9
	Mar.	1,890.8	138.0	-	1,752.8	1,645.7	107.1
	Apr.	1,876.3	134.8	-	1,741.4	1,646.0	95.4
	May	1,919.2	131.6	-	1,787.6	1,667.0	120.6

Table H6: Midpoint Exchange Rates of National Bank of Croatia (period ave

		HRK/100 ATS	HRK/100 FRF	HRK/100 ITL	HRK/100 CHF	HRK/GBP	HRK/USD	HRK/100 DEM
1992		2.4435	5.0688	0.0210	19.1620	0.4540	0.2657	17.1934
1993		30.5459	62.3241	0.2240	243.3658	5.3688	3.5776	214.8962
1994		52.4804	107.9560	0.3715	438.1763	9.1662	5.9961	369.2044
1995		51.8734	104.7969	0.3213	442.5311	8.2530	5.2300	364.9286
1994	Jun.	52.8531	108.8695	0.3806	440.3091	9.2451	6.0736	371.7335
	July	52.6111	107.9881	0.3716	438.7988	8.9913	5.8286	370.1009
	Aug.	52.4970	107.7834	0.3648	438.4300	8.9066	5.7722	369.3703
	Sept.	52.4753	107.9486	0.3654	442.8756	8.9517	5.7380	369.3110
	Oct.	52.3050	107.5676	0.3615	442.6421	8.9841	5.6012	368.1161
	Nov.	51.8672	106.3391	0.3550	434.1770	8.9271	5.6144	365.0980
	Dec.	51.7094	105.6959	0.3506	430.4322	8.9232	5.7248	363.9458
1995	Jan.	51.5934	104.9913	0.3450	431.6409	8.7581	5.5645	362.9735
	Feb.	51.5903	104.4164	0.3381	429.0141	8.5794	5.4555	363.0535
	Mar.	51.5608	102.3676	0.3026	435.0267	8.1783	5.1145	362.9025
	Apr.	51.5376	103.4255	0.2925	440.0785	8.0576	5.0101	362.6410
	May	51.1379	101.6416	0.3058	433.6728	8.0463	5.0622	359.6267
	Jun.	51.1905	102.5027	0.3079	435.5881	8.0517	5.0465	359.9503
	July	51.3085	103.5973	0.3108	433.5420	7.9861	5.0086	360.8377
	Aug.	51.5752	105.4445	0.3260	438.0572	8.2038	5.2267	362.6948
	Sept.	52.4843	107.0436	0.3342	453.2701	8.4059	5.4016	369.1623
	Oct.	52.8658	106.4992	0.3275	459.5187	8.3019	5.2596	372.0225
	Nov.	52.8846	107.8401	0.3302	461.5286	8.2401	5.2614	372.1133
	Dec.	52.7522	107.7925	0.3355	459.4350	8.2262	5.3484	371.1654
1996	Jan.	52.6830	108.2060	0.3412	459.5670	8.2753	5.4049	370.5077
	Feb.	52.6304	107.6193	0.3450	453.7723	8.3341	5.4341	370.1289
	Mar.	52.5526	107.9038	0.3490	456.3227	8.3349	5.4581	369.5767
	Apr.	52.4445	108.6350	0.3537	455.7257	8.3997	5.5376	368.8233
	May	51.6720	107.4202	0.3574	444.8496	8.4247	5.5688	363.5654
	Jun.	51.0279	105.9487	0.3556	436.5501	8.4535	5.4848	359.0886

Table H7: Midpoint Exchange Rates of National Bank of Croatia (period ave

Table H7: Midpoint Exchange Rates of National Bank of Croatia (end of period)

		HRK/100 ATS	HRK/100 FRF	HRK/100 ITL	HRK/100 CHF	HRK/GBP	HRK/USD	HRK/100 DEM	HR
1994	Jan.	53.6964	111.0564	0.3862	447.1287	9.8246	6.5441	377.5054	7
	Feb.	51.1168	105.7299	0.3667	430.8489	9.1448	6.1780	359.5216	6
	Mar.	52.0348	107.0644	0.3753	431.0749	9.0641	6.1389	366.1073	7
	Apr.	52.5086	107.7509	0.3853	434.4392	9.2775	6.1445	369.4148	7
	May	52.8201	108.7750	0.3839	435.4813	9.2387	6.1213	371.6456	7
	Jun.	52.8661	108.3885	0.3762	442.0245	9.1170	5.8656	371.7600	7
	July	52.5311	108.2208	0.3698	435.5173	8.9964	5.8880	369.4300	7
	Aug.	52.5278	108.0002	0.3656	437.5311	8.9699	5.8476	369.6800	7
	Sept.	52.5088	108.3340	0.3673	445.7353	9.0259	5.7261	369.5200	7
	Oct.	52.0788	107.0513	0.3585	438.6530	8.9790	5.4919	366.5200	6
	Nov.	51.7762	106.2313	0.3532	430.5183	8.9250	5.6979	364.4800	6
	Dec.	51.6285	105.2510	0.3465	428.8893	8.7842	5.6287	363.2100	6
1995	Jan.	51.6341	104.6006	0.3434	430.9955	8.7295	5.4954	363.0200	6
	Feb.	51.5638	102.8536	0.3186	427.7114	8.3662	5.2908	362.8800	6
	Mar.	51.5752	102.7286	0.2915	439.5104	8.0530	4.9972	362.9600	6
	Apr.	51.0978	101.3986	0.2937	435.8985	8.0110	4.9518	359.5300	6
	May	51.1811	102.0650	0.3037	436.2747	7.9755	4.9910	359.8400	6
	Jun.	51.3083	102.9121	0.3074	434.0345	7.9787	5.0422	360.8000	6
	July	51.3969	104.4659	0.3152	435.0174	8.0026	5.0071	361.5200	6
	Aug.	51.6744	105.6669	0.3292	441.5784	8.2850	5.3643	363.4100	6
	Sept.	52.6962	107.3766	0.3263	460.9657	8.3070	5.2550	370.7500	6
	Oct.	52.8632	107.1212	0.3285	460.4641	8.2642	5.2534	372.0300	6
	Nov.	52.8233	108.4337	0.3345	459.5290	8.1877	5.3393	371.6600	6
	Dec.	52.6742	108.5365	0.3358	461.8693	8.2345	5.3161	370.5900	6
1996	Jan.	52.7361	107.9764	0.3452	455.9974	8.2884	5.5057	370.8300	6
	Feb.	52.4763	107.5640	0.3477	453.4799	8.2636	5.3706	369.0600	6
	Mar.	52.6109	108.4996	0.3474	458.8962	8.3186	5.4576	369.9600	6
	Apr.	51.9521	108.2838	0.3567	452.0397	8.4092	5.5669	365.5200	6
	May	51.2883	106.6131	0.3583	438.2318	8.4518	5.5769	360.8500	6
	Jun.	50.8064	105.7232	0.3547	434.7147	8.4224	5.4426	357.5500	6

Table H8: External Debt ¹⁾
Millions of US dollars

	1993	1994	1995			
	Dec.	Dec.	Mar.	Jun.	Sept.	Dec.
Outstanding debt						
1. Medium and long term credits	2,431.3	2,771.0	2,962.5	3,082.7	3,060.0	3,111.3
1.1. Official creditors	1,041.4	1,187.8	1,248.8	1,334.5	1,308.0	1,318.0
1.1.1. International financial organizations	319.6	404.0	417.9	507.0	486.0	493.7
1.1.2. Foreign governments	721.8	783.8	830.9	827.5	822.0	824.3
1.2. Private creditors	1,389.9	1,583.2	1,713.7	1,748.2	1,752.0	1,793.3
1.2.1. Foreign banks	1,266.5	1,392.8	1,510.3	1,539.2	1,509.3	1,508.8
o/w: Guaranteed by government agencies	244.9	301.9	321.8	328.7	318.1	297.3
1.2.2. Foreign nonbanks	123.4	190.4	203.4	209.0	242.7	284.5
o/w: Guaranteed by government agencies	18.0	29.5	31.5	31.2	29.9	37.5
2. Short-term credits	54.6	50.5	62.8	92.5	91.8	225.1
2.1. Foreign banks	10.5	15.7	24.8	30.1	30.1	136.2
2.2. Foreign nonbanks	44.1	34.8	38.0	62.4	61.7	88.9
Total (1+2)	2,485.9	2,821.5	3,025.3	3,175.2	3,151.8	3,336.4
o/w: Principal arrears	543.4	753.5	829.6	933.9	943.6	950.5
Interest arrears						
3. Medium and long term credits	152.1	244.6	276.8	307.3	306.9	322.9
3.1. Official creditors	36.7	45.8	49.7	52.5	49.9	51.0
3.1.1. International financial organizations	1.4	1.8	2.1	2.1	2.4	2.2
3.1.2. Foreign governments	35.3	44.0	47.6	50.4	47.5	48.8
3.2. Private creditors	115.4	198.8	227.1	254.8	257.0	271.9
3.2.1. Foreign banks	109.8	191.6	218.5	245.4	247.6	263.7
o/w: Guaranteed by government agencies	16.6	18.7	21.1	22.5	21.4	14.4
3.2.2. Foreign nonbanks	5.6	7.2	8.6	9.4	9.4	8.2
o/w: Guaranteed by government agencies	0.5	0.5	0.6	0.6	0.5	0.0
4. Short-term credits	0.3	0.5	0.7	2.2	2.2	1.6
4.1. Foreign banks	0.1	0.2	0.4	0.8	0.4	0.3
4.2. Foreign nonbanks	0.2	0.3	0.3	1.4	1.8	1.3
Total (3+4)	152.4	245.1	277.5	309.5	309.1	324.5
TOTAL (1+2+3+4)	2,638.3	3,006.6	3,302.8	3,484.7	3,460.9	3,660.9

1) Croatian beneficiaries' outstanding debt. Unallocated debt of the former Yugoslavia is not included.

Table 11: Consolidated Central Government
Millions of kuna

	1994	1995	1995			
			Q1	Q2	Q3	Q4
TOTAL REVENUE AND GRANTS						
1. Budgetary central government	23,142.6	27,980.8	6,085.7	6,905.6	7,201.0	7,788.5
2. Extrabudgetary funds	13,739.6	15,302.3	3,513.4	3,742.9	3,966.6	4,079.4
2.1. Pension fund	7,165.1	8,720.4	1,986.0	2,144.5	2,231.8	2,358.2
2.2. Health insurance fund	3,775.2	4,558.1	1,065.4	1,146.5	1,165.6	1,180.5
2.3. Employment fund	556.7	691.2	160.4	128.2	221.7	180.9
2.4. Child benefit fund	689.4	782.1	178.9	200.7	201.2	201.4
2.5. Croatian Roads ¹⁾	1,117.5	-	-	-	-	-
2.6. Croatian Water Company	435.7	550.5	122.8	123.1	146.3	158.4
A. Total (1+2)	36,882.3	43,283.1	9,599.1	10,648.5	11,167.6	11,867.9
TOTAL EXPENDITURE AND LENDING (less repayments)						
3. Budgetary central government	20,732.4	26,189.3	5,411.8	6,416.2	6,447.2	7,914.0
4. Extrabudgetary funds	14,736.9	17,976.8	4,066.6	4,365.3	4,676.9	4,868.0
4.1. Pension fund	6,685.6	8,860.7	1,925.5	2,195.1	2,258.2	2,481.9
4.2. Health insurance fund	5,255.7	7,083.1	1,654.9	1,634.0	1,940.0	1,854.2
4.3. Employment fund	416.1	445.9	134.9	119.9	88.7	102.4
4.4. Child benefit fund	665.2	820.6	204.6	203.2	208.9	203.8
4.5. Croatian Roads ¹⁾	1,207.0	-	-	-	-	-
4.6. Croatian Water Company	507.4	766.6	146.6	213.1	181.1	225.8
B. Total (3+4)	35,469.3	44,166.1	9,478.5	10,781.4	11,124.1	12,782.1
C. Overall surplus/deficit (A-B)	1,413.0	- 883.0	120.7	- 132.9	43.4	- 914.2
5. Budgetary central government (1-3)	2,410.3	1,791.5	673.9	489.4	753.8	- 125.5
6. Extrabudgetary funds (2-4)	- 997.3	- 2,674.6	- 553.2	- 622.3	- 710.4	- 788.7

1) Included in government budget in 1995. Source: Ministry of Finance.

Table 12: Budgetary Central Government Operations
Millions of kuna

	1992	1993	1994	1995	1996		
					Jan.	Feb.	Mar.
1. Total revenue	547.4	8,382.2	23,142.6	27,880.8	2,133.4	2,215.8	2,487.1
1.1. Current revenue	547.0	8,371.2	22,788.9	27,287.1	2,085.0	2,170.9	2,442.1
1.1.1. Tax revenue	502.1	7,891.8	22,377.5	26,505.4	1,997.6	2,081.4	2,319.1
1.1.2. Nontax revenue	45.0	479.3	411.4	781.8	87.3	89.6	123.0
1.2. Capital revenue	0.3	11.0	353.8	593.7	48.5	44.9	45.0
2. Grants	0.0	0.0	0.0	100.0	0.0	0.0	0.0
2.1. Current	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Capital	0.0	0.0	0.0	100.0	0.0	0.0	0.0
A. Total revenue and grants (1+2)	547.4	8,382.2	23,142.6	27,980.8	2,133.4	2,215.8	2,487.1
3. Total expenditure	564.6	8,403.4	22,282.8	28,475.6	2,222.6	2,171.6	2,725.1
3.1. Current expenditure	519.8	7,738.1	20,360.5	25,495.2	2,126.2	1,985.8	2,537.1
3.2. Capital expenditure	44.5	661.3	1,922.3	2,980.4	96.5	185.8	187.0
4. Lending minus repayments	- 9.7	- 88.8	316.0	220.6	157.6	- 2.9	- 42.0
B. Total expenditure and net lending (3+4)	554.9	8,314.6	22,598.8	28,696.2	2,380.3	2,168.7	2,682.1
5. Current account surplus without grants (1.1.-3.1.)	27.3	633.1	2,428.4	1,791.9	- 41.2	185.2	- 95.0
6. Current account surplus with current grants (5+2.1.)	27.3	633.1	2,428.4	1,791.9	- 41.2	185.2	- 95.0
7. Gross fixed capital formation ¹⁾	44.2	650.3	1,235.0	1,040.5	8.0	50.0	2.0
8. Gross capital formation ²⁾	44.2	650.3	1,415.0	1,040.5	8.0	50.0	2.0
C. Overall surplus/deficit (A-B)	- 7.5	67.6	543.9	- 715.4	- 246.8	47.1	- 195.0
9. Foreign financing	0.0	0.0	47.3	686.0	115.8	60.2	- 7.0
10. Domestic financing	7.5	- 67.6	- 591.2	29.4	131.0	- 107.3	202.0
10.1. From other government	0.0	- 18.5	0.0	0.0	0.0	0.0	0.0
10.2. From monetary authorities	0.0	67.0	- 617.3	396.0	131.0	- 107.3	202.0
10.3. From deposit money banks	- 4.0	- 106.2	- 63.8	0.0	0.0	0.0	0.0
10.4. Other domestic financing	11.5	- 9.9	89.9	- 366.6	0.0	0.0	0.0
D. Total financing (9+10)	7.5	- 67.6	- 543.9	715.4	246.8	- 47.1	- 195.0

1) Net purchase of fixed capital formation. 2) Net purchase of fixed capital formation and net purchase of shares. Source: Ministry of Finance

Graph J1: Gross Domestic Product in Constant Prices
 Quarterly and yearly data, 1990=100

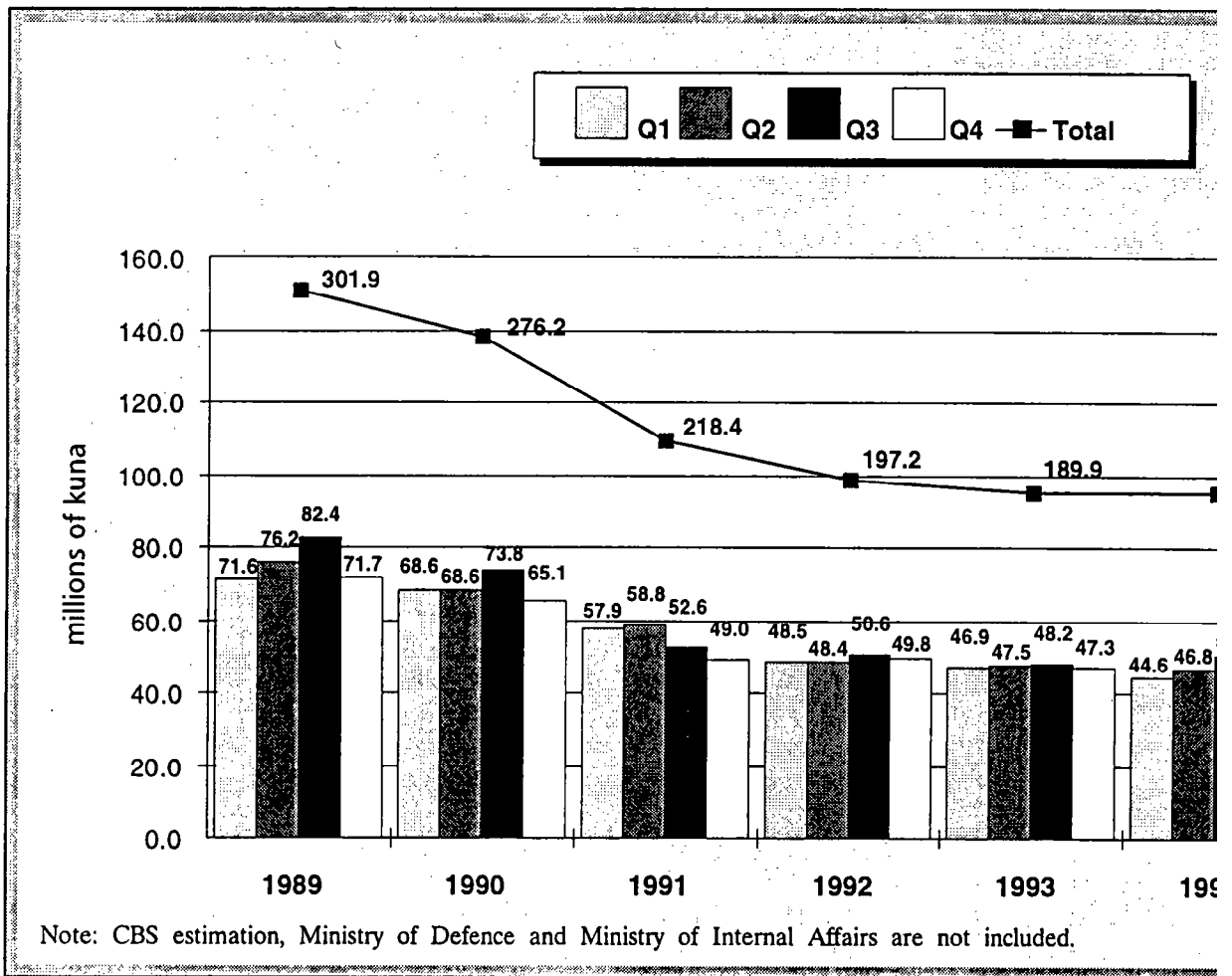


Table J1: Retail Prices, Costs of Living and Manufacturing Producer's Prices Indices

Year	Month	Chain indices			Monthly year-on-year indices			Cumulative year-on-year indices		
		Retail prices	Costs of living	Manufactur. prod. prices	Retail prices	Costs of living	Manufactur. prod. prices	Retail prices	Costs of living	Manufactur. prod. prices
1992	Dec.	122.4	125.3	129.1	1,053.4	1,026.3	1,120.9	745.4	694.7	846.6
	Dec.	99.5	100.6	98.5	1,249.7	1,225.1	1,175.6	1,616.6	1,591.3	1,610.4
1994	Jun.	99.7	99.9	99.3	284.3	309.3	237.0	482.9	499.1	415.6
	July	100.7	100.4	100.7	225.8	246.1	191.4	415.8	434.6	356.5
1994	Aug.	99.9	99.3	100.7	176.1	185.7	156.5	355.7	372.1	307.5
	Sept.	100.5	100.4	100.4	135.5	140.8	114.0	301.4	314.4	258.7
1995	Oct.	100.1	100.1	99.8	97.8	104.2	88.1	249.5	261.4	216.7
	Nov.	99.9	100.1	100.6	96.3	102.2	92.9	218.0	228.8	193.2
1995	Dec.	100.2	100.9	100.2	97.0	102.5	94.5	197.5	207.2	177.7
	Jan.	100.7	100.8	99.9	97.9	102.5	95.7	97.9	102.5	95.7
1995	Feb.	100.1	101.0	100.6	99.3	104.5	100.6	98.6	103.5	98.1
	Mar.	100.1	100.4	99.5	100.4	104.6	101.7	99.2	103.8	99.3
1995	Apr.	100.7	101.5	99.5	102.5	106.6	101.3	100.7	104.5	99.8
	May	100.2	100.5	100.1	102.8	105.4	101.3	100.6	104.7	100.1
1995	Jun.	99.6	98.1	99.8	102.7	103.5	101.8	100.9	104.5	100.3
	July	100.0	99.0	100.1	102.0	102.1	101.2	101.1	104.2	100.5
1995	Aug.	99.9	99.2	100.3	102.0	102.0	100.8	101.2	103.9	100.5
	Sept.	101.6	101.9	100.3	103.1	103.5	100.7	101.4	103.8	100.5
1995	Oct.	100.5	101.0	100.5	103.5	104.4	101.4	101.6	103.9	100.6
	Nov.	100.1	100.5	100.5	103.7	104.8	101.3	101.8	104.0	100.7
1996	Dec.	100.2	100.7	100.5	103.7	104.6	101.6	102.0	104.0	100.8
	Jan.	100.2	101.0	100.1	103.2	104.8	101.8	103.2	104.8	101.8
1996	Feb.	100.5	100.5	100.0	103.6	104.4	101.3	103.4	104.6	101.6
	Mar.	99.9	100.3	99.0	103.3	104.4	100.7	103.4	104.4	101.3
1996	Apr.	99.7	99.3	100.4	102.4	102.1	101.6	103.2	103.9	101.4
	May	101.1	101.4	99.6	103.3	103.1	101.2	103.1	103.7	101.4
1996	Jun.	100.5	100.9	100.4	104.1	105.5	101.7	103.4	104.0	101.4

Source: Central Bureau of Statistics

Table J2: Average Monthly Net Wages
In current prices, in kuna

		Nominal amount in kuna	Chain indices	Monthly year-on-year indices	Cumulative year-on-year indices
1992	Dec.	74.4	120.2	681.7	409.4
1993	Dec.	1,073.2	105.2	1,442.1	1,605.3
1994	Jun.	1,224.0	104.9	315.4	540.9
	July	1,247.0	101.9	239.8	453.3
	Aug.	1,267.0	101.6	189.2	381.3
	Sept.	1,259.0	99.4	140.4	316.9
	Oct.	1,326.0	105.3	135.6	276.0
	Nov.	1,383.0	104.3	135.5	249.2
	Dec.	1,646.0	119.0	153.4	233.2
	1995	Jan.	1,745.0	106.0	157.8	157.8
Feb.		1,725.0	98.9	155.2	156.5
Mar.		1,800.0	104.3	159.5	157.5
Apr.		1,791.0	99.5	160.1	158.2
May		1,836.0	102.5	157.3	158.0
Jun.		1,843.0	100.4	150.6	156.7
July		1,798.0	97.6	144.2	154.7
Aug.		1,839.0	102.3	145.1	153.4
Sept.		1,826.0	99.3	145.0	152.4
Oct.		1,848.0	101.2	139.4	151.0
Nov.		1,895.0	102.5	137.0	149.5
Dec.		1,883.0	99.4	114.4	145.7
1996	Jan.	1,924.0	102.2	110.3	110.3
	Feb.	1,908.0	99.2	110.6	110.4
	Mar.	1,920.0	100.6	106.7	109.1
	Apr.	1,980.0	103.1	110.6	109.5

Source: Central Bureau of Statistics

Classification and Presentation of Data on Claims and Liabilities

Data on financial institutions' claims and liabilities are classified according to institutional sectors and financial instruments. Institutional sectors are: financial institutions, central government and funds, other domestic sectors and foreign sector.

The financial institutions sector includes following sub-sectors: monetary authorities (the central bank), deposit money banks (DMBs), other banking institutions and nonbank financial institutions. The central bank is the National Bank of Croatia (NBC). Deposit money banks are institutions granted, by the National Bank of Croatia, the permission to perform banking business services in accordance with the Law on Banks and Savings Banks. Other banking institutions comprise savings banks. Since July 1995 savings banks have been under auspices, and have operated with the permission of the NBC. Nonbank financial institutions are financial institutions not classified as banks or other banking institutions (insurance companies, investment funds, savings cooperatives etc.)

The central government and funds comprises government institutions including Croatian Roads Company, Bank Rehabilitation Agency and Croatian Guarantee Agency, and following central government funds: Croatian health insurance fund, state retirement funds, employment agency, Croatian Privatization Fund, Croatian water company and Croatian Bank for Reconstruction and Development. Other domestic sectors are other central government funds (those not classified under the central government and funds sector), local government authorities and local funds, public and private companies and households, including craftsmen and non-profit institutions. In some tables other domestic sectors are divided into following sub-sectors: local governments and funds (including other republic funds, local government authorities and local funds), public and private enterprises, and households (including craftsmen and non-profit institutions).

Foreign sector includes foreign legal entities and individuals.

All data on claims and liabilities refer to balances at the end of the reporting period. Foreign exchange items are reported in their kuna equivalent at the midpoint NBC exchange rate at the end of the reporting period.

Table A1: Monetary and Credit Aggregates

The table shows data on some basic monetary and credit aggregates, including their monthly growth rates.

Reserve money has been taken over in its entirety from the Monetary Authorities Accounts (Table C1).

Money (M1) is defined in the same way as the corresponding item in the Monetary Survey (Table B1). It comprises cash outside banks, deposits with NBC by other banking institutions and other domestic sectors as well as DMBs' demand deposits. *Money (M1a)* comprises currency outside banks and DMBs' demand deposits, increased by the demand deposits of the central government and funds with DMBs.

Broadest money (M4) comprises Money (M1), savings and time deposits, foreign currency deposits as well as bonds and money market instruments (all above components taken over from the Monetary Survey (Table B1).

Net domestic assets are defined as a difference between total liquid assets and foreign assets (net).

Domestic credit comprises DMBs' claims on other domestic sectors, other banking institutions and nonbank financial institutions.

Table B1: Monetary Survey

The monetary survey shows consolidated data from the Monetary Authorities Accounts (Table C1) and DMB's Accounts (Table D1).

Foreign assets (net) are the difference between total foreign assets and total foreign liabilities of the NBC and DMBs.

Domestic credit is the sum of corresponding items from Monetary Authorities Accounts and DMB's accounts. Claims on central government and funds are reported on the net basis, i.e. decreased by central government and funds' deposits with the NBC and DMBs.

The money is the sum of currency outside banks, deposits by other banking institutions with the NBC, deposits by other domestic sectors with the NBC and DMB's demand deposits (item *Demand deposits* in DMB's Accounts, Table D1).

Items *Savings and time deposits*, *Foreign currency deposits* as well as *Bonds and money market instruments* are entirely taken over from the DMB's Accounts, while item *Restricted and blocked deposits* represent the sum of correspondent items from Monetary Authorities Accounts (excluding DMBs blocked deposits with the NBC) and DMBs Accounts. *Other items (net)* are unclassified liabilities decreased by unclassified assets.

Table B2: Number of Reporting Deposit Money Banks and Savings Banks and Their Classification by Size

The table shows the total number of DMBs and savings banks which report monthly to the NBC. Their operation is shown in the DMB's/savings banks' accounts. *Total number of reporting DMBs* includes former branches of banks with their headquarters in the former Yugoslavia, which are currently under liquidation.

Due to the fact that savings banks were not legally obliged to report their operation to the NBC until July 1995, the total number of savings banks refers only to those savings banks which reported voluntarily to the NBC. In June 1995, coordination of the registration of savings banks with the Law on Banks and Savings Banks, and reporting to the NBC became compulsory. Since June 1995, total number of savings banks reporting to the NBC has corresponded with the total number of registered savings banks. The table also shows the classification of reporting DMBs and savings banks according to their total assets. Former branches of banks with their headquarters in the former Yugoslavia are classified in relation to the size of their total assets decreased by households' foreign currency deposits transferred to resident banks.

Table C1: Monetary Authorities Accounts

The table reports data on claims and liabilities by monetary authorities. *Foreign assets* include the following forms of foreign currency and kuna claims on foreign legal entities and individuals: monetary gold, holdings of special drawing rights, foreign cash in vaults, reserve position in the International Monetary Fund, current account balances with foreign banks, time deposits in foreign banks, foreign currency security investments and other claims.

Claims on central government and funds are loans and overdue claims on the budget of the Republic of Croatia. *Claims in kuna* are short-term loans granted for the purpose of overcoming the incoordination between incoming revenues and execution of budgetary expenditures, long-term loans granted by special decrees by the government of the Republic of Croatia, and overdue claims on the State Budget for liabilities to the IMF and foreign banks. *Claims in foreign currency* is a counter-entry to the liability to the IMF based on the succession of membership in that institution.

Claims on other domestic sectors are loans and overdue claims on other domestic sectors.

Claims on DMBs are credit to DMBs, deposits by the NBC with DMBs and overdue claims on DMBs. *Credit to DMBs* is split according to the type of financial instruments. *Refinancing of DMBs* include loans granted within general and selective quotas up to the end of 1993, as well as advances to DMBs for performing currency exchanges. Refinancing loans granted within the general and selective quotas were paid back in their entirety by the end of April 1994. In July 1994, they were formally revoked. *Item Lombard credits* comprises credits to DMBs for regular maintaining of the day-to-day liquidity, which were replaced by lombard credits in December 1994. Overdue claims on DMBs comprise loans due, giro account overdrafts and banks' undiscipline in allocation and maintenance of statutory reserve requirements.

Reserve money consists of currency outside banks, cash in DMBs' vaults, DMBs' deposits with the NBC, other banking institutions' deposits and other domestic sectors' deposits with the NBC. *DMBs' deposits* are: giro account balances, statutory reserves deposited on a special account with the NBC as well as NBC bills on obligatory basis. *Deposits by other banking institutions* are: giro account balances of savings banks as well as statutory reserves of savings banks' deposited on a special account with the NBC. *Deposits by other domestic sectors* are: other domestic sectors' giro account balances (this refers to accounts opened with the NBC by October 1994, since when they have been in the process of transition into deposits with the DMBs).

Restricted and blocked deposits are mainly import deposits. Blocked foreign currency deposits are funds deposited on a special account with the NBC for the purpose of covering the unpaid liabilities due to foreign creditors.

Foreign liabilities include use of IMF credits and liabilities to international financial institutions.

Central government and funds deposits are demand deposits and foreign currency deposits of the central government and funds with the NBC.

NBC bills are NBC bills on voluntary basis.

Capital accounts include reserves, funds, undistributed profit and f/c revaluation adjustment (net).

Other items (net) are unclassified liabilities decreased by unclassified assets of the NBC's accounts.

Table D1: Deposit Money Banks' Accounts

DMBs accounts include data on Croatian DMBs' claims and liabilities and data on claims and liabilities of former branches of banks with their

headquarters in former Yugoslavia, which are now in the process of liquidation. DMBs' mutual claims and liabilities are consolidated.

Reserves with the central bank are: kuna cash in vaults and kuna deposits with the central bank.

Foreign assets are the following forms of kuna and foreign currency claims on foreign legal entities and individuals: foreign cash in vaults, nostro letters of credit and other collateral's with foreign banks, securities, loans, equities and arrears. Unregulated claims on institutions of former Yugoslavia are shown separately.

Claims on central government and funds are the following forms of claims in kuna and foreign currency: securities, loans, equities and arrears (including claims for interest charged and due 30 and more days prior to the reporting date). Main forms of claims on the central government are shown separately: bonds issued in accordance with the Decree Law on the Transformation of Household Foreign Exchange Savings Deposits with Banks into the Public Debt of the Republic of Croatia, and bonds issued in accordance with the Law on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Claims on other domestic sectors include the following claims in kuna and foreign currency: securities, loans (including acceptances), equities and claims due.

Same forms of kuna and foreign currency claims are included in claims on other banking institutions and nonbank financial institutions, with one difference: *Claims on other banking institutions* also include deposits with those institutions.

Items *Demand deposits, Savings and time deposits, Foreign currency deposits* as well as *Bonds and money market instruments* comprise banks' liabilities to other domestic sectors, other banking institutions and nonbank financial institutions.

Demand deposits include giro and current accounts balances and other transferable deposits, decreased by currency in the payment system, i.e. checks in banks' vaults and checks in collection.

Savings and time deposits are: kuna sight deposits as well as kuna time and notice deposits.

Foreign currency deposits are: foreign currency sight deposits as well as foreign currency time and notice deposits.

Bonds and money market instruments are: banks' liabilities for securities issued (net) and loans obtained.

Foreign liabilities comprise the following forms of kuna and foreign currency liabilities to foreign legal entities and individuals: giro and current accounts, loro letters of credit and other collateral's, savings and time deposits, loans received

and liabilities due. Unregulated liabilities to institutions in former Yugoslavia are shown separately within foreign liabilities.

Central government and funds' deposits are all forms of DMBs' kuna and foreign currency liabilities (except restricted and blocked deposits) to the central government and funds.

Credit from central bank comprises loans obtained from the NBC and deposits by the NBC with DMBs. Repurchase of securities is also considered and treated as loan.

Restricted and blocked deposits comprise the following DMBs' liabilities: kuna and foreign currency restricted deposits by other domestic sectors, other banking institutions, nonbank financial institutions, central government and funds as well as foreign legal entities and individuals; households' blocked foreign currency deposits, regulated by the Decree Law on the Transformation of Household Foreign Exchange Savings Deposits with Banks into the Public Debt of the Republic of Croatia, foreign currency deposits by domestic sectors to cover outstanding liabilities due to foreign creditors and foreign currency deposits with former branches of banks with their headquarters in former Yugoslavia.

Capital accounts are share capital, reserves, provisions, current profit or loss, undistributed profits and f/c revaluation adjustments (net).

Other items (net) are unclassified liabilities decreased by unclassified assets.

Tables D2-D12

This group of tables (with the exception of Table D5) represents an elaborate presentation of appropriate items of claims and liabilities of DMBs' Accounts (Table D1).

Claims and *Liabilities* related to former branch banks with their headquarters in former Yugoslav bank's branches are shown under the separate item *Adjustment for former branch banks* with an exception of Table D8: Foreign currency deposits with DMBs, which does not contain this item. Foreign currency deposits with former branch banks are classified as restricted and blocked deposits, and therefore shown as a separate item in the Table D12.

Table D2: Deposit Money Bank's Foreign Assets

This table shows DMBs' claims on foreign legal entities and individuals.

Foreign assets of the DMBs comprise foreign assets in kuna and foreign currency as well as DMBs' claims on the former Yugoslavia and the

adjustment for former branches. Item *Claims on former Yugoslavia*, reported separately in its full amount in the Table D1, is in the Table D2 divided into claims of the DMBs (shown under item *Claims on former Yugoslavia*) and claims of former branches (shown as a separate item within *Adjustment for former branch banks*).

Claims on foreign banks and *Claims on foreign nonbanks* (total and by financial instruments) are shown separately within both foreign assets in kuna and in foreign currency. Within *Claims on former Yugoslavia*, those in kuna and in foreign currency are shown separately.

Table D3: Deposit Money Banks' Claims on the Central Government and Funds

The table shows kuna and foreign currency DMBs' claims on the central government and funds.

Bonds arising from blocked foreign currency savings deposits are issued in accordance with the Decree Law on the Transformation of Household Foreign Exchange Savings Deposits with Banks into the Public Debt of the Republic of Croatia

Big bonds are those issued in accordance with the Law on the Issue of Bonds for the Restructuring of the Economy of the Republic of Croatia.

Other claims are all other DMBs' kuna and foreign currency claims on central government and funds: securities, loans, equities, postponed interest arrears (claims for interest due but not payable before relations with foreign creditors are regulated) and arrears (including claims for interest due 30 and more days prior to the reporting date).

Adjustment for former branch banks refers entirely to other central government's bonds.

Table D4: Deposit Money Bank's Claims on Other Domestic Sectors

The table shows DMBs' kuna and foreign currency claims on other domestic sectors, classified according to financial instruments: bills of exchange, commercial bills, bonds, other short-term securities, loans and advances (including acceptances and commodity futures), equities and arrears.

By October 1994, foreign currency loans were granted only when counterparted by DMB's loan abroad, in bank's name and on behalf of the final beneficiary of the loan. Due to the fact that foreign debts are still not entirely regulated, there is an item *Postponed interest arrears*. It refers to claims on interest due at the original due date, but the

obligation to pay is postponed until relations with foreign creditors are regulated.

Adjustment for former branch banks refers in greater part to foreign currency loans to enterprises.

Table D5: Distribution of Deposit Money Banks' Loans by Domestic Institutional Sectors

The table shows data on kuna and foreign currency loans granted by DMBs to domestic sectors, including acceptances and commodity futures.

The above data do not include loans of former branch banks.

Table D6: Demand Deposits with Deposit Money Banks

The table shows demand deposits with DMBs, classified by domestic institutional sectors.

Demand deposits are the sum of other domestic sectors', other banking institutions' and nonbank financial institutions' giro and current accounts balances, as well as other transferable deposits, decreased by currency in the payment system, i.e. by amount of checks in banks' vaults and checks in collection.

Adjustment for former branch banks mostly refers to demand deposits by private enterprises and households.

Table D7: Time and Savings Deposits with Deposit Money Banks

The table shows *Savings deposits of households* in kuna as well as *Time and notice deposits* in kuna by other domestic sectors, other banking institutions and nonbank financial institutions with DMBs.

Adjustment for former branch banks refers in larger part to households' savings and time deposits.

Table D8: Foreign Currency Deposits with Deposit Money Banks

The table shows foreign currency savings and time deposits by other domestic sectors, other banking institutions and nonbank financial institutions with DMBs. Foreign currency savings deposits are all foreign currency sight deposits, while foreign currency time deposits also include foreign currency notice deposits.

Foreign currency deposits with former branch banks are not included in this table.

Table D9: Bonds and Money Market Instruments

The table shows DMBs liabilities for securities issued (net) and loans received from other domestic sectors, other banking institutions and nonbank financial institutions.

Money market instruments (net) comprise DMBs net liabilities for NBC bills, bills of exchange (issued and accepted) and other securities issued.

Bonds (net) comprise DMBs net liabilities for kuna and foreign currency bonds issued.

Other domestic borrowings comprises loans received, reported total and classified by institutional sectors.

Table D10: Deposit Money Banks' Foreign Liabilities

The table shows DMBs' total foreign currency and kuna liabilities to foreign legal entities and individuals, with the exception of restricted kuna and foreign currency deposits by foreign legal entities and individuals.

DMBs' foreign liabilities comprise foreign currency liabilities, foreign kuna liabilities, DMBs' liabilities to the former Yugoslavia and adjustment for former branches. Item *Liabilities to the former Yugoslavia*, which is reported separately in the Table D1, is here divided into part of the liabilities referring to DMBs (shown as item *Liabilities to the former Yugoslavia*) and the part referring to former branches (reported as a separate item within the *Adjustment for former branch banks*).

Within foreign kuna and foreign currency liabilities, liabilities to foreign banks are reported separately from liabilities to foreign nonbanks (total and by financial instruments). Within liabilities to the former Yugoslavia, liabilities in foreign currency are reported separately from kuna liabilities.

Item *Postponed interest arrears* on foreign currency loans showing within foreign currency liabilities refers to liabilities for interest due on the original due date, but payable after the regulation of relations with foreign creditors.

Table D11: Central Government and Funds Deposits with Deposit Money Banks

The table reports total DMBs' kuna and foreign currency liabilities to the central government and funds, with the exception of restricted (kuna and foreign currency) deposits by the central government and funds with DMBs.

Kuna and foreign currency deposits by Republic of Croatia and republic funds are shown separately. Kuna deposits comprise demand deposits, kuna time and notice deposits, and kuna

loans obtained from the central government and funds. Foreign currency deposits comprise foreign currency sight deposits, as well as foreign currency time and notice deposits.

The table does not state the item *Adjustment for former branch banks* because the salvage value of former branch does not include liabilities to the central government and funds.

Table D12: Restricted and Blocked Deposits with Deposit Money Banks

The table shows restricted and blocked deposits by the central government and funds, other domestic sectors, other banking institutions, nonbank financial institutions and foreign legal entities and individuals with DMBs.

Restricted deposits include three categories of deposits: restricted (kuna and foreign currency) deposits, blocked foreign currency deposits and foreign currency deposits with former branch banks.

Blocked foreign currency deposits include households' foreign currency deposits regulated by the Decree Law on the Transformation of Household Foreign Exchange Savings Deposits with Banks into the Public Debt of the Republic of Croatia, as well as domestic sectors' deposits regulated by the Decree Law on the Settlement of Arrears to External Creditors.

Table E1: Savings Banks' Accounts

Savings banks' accounts include the data on savings banks' claims and liabilities. Savings banks' mutual claims and liabilities are consolidated.

Reserves are savings banks' kuna cash in vaults and kuna deposits with the NBC.

Foreign assets refer to foreign currency in savings banks' possession either within arrangements which are in the process of liquidation due to the adjustment to the new Law on Banks and Savings Banks or within arrangements with DMBs regarding performing currency exchange transactions.

Claims on central government and funds are all kuna and foreign currency claims on the Republic of Croatia and central government funds.

Claims on other domestic sectors are the following forms of kuna and foreign currency claims: securities, loans, equities and claims due. Claims on local governments and funds, enterprises and households, are shown separately within this item.

Claims on DMBs include the following forms of kuna and foreign currency claims on DMBs: savings and time deposits, securities, loans, equities

and arrears. Item *Claims on nonbank financial institutions* comprises the same forms of kuna and foreign currency claims.

Demand deposits comprises other domestic sectors' and nonbank financial institutions' kuna giro and current accounts balances as well as other transferable deposits.

Savings and time deposits are households' savings deposits in kuna as well as time and notice deposits by other domestic sectors, domestic deposit money banks and nonbank financial institutions.

Foreign currency deposits are households' foreign currency savings and time deposits. These deposits, however, represent transactions in liquidation owing to adjustment to the new Law on Banks and Savings Banks.

Bonds are liabilities by other banking institutions for securities issued (net), as well as loans received from other domestic sectors, domestic DMBs and nonbank financial institutions.

Foreign liabilities are foreign savings and time deposits in foreign currency. These deposits represent transactions in liquidation owing to adjustment to the new Law on Banks and Savings Banks.

Central government deposits are kuna time and notice deposits by the Republic of Croatia and central government funds.

Credit from central bank comprise kuna loans obtained from the National bank of Croatia.

Capital accounts are: share capital, reserves, provisions, current profit or loss, undistributed profit and f/c revaluation adjustment (net).

Other items (net) are unclassified assets decreased by unclassified liabilities.

Table F1 - Credit Rates of National Bank of Croatia

The table shows interest rates used by the NBC to calculate and charge interest on loans and on all other claims.

Lending NBC interest rates are being set by special decrees of the Council of the National Bank of Croatia, on annual basis. Exceptionally, since July 1995, interest rate charged by NBC on lombard credits has been 1.5% higher than the weighted average interest rate on NBC bills on voluntary basis (which serve as collateral for lombard credits) in cases when the weighted average interest rate is higher than 16.5. Congruently, from July 1995 onwards, the table reports weighted average interest rate on lombard credits.

Time series presented in the table contain certain breaches, due to changes in NBC's monetary policy instruments. Consequently, until November 1994, column 4 shows interest rates on regular

credits for maintenance of day-to-day liquidity, which were granted based on securities portfolio, and from December 1994 onwards, interest rates on lombard credits.

Furthermore, data shown in column 6 refer, until September 1994, to interest rates on special credits for savings deposits' payments and for payments from households' current accounts, and since October 1994 to interest rates on daily credits for savings deposits and current accounts in kuna. Daily credits, as opposed to special credits, are paid back on the same day.

Interest rates reported in column 9 refer to the use of statutory reserves, which was being used by the banks (in prescribed percentage) to maintain day-to-day liquidity until September 1994. Interest rates paid until September 1994 on the use of statutory reserve funds in amount above prescribed and/or for longer period than allowed are shown in column 10. Since October 1994, interest rates paid on the use of statutory reserve funds are the same as those used for any other form of financial undiscipline, in accordance with the late interest regulations (shown in column 11).

Until July 1994 the same interest rate was applied to funds used above amounts available on giro accounts and to inaccurately calculated or under-appropriated statutory reserves (reported in column 10). From July to September 1994, interest rate applied to the use of those funds was 21%, and since October 1994 the same interest rates have been applied as for other forms of financial undiscipline, shown in column 11.

Table F2: Deposit Rates of National Bank of Croatia

The table shows interest rates paid by the NBC on funds deposited with the NBC as well as on securities issued.

Interest rates paid by the NBC for appropriated statutory reserve funds are being set by the Council of the NBC. Until 7 October 1993, NBC was setting different exchange rates for statutory reserve funds based on savings and time deposits. Therefore, for that period the table reports weighted average interest rate on appropriated statutory reserve funds (column 3). From 8 October 1993 until the end of February 1994, NBC paid no interest on appropriated statutory reserve funds, and since March 1994, uniform rate has been applied to these funds.

Interest rates on NBC bills on obligatory basis are set by the Council of the NBC.

Until October 1993, interest rates on NBC bills on voluntary basis were also set by the Council of the NBC, while since November 1993, they have

been set at NBC bills' auction sales. Congruently, since November 1993, columns 5, 6 and 7 report weighted average interest rates attained in auctions of the NBC bills.

Until October 1994, interest rates on NBC bills on voluntary basis due in 30 and 90 days are reported in columns 6 and 7 respectively.

Table F3: Deposit Money Banks' Reserves on Obligatory Basis

This table shows data on monthly averages of day-to-day balances of reserves on obligatory basis by DMBs with the NBC.

Reserve requirement (column 3) represents the prescribed amount of funds banks are required to deposit on a special statutory reserve account with the NBC, or to maintain (in average) on their giro accounts or in vaults. This amount corresponds with the statutory reserve instrument of January 1995, while until December 1994 it comprised two instruments: statutory reserves and liquid assets requirement - LAR (except for the part in which banks were conforming to this requirement by registering NBC bills on voluntary basis).

Column 4 shows weighted average reserve requirement ratio as a percentage of the reserve requirement (column 3) in the reserve base (NBC prescribes different reserve requirement ratios for different categories of deposit).

Column 5 shows the portion of the reserve requirement banks are required to deposit on a special statutory reserves account with the NBC (until December 1994 this amount corresponds with the statutory reserves instrument, while since January 1995, banks have been required to deposit at least 75% of the total reserve requirement on a special account with the NBC).

Column 6 shows the percentage of the statutory reserves deposited with the NBC in the total reserve requirement.

Column 7 shows the total amount of other deposits with the NBC on obligatory basis, which comprises NBC bills on obligatory basis, part of NBC bills on voluntary basis used by the banks to maintain the prescribed minimal liquidity (LAR), and special statutory reserves.

Column 8 shows the total reserve requirement as a sum of reserve requirement and other deposits with the NBC on obligatory basis. Column 9 shows the percentage of total reserve requirement in the reserve base.

Column 10 shows weighted average remuneration rate for all forms of immobilized funds (i.e. for all components of total reserve requirement).

Column 11 shows the use of obligatory reserves, which includes use of appropriated statutory reserve funds (authorized and unauthorized), inaccurately calculated statutory reserves, non-maintenance of the prescribed minimal liquidity, i.e. (since January 1995) non-maintenance of the minimal average giro account and vault balance (determined in accordance with the calculation of statutory reserves), unregistered amount of the NBC bills on obligatory basis and inaccurately calculated special statutory reserves.

Table F4: Deposit Money Banks' Liquidity Indicators

The table reports monthly averages of day-to-day balances of some indicators of DMBs' liquidity.

Column 3 shows free reserves, defined as bank's total reserves (on giro accounts and in vaults) decreased by the minimal average giro account and treasury balance, as prescribed by instruments of the NBC (until December 1994 by the requirement for banks' minimal liquidity, and since January 1995 by statutory reserve requirement).

Column 4 shows the primary liquidity ratio as a percentage of monthly day-to-day free reserves averages in monthly day-to-day averages of deposits which constitute the reserve base.

Column 5 shows the monthly average of day-to-day balances of secondary liquidity sources used. Secondary liquidity sources comprise: use of statutory reserves (until October 1994), regular loans for maintenance of day-to-day liquidity (until November 1994), use of funds exceeding those available on bank's giro account (until October 1994), initial loans (since October 1994), lombard credits (since December 1994), intervention credits for overcoming illiquidity (since October 1994), as well as outstanding liabilities due to the NBC.

Column 6 reports monthly average of day-to-day balances of NBC bills on voluntary basis (until December 1994, this amount is decreased by the portion of voluntarily registered NBC bills used by banks to maintain the prescribed minimal liquidity).

Table G1: Deposit Money Banks' Credit Rates

The table contains weighted averages of DMBs' monthly interest rates on kuna and foreign currency loans, reported on a yearly basis.

Columns 3 and 4 show interest rates on the interbank daily and overnight money markets, according to information received from Money Market Zagreb. From December 1993 until May 1995, interest rates on overnight loans were identical

to the NBC discount rate. Until December 1993 and since July 1995, interest rates charged for overnight loans equaled to daily weighted average interest rates reached on the daily money market.

Data on DMBs' interest rates on kuna and foreign currency credits are based on DMBs' periodic reports. Basis for calculation of weighted averages are amounts of credits bearing corresponding interest rates, which were disbursed during the reported month, with the exception of interest rates on giro and current accounts credit lines, for which weighted averages were calculated based on the balance of these loans at the end of the reported month.

Column 5 shows interest rates on total (short-term and long-term) kuna credits not indexed to foreign currency. Interest rates on short-term kuna credits (shown in column 6) also include interest rates on discounted short-term securities (not indexed to foreign currency), weighted based on their face value.

Column 8 shows interest rates on total (short-term and long-term) kuna credits indexed to foreign currency, including interest rates on discounted short-term securities indexed to foreign currency.

Interest rates on foreign currency credits (columns 9, 10 and 11) refer to credits released in Deutsche Mark or US dollars in a reported month, while weighted averages are calculated based on their kuna equivalent using current exchange rate. Credits released in other currencies are not included in this table.

Relative significance of particular interest rates (reported in the last line of the table) refers to data for the last period included in the table. It is calculated as a percentage of corresponding credit category (to which exchange rates apply) in total credits included in the calculation of weighted averages for that period.

Table G2: Deposit Money Banks' Deposit Rates

The table shows weighted averages of monthly DMBs' interest rates on kuna and foreign currency deposits, reported on a yearly basis.

Data on interest rates on DMBs' deposits are obtained from DMBs' periodic reports.

Column 3 reports weighted averages of monthly interest rates on total kuna deposits (sight deposits, savings and time deposits) not indexed to foreign currency. Weighted averages of monthly interest rates on total kuna deposits indexed to foreign currency are reported in column 6.

Interest rates on foreign currency deposits refer to deposits received in Deutsche Mark or US

dollars, while weighted averages are calculated based on their kuna equivalent using current exchange rate. Deposits received in other foreign currencies are not included in the data reported in this table.

Basis for calculation of weighted averages are end-of-month balances of deposits. Exceptions are kuna and foreign currency time and savings deposits for which weighted averages are calculated (since July 1995) based on amounts of those deposits received during the reported month. Weighted averages of interest rates on total kuna and foreign currency deposits (columns 3 and 7) are weighted by the end-of-month balances of all categories included in the calculation.

Kuna and foreign currency deposits used as a credit collateral are included, while restricted deposits (deposits used for payment of imports and other restricted deposits) are not included into the calculation of weighted averages.

Table G3: Deposit Money Banks' Trade with Foreign Exchange

Data on trade with foreign exchange between DMBs comprise transactions of purchase and sale of foreign exchange on domestic foreign currency market. The transactions are classified by categories of participants (legal entities or individuals, banks, NBC). Source of data are DMBs' periodic reports on trading with foreign exchange, sent to the NBC on a regular basis. The amounts are stated in Deutsche Mark, converted from other foreign currencies using the NBC's midpoint exchange rate (reporting period average).

Table HI-H4: Balance of Payments

Balance of payments is based on the methodology of the International Monetary Fund (Balance of Payments Manual, fifth edition, 1993). Sources of data are following: reports of the State Bureau of Statistics, reports of transportation companies, reports of deposit money banks, Croatian Bank for Reconstruction and Development and the National Bank of Croatia.

Data on international flows of merchandise trade commodities are compiled by the State Bureau of Statistics on the basis of the customs declaration forms. According to the existing methodology applied by the CBS, commodity imports include temporary commodity imports as well. Other data required for compilation of the balance of payments are collected and processed directly by the NBC.

Services are, except for the data on the international cargo and passenger transport, reported on cash-flow basis.

Earnings from traveling (tourism), are calculated as a total value of: purchase of foreign currency and checks from nonresident natural persons, foreign exchange remittances to accounts owned by companies offering tourist services, sales of domestic currency and traveler's checks abroad, sales of domestic goods and services for foreign currency to nonresident natural persons, foreign exchange checks and credit cards charges in the country, sales of foreign goods to nonresident natural persons, purchase of foreign currency in casinos, 25% of the value of purchase of currency and traveler's checks from resident natural persons and 25% of the value of cash and traveler's checks deposited to resident natural persons foreign currency accounts.

Expenditures from traveling (tourism) industry, are calculated as total value of: payments for business travels, scholarships and specialization, payments for tourist trips organized by domestic tourist agencies, 25% of the value of sales of foreign currency and traveler's checks to resident natural persons and 20% of the value of currency and checks drawn from resident natural persons' foreign currency accounts.

Other services include investment works, construction and installation projects abroad, representation fees, insurance, freight and forwarding services, postal services, costs of Croatian representative offices abroad, unclassified services and 25% of the value of foreign currency transfers from foreign currency accounts to foreign countries.

Current transfers are classified into two categories: transfers to the central government and transfers to other sectors. Transfers to and from the central government consist of retirement and social welfare payments, financial aid payments, gifts, as well as of import and export bearing no payment obligation. Credits of transfers to other sectors represent the total value of foreign remittances received. Debits of other sectors transfers represent 75% of the value of transfers from resident natural persons foreign currency accounts to foreign countries.

Direct foreign investments are calculated partly from the data on imports of goods to be invested in resident corporations, partly from the data on payments made by nonresidents in connection with investments in the Republic of Croatia.

Data on other investment are structured into following institutional sectors: monetary authorities, general government, banks and other sectors. The

scope of sectors somewhat differs from the corresponding scope in the balance sheets of financial institutions. General government sector includes the central government and funds, local government authorities and local funds. Banking sector includes DMBs.

Item *Other investments - assets - banks currency and deposits*, represents the change in total foreign currency held by banks authorized to do business with foreign countries, i.e. banks with full authorization. Inflow from foreign countries, reported in the item *Other investments - assets - other sectors - currency and deposits*, is calculated as a difference between the sum of 75% of the value of currency and traveler's checks deposited to resident natural persons' foreign currency accounts and 75% of the value of currency and checks purchased from resident natural persons and the sum of 80% of the value of currency and traveler's checks withdrawn from resident natural persons foreign currency accounts and 75% of the value of sale of currency and traveler's checks to resident natural persons.

Data on loans for all previously mentioned sectors are based in greater part on originally concluded and registered credit agreements included in the NBC database. These do not include unallocated debt of the former Yugoslavia.

Changes in the total current balances of the NBC's foreign currency reserves are calculated using current US dollars exchange rates for currencies that form the reserves, and they are denominated in US dollars on the day when the balance of payments is compiled (end of month, end of quarter or year).

Table H8: External Debt

The table shows the balance of external debt at the end of the period, in millions of US dollars, according to the NBC's midpoint foreign currency rate at the end of the period.

External debt is defined as total value of following liabilities for foreign credits: outstanding debt (including principal arrears) and interest arrears.

Data are formed following the criteria of the final user, i.e. these include foreign credits used by the final users from the Republic of Croatia (and also those for which the debtor to foreign country is a bank from the former Yugoslavia).

Interest arrears are estimated by using originally agreed interest rates and do not include late interest.

Short-term credits do not include the use of short-term interbank credit lines.

Unallocated debt of the former Yugoslavia is not included.

LICENCED BANKS WITH FULL AUTHORIZATION

1. AGROOBRTNIČKA BANKA d.d. Zagreb
2. ALPE JADRAN BANKA d.d. Split
3. BJELOVARSKA BANKA d.d. Bjelovar
4. BRODSKO-POSAVSKA BANKA d.d. Salvonski Brod
5. CENTAR BANKA d.d. Zagreb
6. CIBALAE BANKA d.d. Vinkovci
7. CREDO BANKA d.d. Split
8. CROATIA BANKA d.d. Zagreb
9. ČAKOVEČKA BANKA d.d. Čakovec
10. DALMATINSKA BANKA d.d. Zadar
11. DUBROVAČKA BANKA d.d. Dubrovnik
12. GLUMINA BANKA d.d. Zagreb
13. GOSPODARSKO KREDITNA BANKA d.d. Zagreb
14. GRADSKA BANKA d.d. Osijek
15. HYPO BANKA CROATIA d.d. Zagreb ¹⁾
16. HRVATSKA GOSPODARSKA BANKA d.d. Zagreb
17. HRVATSKA POŠTANSKA BANKA d.d. Zagreb
18. ILIRIJA BANKA d.d. Zagreb
19. IMEX BANKA d.o.o. Split
20. ISTARSKA BANKA d.d. Pula
21. ISTARSKA KREDITNA BANKA UMAG d.d. Umag
22. JADRANSKA BANKA d.d. Šibenik
23. KAPTOL BANKA d.d. Zagreb
24. KARLOVAČKA BANKA d.d. Karlovac
25. KREDITNA BANKA ZAGREB d.d. Zagreb
26. KVARNER BANKA d.d. Rijeka
27. LIBERTAS BANKA d.d. Dubrovnik ¹⁾
28. MEĐIMURSKA BANKA d.d. Čakovec
29. PARTNER BANKA d.d. Zagreb
30. PODRAVSKA BANKA d.d. Koprivnica
31. POŽEŠKA BANKA d.d. Požega
32. PRIVREDNA BANKA ZAGREB d.d. Zagreb
33. PROMDEI BANKA d.d. Zagreb
34. RAIFFEISENBANK AUSTRIA d.d. Zagreb
35. RIADRIA BANKA d.d. Rijeka
36. RIJEČKA BANKA d.d. Rijeka
37. SISAČKA BANKA d.d. Sisak
38. SLATINSKA BANKA d.d. Slatina
39. SLAVONSKA BANKA d.d. Osijek
40. SPLITSKA BANKA d.d. Split
41. ŠTEDBANKA d.o.o. Zagreb
42. TRGOVAČKA BANKA d.d. Zagreb
43. TRŠĆANSKA ŠTEDIONICA - BANKA d.d. Zagreb ¹⁾
44. VARAŽDINSKA BANKA d.d. Varaždin
45. VUKOVARSKA BANKA d.d. Zagreb
46. ZAGREBAČKA BANKA d.d. Zagreb
47. ZAGREBAČKA BANKA-POMORSKA BANKA SPLIT d.d. Split
48. ŽUPANJSKA BANKA d.d. Županja

LICENCED BANKS WITH LIMITED AUTHORIZATION

1. CONVEST BANKA d.d. Zagreb
2. HYPOBANKA d.o.o. Zagreb
3. KOMERCIJALNA BANKA ZAGREB d.d. Zagreb
4. KRAPINSKO ZAGORSKA BANKA d.d. Krapina
5. LAGUNA BANKA d.d. Poreč¹⁾
6. NAVA BANKA d.d. Zagreb
7. NERETVANSKA GOSPODARSKA BANKA d.d. Ploče
8. RAZVOJNA BANKA "DALMACIJA" d.o.o. Split
9. SAMOBORSKA BANKA d.d. Samobor
10. TRGOVAČKO-TURISTIČKA BANKA d.d. Split

LICENCED BRANCHES OF FOREIGN BANKS ²⁾

1. Branch of SOCIETE GENERALE d.d. PARIS, Zagreb¹⁾

¹⁾ Licenced bank not yet operative.

²⁾ branches of foreign banks with full authorization

Note:

Full authorization is authorization for money transfers and credit transactions with foreign countries.

Limited authorization comprise f/c transfers in Croatia.

LICENCED SAVINGS BANKS

1. ADRIA ŠTEDIONICA d.o.o. Zagreb
2. GOSPODARSKA ŠTEDIONICA d.o.o. Vrbovec
3. GRAĐANSKA ŠTEDIONICA d.o.o. Karlovac
4. HIBIS ŠTEDIONICA d.o.o. Zagreb
5. INVEST ŠTEDIONICA d.o.o. Zagreb
6. INVESTICIJSKO - KOMERCIJALNA ŠTEDIONICA d.d. Zagreb
7. ISTRANOVA ŠTEDIONICA d.d. Pula
8. KAPTOL ŠTEDIONICA d.o.o. Zagreb
9. KRAPINSKA ŠTEDIONICA d.d. Krapina
10. MARVIL ŠTEDIONICA d.o.o. Zagreb
11. NAVA ŠTEDIONICA d.d. Zagreb
12. PRVA OBRTNIČKA ŠTEDIONICA d.o.o. Zagreb
13. SLAVONIJA ŠTEDIONICA d.o.o. Zagreb
14. SLAVONSKA ŠTEDIONICA d.d. Zagreb
15. ŠTEDIONICA BANAK d.o.o. Pula
16. ŠTEDIONICA DUGI POGLED d.o.o. Zagreb
17. ŠTEDIONICA SPLITSKO DALMATINSKA d.o.o. Split
18. TRGOVAČKA ŠTEDIONICA d.o.o. Zagreb
19. ZAGIŠTED ŠTEDIONICA d.o.o. Zagreb
20. ZAGREBAČKA ŠTEDIONICA d.d. Zagreb

OTHER LICENCED INSTITUTIONS WITH FULL AUTHORIZATION

1. HRVATSKA BANKA ZA OBNOVU I RAZVITAK Zagreb

Members of the Council of the National Bank of Croatia

Chairman of the Council

Marko Škreb

Zdravko Rogić
Relja Martić
Dragutin Zaninović
Pero Jurković
Borislav Škegro
Branko Gazivoda
Marin Kružičević
Branko Vukmir
Gorazd Nikić
Mate Babić
Vlado Leko

Management of the NBC

Marko Škreb, Governor
Zdravko Rogić, Deputy Governor
Relja Martić, Vice Governor
Dragutin Zaninović, Vice Governor

Board of Executive Directors

Research and statistics area - Velimir Šonje
Area of central banking operation - Adolf Matejka
International financial relations area - Jadranka Granić
Area of control and supervision - Ivo Tešija
Area of organization planning and information processing - Petar Ćurković
Area of legal affairs and general services - Mladen Šunjić

LIST OF ABBREVIATIONS & SYMBOLS

GDP	- gross domestic product
DMB	- deposit money bank
dep.	- deposit
Q	- quarterly
CBS	- Central Bureau of Statistics
manufactur.	- manufacturer
mil	- million
bil	- billion
o.w.	- of which
IMF	- International Monetary Fund
NBC	- National Bank of Croatia
res.	- reserve
SNA	- System of National Accounts
prod.	- producers
RR	- reserve requirement

ABBREVIATIONS FOR CURRENCY

HRK	- Croatian kuna
ATS	- Austrian schilling
FRF	- French franc
DEM	- German mark
CHF	- Swiss franc
GBP	- British pound
ITL	- Italian lira
USD	- US dollar
SDR	- Special drawing rights
SIT	- Slovenian tolar
XEU	- European currency unit

SYMBOLS

-	no entry
....	data not available
0	value is less than 0.5 of the unit of measure being used
Ø	average
i)	indicates a note beneath the table
*	corrected data
()	incomplete or insufficiently verified data

APPENDIX B

Additional statistical information from the Republic of Croatia Ministry of Finance, excerpts from the *Monthly Statistical Report* of the Republic of Croatia Central Bureau of Statistics and the *Main Statistical Indicators* of the National Bank of Croatia

17-1. BRUTO DOMAĆI PROIZVOD¹⁾ - procjena, u stalnim cijenama 1990.
17-1. GROSS DOMESTIC PRODUCT¹⁾ - estimate, in 1990 constant prices

	1990	1991	1992	1993	1994	1995
	Vrijednost u tis. kuna ²⁾ Value, '000 Croatian kunas ²⁾					
Ukupno Total	276 158,4	218 406,2	197 219,2	189 904,9	191 488,3	188 693,4
Industrija i rudarstvo Mining and industry	101 210,5	72 408,9	61 855,1	58 109,4	56 590,8	56 717,3
Poljoprivreda i ribarstvo Agriculture and fisheries	32 214,4	29 302,7	25 628,6	22 274,3	22 153,4	21 583,1
Šumarstvo Forestry	2 923,8	2 279,4	2 066,2	1 909,6	2 149,0	1 988,3
Vodoprivreda Water management	932,7	774,6	737,1	737,1	774,9	777,6
Građevinarstvo Construction	13 925,1	10 482,7	7 158,4	6 405,6	6 120,7	5 816,6
Promet i veze Transport and communications	21 387,8	19 059,2	19 186,0	17 760,6	19 153,5	18 235,4
Ugostiteljstvo i turizam Hotels, restaurants and tourism	18 329,7	3 545,0	3 742,7	4 504,8	6 971,6	4 496,8
Obrtništvo i osobne usluge Crafts and personal services	5 652,2	4 602,1	4 001,9	4 298,9	3 968,2	3 940,7
Komunalne djelatnosti Utilities and public services	4 719,3	4 350,1	4 634,8	4 962,1	4 634,4	4 266,0
Stambena djelatnost (bruto stanarina) Dwelling services (gross rent)	20 241,7	20 322,4	20 326,6	20 326,6	20 275,7	20 275,7
Obrazovanje, znanost i kultura Education, science and culture	17 086,4	16 273,0	15 215,1	15 513,4	15 398,4	15 462,2
Banke i osiguravajuće organizacije Banks and insurance companies	2 603,7	2 607,0	2 372,0	2 262,0	2 112,1	2 270,9
Poslovne usluge Business services	6 158,6	5 465,7	5 405,1	6 035,5	5 915,2	6 543,6
Zdravstvena zaštita i socijalna skrb Health care and social services	15 998,2	15 116,3	14 512,9	14 624,2	14 371,3	14 378,1
Javna uprava Public administration	12 774,3	11 817,3	10 376,7	10 180,7	10 899,1	11 941,1
Bruto domaći proizvod, mil. USD (1990. 1 USD=0,0113204 kn) Gross domestic product, mln US \$	24 394,8	19 293,2	17 421,6	16 775,5	16 915,3	16 668,4
	Struktura, % Composition, %					
Ukupno Total	100,00	100,00	100,00	100,00	100,00	100,00
Industrija i rudarstvo Mining and industry	36,65	33,15	31,36	30,60	29,56	30,06
Poljoprivreda i ribarstvo Agriculture and fisheries	11,67	13,42	12,99	11,73	11,57	11,44
Šumarstvo Forestry	1,06	1,04	1,05	1,01	1,12	1,05
Vodoprivreda Water management	0,34	0,35	0,37	0,39	0,40	0,41
Građevinarstvo Construction	5,04	4,80	3,63	3,37	3,20	3,08
Promet i veze Transport and communications	7,74	8,73	9,73	9,35	10,00	9,67
Ugostiteljstvo i turizam Hotels, restaurants and tourism	6,64	1,62	1,90	2,37	3,64	2,38
Obrtništvo i osobne usluge Crafts and personal services	2,05	2,11	2,03	2,26	2,07	2,09
Komunalne djelatnosti Utilities and public services	1,71	1,99	2,35	2,61	2,42	2,26
Stambena djelatnost (bruto stanarina) Dwelling services (gross rent)	7,33	9,30	10,31	10,70	10,59	10,75
Obrazovanje, znanost i kultura Education, science and culture	6,19	7,45	7,71	8,17	8,04	8,19
Banke i osiguravajuće organizacije Banks and insurance companies	0,94	1,19	1,20	1,19	1,10	1,20
Poslovne usluge Business services	2,23	2,50	2,74	3,18	3,09	3,47
Zdravstvena zaštita i socijalna skrb Health care and social services	5,79	6,92	7,36	7,70	7,51	7,62
Javna uprava Public administration	4,63	5,41	5,26	5,36	5,69	6,33

1) Vidi Metodološka objašnjenja.

2) Iako je procjena dana u stalnim cijenama iz 1990., vrijednosti su izražene u kunama jer od svinjca 1994. vrijedila je novčana jedinica (1 kuna = 1 000 hrvatskih dinara).

1) See Notes on Methodology.

2) The estimation has been done in 1990 constant prices. The values here have been given in Croatian kunas although the Croatian dinar was in effect till May 1994 (1 Croatian kuna = 1 000 Croatian dinars).

BRUTO DOMAĆI PROIZVOD
GROSS DOMESTIC PRODUCT

17-2. INDEKSI BRUTO DOMAĆEG PROIZVODA¹⁾ - procjena, u stalnim cijenama 1990.
17-2. INDICES OF DOMESTIC PRODUCT¹⁾ - estimate, in 1990 constant prices

	1990	1991	1992	1993	1994	1995
	Prethodna godina=100 Previous year=100					
Ukupno Total	91,48	79,09	90,30	96,29	100,83	98,54
Industrija i rudarstvo Mining and industry	88,69	71,54	85,42	93,94	97,39	100,22
Poljoprivreda i ribarstvo Agriculture and fisheries	88,33	90,96	87,46	86,91	99,46	97,43
Šumarstvo Forestry	85,66	77,96	90,65	92,42	112,54	92,52
Vodoprivreda Water management	105,80	83,05	95,17	100,00	105,13	100,35
Gradevinarstvo Construction	87,84	75,28	68,29	89,48	95,55	95,03
Promet i veze Transport and communications	103,04	89,11	100,67	92,57	107,84	95,21
Ugostiteljstvo i turizam Hotels, restaurants and tourism	84,92	19,34	105,58	120,36	154,76	64,50
Obrtništvo i osobne usluge Crafts and personal services	77,66	81,42	86,96	107,42	92,31	99,31
Komunalne djelatnosti Utilities and public services	93,78	92,18	106,54	107,06	93,40	92,05
Stambena djelatnost (bruto stanarina) Dwelling services (gross rent)	101,86	100,40	100,02	100,00	99,75	100,00
Obrazovanje, znanost i kultura Education, science and culture	99,39	95,24	93,50	101,96	99,26	100,41
Banke i osiguravajuće organizacije Banks and insurance companies	103,11	100,13	90,99	95,36	93,37	107,52
Poslovne usluge Business services	83,31	88,75	98,89	111,66	98,01	110,62
Zdravstvena zaštita i socijalna skrb Health care and social services	100,16	94,49	96,01	100,77	98,27	100,05
Javna uprava Public administration	94,28	92,51	87,81	98,11	107,06	109,56
	1990=100					
Ukupno Total	100	79,09	71,42	68,77	69,34	68,33
Industrija i rudarstvo Mining and industry	100	71,54	61,12	57,41	55,91	56,04
Poljoprivreda i ribarstvo Agriculture and fisheries	100	90,96	79,56	69,14	68,77	67,00
Šumarstvo Forestry	100	77,96	70,67	65,31	73,50	68,00
Vodoprivreda Water management	100	83,05	79,03	79,03	83,08	83,37
Gradevinarstvo Construction	100	75,28	51,41	46,00	43,95	41,77
Promet i veze Transport and communications	100	89,11	89,71	83,04	89,55	85,26
Ugostiteljstvo i turizam Hotels, restaurants and tourism	100	19,34	20,42	24,58	38,03	24,53
Obrtništvo i osobne usluge Crafts and personal services	100	81,42	70,80	76,06	70,21	69,72
Komunalne djelatnosti Utilities and public services	100	92,18	98,21	105,15	98,20	90,40
Stambena djelatnost (bruto stanarina) Dwelling services (gross rent)	100	100,40	100,42	100,42	100,17	100,17
Obrazovanje, znanost i kultura Education, science and culture	100	95,24	89,05	90,79	90,12	90,49
Banke i osiguravajuće organizacije Banks and insurance companies	100	100,13	91,10	86,87	81,12	87,22
Poslovne usluge Business services	100	88,75	87,77	98,00	96,05	106,25
Zdravstvena zaštita i socijalna skrb Health care and social services	100	94,49	90,72	91,41	89,83	89,87
Javna uprava Public administration	100	92,51	81,23	79,70	85,32	93,48

1) Vidl Metodološka objašnjenja.

1) See Notes on Methodology.

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

ZAPOSLENOST I PLAĆE
EMPLOYMENT, WAGES AND SALARIES

4-1. ZAPOSLENOST I NETO PLAĆA PO ZAPOSLENOM
4-1. EMPLOYMENT AND NET WAGES AND SALARIES PER EMPLOYEE

	Zaposleni, tis. ¹⁾ Number of people employed, in '000 ¹⁾			Indeksi Ø 1994=100 Indices Ø 1994=100			Neto plata po zaposlenom Net wages and salaries per employee								
	ukupno Total	privreda Goods and services sector	neprivreda Education, health and government	ukupno Total	privreda Goods and services sector	neprivreda Education, health and government	iznos, kuna In Croatian kunas			indeksi Ø 1995=100 Indices Ø 1995=100					
							ukupno Total	privreda Goods and services sector	neprivreda Education, health and government	nominalni Nominal			realni Real		
										ukupno Total	privreda Goods and services sector	neprivreda Education, health and government	ukupno Total	privreda Goods and services sector	neprivreda Education, health and government
1994. III	1065	832	233	100	101	100	1 129	1 102	1 216	62,1	62,5	61,6	65,2	65,6	64,6
IV	1061	828	233	100	100	100	1 118	1 094	1 199	61,5	62,0	60,8	64,8	65,3	64,1
V	1058	825	233	100	100	100	1 167	1 144	1 242	64,2	64,9	62,9	66,6	67,3	65,2
VI	1055	822	233	99	99	100	1 224	1 205	1 287	67,3	68,3	65,2	69,9	70,9	67,7
VII	1054	821	233	99	99	100	1 247	1 229	1 306	68,6	69,7	66,2	70,9	72,1	68,5
VIII	1079	844	235	102	102	100	1 267	1 254	1 309	69,7	71,1	66,3	72,6	74,1	69,1
IX	1058	823	235	100	100	100	1 259	1 244	1 307	69,3	70,5	66,2	71,9	73,1	68,7
X	1053	818	236	99	99	101	1 326	1 275	1 486	72,9	72,3	75,3	75,5	74,9	78,0
XI	1047	811	237	99	98	101	1 383	1 322	1 574	76,1	74,9	79,8	78,7	77,5	82,5
XII	1041	805	237	98	97	101	1 646	1 590	1 815	90,5	90,1	92,0	92,8	92,4	94,4
1995. I	1035	799	236	97	97	101	1 745	1 680	1 938	96,0	95,2	98,2	97,7	96,8	99,9
II	1056	821	235	99	99	100	1 725	1 667	1 897	94,9	94,5	96,1	95,7	95,3	96,9
III	1036	802	234	98	97	100	1 800	1 743	1 968	99,0	98,8	99,7	99,4	99,2	100,1
IV	1034	799	235	97	97	100	1 791	1 735	1 954	98,5	98,4	99,0	97,4	97,3	97,9
V	1030	796	234	97	96	100	1 836	1 787	1 980	101,0	101,3	100,4	99,4	99,7	98,8
VI	1027	793	234	97	96	100	1 843	1 775	2 039	101,4	100,6	103,3	101,7	100,9	103,6
VII	1023	789	234	96	95	100	1 798	1 749	1 934	98,9	99,1	98,0	100,2	100,4	99,3
VIII ²⁾	1016	783	233	96	95	99	1 839	1 797	1 962	101,2	101,9	99,4	103,3	104,0	101,4
IX ²⁾	1010	777	233	95	94	99	1 826	1 783	1 946	100,4	101,1	98,6	100,6	101,3	98,8
X ²⁾	1005	771	234	95	93	100	1 848	1 797	1 991	101,7	101,9	100,9	100,9	101,1	100,1
XI ²⁾	1001	766	235	94	93	100	1 895	1 848	2 026	104,2	104,8	102,7	103,0	103,6	101,5
XII ²⁾	995	760	235	94	92	100	1 883	1 826	2 039	103,6	103,5	103,3	101,7	101,6	101,4
1996. I ²⁾	991	755	236	93	91	100	1 924	1 886	2 021	105,8	106,9	102,4	102,9	103,9	99,6
II ²⁾	987	751	236	93	91	100	1 908	1 864	2 026	105,0	105,7	102,7	101,2	101,9	99,0
III ²⁾	984	753	231	93	91	98	1 920	1 876	2 038	105,6	106,4	103,3	101,6	102,3	99,3

1) Nisu obuhvaćeni zaposleni u Ministarstvu unutarnjih poslova, Ministarstvu obrane i zaposleni u individualnoj poljoprivredi.

2) Privremeni podaci - odnosi se samo na podatke o zaposlenima.

1) Not including employees at Ministries of Internal Affairs and Defence, as well as independent farmers.

2) Previous data - for employed persons only.

4-2. PROSJEČNE MJESEČNE NETO I BRUTO PLAĆE ZA I. - III. 1996.
4-2. AVERAGE MONTHLY NET AND GROSS WAGES AND SALARIES, PERIOD I - III 1996

	u kunama In Croatian kunas		
	Neto Net	Bruto Gross	
Ukupno	1 917	3 070	Total
Privreda	1 875	2 984	Goods and services sector
Neprivreda	2 028	3 298	Education, health and government

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-3. ZAPOSLENI U OBRTU KOJI SAMOSTALNO OBAVLJAJU DJELATNOST
Stanje 31. prosinca 1995.
4-3. NUMBER OF EMPLOYEES AT CRAFTS AND TRADES SECTOR
As of 31 December 1995

	Ukupno <i>Total</i>	Radnici vlasnici koji samostalno obavljaju djelatnost obrta i radnici kod njih zaposleni <i>Self-employed worker-owners and their employees</i>								
		svaga <i>All</i>	obrtnici <i>Crafts and trades</i>		ugostitelji <i>Hotel and restaurant</i>		autoprijevoznici <i>Motor transport</i>		ostali <i>Other</i>	
			vlasnici <i>Owners</i>	radnici <i>Employees</i>	vlasnici <i>Owner</i>	radnici <i>Employees</i>	vlasnici <i>Owners</i>	radnici <i>Employees</i>	vlasnici <i>Owners</i>	radnici <i>Employees</i>
Ukupno <i>Total</i>	176 472	165 977	34 494	45 938	11 708	18 819	8 976	1 803	26 648	17 591
od toga žene <i>Women</i>	68 361	63 963	9 135	18 612	3 908	11 688	68	185	9 234	11 133

4-3. ZAPOSLENI U OBRTU KOJI SAMOSTALNO OBAVLJAJU PROFESIJU
Stanje 31. prosinca 1995.
4-3. NUMBER OF EMPLOYEES AT CRAFTS AND TRADES SECTOR
As of 31 December 1995

(nastavak)
(continued)

	Radnici vlasnici koji samostalno obavljaju profesiju i radnici kod njih zaposleni <i>Self-employed worker-owners and their employees</i>							
	svaga <i>All</i>	odvjetnici <i>Lawyers</i>	umjetnici <i>Artists</i>	filmski radnici <i>Film industry workers</i>	kolporteri <i>Newspaper</i>	ostali vlasnici <i>Other owners</i>		ostali radnici <i>Other employees</i>
Ukupno <i>Total</i>	10 495	1 991	1 221	124	1 000	4 969	1 190	
od toga žene <i>Women</i>	4 398	552	387	41	778	1 769	871	

4-4. NETO PLAĆA PO ZAPOSLENOM, PO JKD-U
4-4. NET WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

u kunama
In Croatian kunas

	Prosjek Average		Prosjek I-III Averages I-III		1995				1996		
	1994	1995	1995	1996	I	II	III	III	I	II	III
Ukupno Total	1 247	1 818	1 757	1 917	1 745	1 725	1 800	1 883	1 924	1 908	1 920
Privreda Goods and services sector	1 216	1 764	1 697	1 875	1 680	1 667	1 743	1 826	1 886	1 864	1 876
Neprivreda Education, health and government	1 344	1 973	1 934	2 028	1 938	1 897	1 968	2 039	2 021	2 026	2 038
Industrija i rudarstvo Mining and industry	1 210	1 743	1 679	1 858	1 657	1 656	1 724	1 804	1 877	1 872	1 826
Elektroprivreda Generation, transmission and distribution of electricity	1 350	2 032	2 011	2 562	1 892	2 183	1 958	2 226	2 336	3 086	2 265
Proizvodnja ugljena Extraction of coal	1 471	1 933	1 853	1 936	1 839	1 840	1 882	1 846	1 817	1 972	2 031
Prerada ugljena Coal processing	1 624	-	2 425	-	2 326	2 295	2 684	-	-	-	-
Proizvodnja nafte i zemnoga plina Extraction of crude petroleum and natural gas	1 722	2 330	2 324	2 341	2 340	2 289	2 343	2 370	2 373	2 326	2 324
Proizvodnja naftnih derivata Petroleum products industry	1 722	2 292	2 269	2 288	2 241	2 207	2 361	2 306	2 344	2 286	2 235
Crna metalurgija Iron and steel industry	920	1 246	1 175	1 508	1 219	1 194	1 111	1 383	1 357	1 530	1 546
Proizvodnja ruda obojenih metala Non-ferrous ore mining	988	1 700	1 558	1 990	1 494	1 540	1 673	1 751	1 857	2 056	2 056
Proizvodnja obojenih metala Non-ferrous metal production	924	1 362	1 364	1 391	1 399	1 342	1 353	1 371	1 435	1 369	1 367
Prerada obojenih metala Non-ferrous metal processing	950	1 296	1 317	1 353	1 429	1 251	1 274	1 387	1 415	1 332	1 311
Proizvodnja nemetalnih minerala (bez građevnoga materijala) Extraction of non-metal minerals (except building materials)	1 593	2 072	2 000	2 224	1 793	2 040	2 169	2 115	2 207	2 249	2 218
Prerada nemetalnih minerala (bez građevnoga materijala) Processing of non-metal minerals (except building materials)	1 185	1 615	1 621	1 615	1 650	1 586	1 643	1 688	1 635	1 642	1 567
Metalopreradivačka djelatnost Manufacture of metal products	1 081	1 551	1 473	1 593	1 433	1 521	1 470	1 586	1 638	1 609	1 537
Strojogradnja Machine industry	1 053	1 474	1 448	1 656	1 449	1 522	1 367	1 643	1 717	1 631	1 629
Proizvodnja prometnih sredstava (bez brodogradnje) Manufacture of transport equipment (except shipbuilding)	1 040	1 611	1 526	1 731	1 538	1 447	1 590	1 684	1 683	1 751	1 756
Brodogradnja Shipbuilding	983	1 507	1 283	1 726	1 248	1 290	1 311	1 806	1 776	1 725	1 679
Proizvodnja električnih strojeva i aparata Manufacture of electrical equipment	1 306	1 900	1 812	2 164	1 784	1 755	1 897	2 049	2 019	2 020	2 466
Proizvodnja bazičnih kemijskih proizvoda Basic chemical industry	1 335	1 831	1 802	1 947	1 890	1 746	1 779	1 879	1 962	1 957	1 922
Prerada kemijskih proizvoda Chemical products industry	1 463	2 199	2 099	2 305	2 154	2 024	2 121	2 117	2 401	2 265	2 265
Proizvodnja kamena, šljunka i pijeska Stone, gravel and sand quarrying	1 381	1 833	1 805	1 836	1 756	1 851	1 811	1 784	1 863	1 755	1 889
Proizvodnja građevnoga materijala Building materials industry	1 138	1 646	1 551	1 776	1 516	1 520	1 618	1 692	1 799	1 716	1 816
Proizvodnja piljene građe i ploča Timber industry	1 061	1 416	1 461	1 398	1 439	1 413	1 532	1 364	1 434	1 350	1 420
Proizvodnja finalnih proizvoda od drva Finished wood products industry	992	1 371	1 383	1 330	1 366	1 367	1 418	1 329	1 374	1 321	1 307
Proizvodnja i prerada papira Paper and paper products	1 238	1 860	1 869	1 894	1 888	1 792	1 928	1 867	1 961	1 910	1 819
Proizvodnja tekstilnih prediva i tkanina Textile fibre and fabric industry	846	1 189	1 151	1 297	1 129	1 143	1 183	1 418	1 299	1 397	1 224
Proizvodnja gotovih tekstilnih proizvoda Finished textile products industry	1 097	1 442	1 485	1 465	1 448	1 432	1 581	1 408	1 515	1 472	1 408
Proizvodnja kože i krzna Leather and fur industry	866	1 203	1 199	1 228	1 244	1 146	1 208	1 134	1 211	1 264	1 233
Proizvodnja kožne obuće i galanterije Leather footwear and accessories manufacturing	939	1 263	1 290	1 274	1 313	1 259	1 296	1 223	1 275	1 273	1 274
Prerada kaučuka Rubber industry	1 029	1 507	1 467	1 530	1 519	1 368	1 515	1 501	1 608	1 441	1 544
Proizvodnja prehrambenih proizvoda Food products industry	1 446	2 136	2 001	2 181	1 954	1 932	2 114	2 170	2 236	2 148	2 160
Proizvodnja pića Beverage industry	1 675	2 348	2 182	2 254	2 170	2 140	2 232	2 204	2 276	2 252	2 232
Proizvodnja stočne hrane Feed industry	1 371	2 016	2 037	2 158	2 127	1 873	2 127	1 921	2 116	2 283	2 108

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-4. NETO PLAĆA PO ZAPOSLENOM, PO JKD-U
 4-4. NET WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

(nastavak) (continued)	Prosjek		Prosjek I-III		1995				1996		
	Average		Average I-III		I	II	III	XII	u kunama in Croatian kunas		
	1994	1995	1995	1996					I	II	III
Proizvodnja i prerada duhana Tobacco industry	1 670	2 712	2 457	3 002	2 476	2 388	2 501	3 581	3 127	2 887	2 989
Grafička djelatnost Printing	1 407	2 146	2 108	2 089	2 129	2 039	2 155	2 173	2 159	2 047	2 056
Sakupljanje i primarna prerada industrijskih otpadaka Collecting and recycling of industrial wastes	1 119	1 741	1 631	1 806	1 599	1 634	1 666	1 821	1 797	1 792	1 829
Proizvodnja raznovrsnih proizvoda Miscellaneous manufacturing	1 258	1 635	1 688	1 574	1 725	1 686	1 654	1 626	1 622	1 540	1 557
Poljoprivreda i ribarstvo Agriculture and fisheries	1 201	1 716	1 590	1 817	1 683	1 539	1 567	1 871	1 899	1 787	1 773
Poljoprivredna proizvodnja Agricultural products	1 148	1 614	1 504	1 675	1 595	1 446	1 491	1 751	1 757	1 652	1 624
Poljoprivredne usluge Agricultural services	1 712	2 425	2 231	2 602	2 221	2 289	2 194	2 656	2 676	2 562	2 574
Ribarstvo Fisheries	1 175	1 721	1 576	1 695	1 698	1 595	1 470	1 713	1 789	1 678	1 612
Šumarstvo Forestry	1 286	1 963	1 827	2 082	1 936	1 620	1 925	2 102	2 159	2 039	2 062
Vodoprivreda Water management	1 152	1 680	1 615	1 797	1 569	1 539	1 731	1 731	1 815	1 768	1 810
Građevinarstvo Construction	1 152	1 648	1 588	1 708	1 537	1 555	1 673	1 670	1 725	1 682	1 716
Visokogradnja Building construction	1 025	1 551	1 458	1 583	1 372	1 454	1 557	1 555	1 540	1 561	1 644
Niskogradnja i hidrogradnja Civil engineering	1 249	1 726	1 693	1 805	1 678	1 649	1 750	1 775	1 845	1 785	1 789
Instalacijski i završni radovi Installation and finishing work	1 183	1 647	1 601	1 723	1 554	1 540	1 708	1 646	1 817	1 673	1 690
Promet i veze Transport and communications	1 269	1 816	1 760	1 970	1 771	1 729	1 778	1 919	1 938	1 949	2 024
Željeznički promet Railways	1 097	1 674	1 649	1 761	1 686	1 643	1 617	1 701	1 736	1 747	1 798
Pomorski promet Ocean shipping	1 738	2 360	2 095	2 462	1 939	2 070	2 274	3 085	2 462	2 361	2 563
Riječni i jezerski promet Inland waterway transport	783	1 177	1 081	1 197	1 149	1 001	1 125	1 147	1 197	1 180	1 205
Zračni promet Air transport	1 827	2 597	2 465	2 927	2 405	2 420	2 571	2 943	2 970	2 826	2 987
Cestovni promet Road transport	1 096	1 581	1 525	1 635	1 509	1 489	1 579	1 603	1 619	1 667	1 619
Gradski promet Urban transport	1 347	1 963	1 926	2 127	1 922	1 808	2 046	1 960	2 021	2 005	2 403
Cjevovodni transport Pipelines	1 621	2 374	2 356	2 597	2 237	2 519	2 311	2 565	2 563	2 546	2 684
Pretovarne usluge Transshipment services	1 551	1 830	1 833	1 917	2 039	1 845	1 616	1 818	1 869	1 897	1 988
PTT usluge Communications	1 275	1 832	1 771	2 107	1 753	1 733	1 827	1 952	2 054	2 099	2 167
Trgovina Trade	1 096	1 646	1 571	1 708	1 552	1 527	1 635	1 690	1 721	1 690	1 712
Trgovina na malo Retail trade	1 016	1 538	1 468	1 575	1 454	1 426	1 525	1 590	1 593	1 551	1 580
Trgovina na veliko Wholesale trade	1 279	1 908	1 807	2 052	1 771	1 752	1 897	1 947	2 061	2 045	2 052
Robna razmjena s inozemstvom Foreign trade	1 492	2 135	2 114	2 186	2 134	2 087	2 121	2 120	2 211	2 162	2 187
Ugostiteljstvo i turizam Hotels, restaurants and tourism	1 179	1 663	1 602	1 580	1 606	1 559	1 642	1 633	1 644	1 528	1 571
Ugostiteljstvo Hotels and restaurants	1 182	1 647	1 596	1 540	1 599	1 551	1 638	1 613	1 608	1 482	1 531
Turizam Tourism	1 121	2 014	1 742	2 388	1 768	1 739	1 720	2 018	2 398	2 375	2 393

ZAPOSLENOST I PLAĆE
EMPLOYMENT, WAGES AND SALARIES

4-4. NETO PLAĆA PO ZAPOSLENOM, PO JKD-U
4-4. NET WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

(nastavak) (continued)	Prosjeak Average		Prosjeak I-III Average I-III		1995				1996		
	1994	1995	1995	1996	I	II	III	XII	I	II	III
	u kunama In Croatian kunas										
Obrtništvo Crafts and trades	1 157	1 664	1 641	1 713	1 619	1 623	1 683	1 640	1 745	1 697	1 700
Obrtničke usluge i popravci Craft and repair work	1 213	1 738	1 718	1 807	1 702	1 694	1 760	1 701	1 842	1 781	1 802
Osobne usluge Personal services	898	1 340	1 298	1 308	1 241	1 309	1 343	1 381	1 244	1 345	1 319
Stambeno-komunalne djelatnosti Housing, utilities and public services	1 162	1 765	1 693	1 906	1 669	1 639	1 772	1 841	1 929	1 886	1 902
Uređenje naselja i prostora Landscaping and maintenance	1 025	1 655	1 527	1 756	1 501	1 492	1 588	1 695	1 735	1 693	1 840
Stambena djelatnost Housing services	1 124	1 832	1 932	2 035	1 745	2 319	1 733	1 845	1 821	1 806	2 492
Komunalna djelatnost Utilities and public services	1 178	1 775	1 706	1 918	1 686	1 639	1 793	1 856	1 952	1 908	1 895
Financijske i druge usluge Financial and other services	1 585	2 275	2 210	2 465	2 121	2 232	2 279	2 343	2 430	2 377	2 582
Bankarstvo Banking	1 585	2 304	2 248	2 548	2 102	2 343	2 301	2 409	2 461	2 397	2 770
Osiguranje imovine i osoba Property and life insurance	1 826	2 569	2 593	2 716	2 510	2 392	2 876	2 564	2 746	2 683	2 720
Usluge na području prometa Trade-related services	1 665	2 309	2 244	2 358	2 235	2 217	2 281	2 318	2 386	2 326	2 362
Projektiranje i srodne usluge Drafting and related services	1 544	2 217	2 119	2 433	2 043	2 239	2 074	2 322	2 429	2 413	2 456
Geološka istraživanja Geological exploration	1 997	2 560	2 536	2 568	2 552	2 476	2 580	2 815	2 591	2 494	2 621
Istraživačko-razvojni rad Research and development	1 364	1 929	1 804	2 218	1 784	1 754	1 877	2 082	2 277	2 177	2 204
Poslovne usluge Business services	1 446	2 142	2 075	2 057	2 070	1 933	2 226	1 960	2 013	2 047	2 105
Obrazovanje i kultura Education, culture and the arts	1 316	1 862	1 829	1 924	1 814	1 791	1 882	1 890	1 920	1 915	1 939
Obrazovanje Education	1 274	1 778	1 760	1 830	1 742	1 729	1 808	1 799	1 822	1 827	1 842
Osnovno obrazovanje Elementary education	1 204	1 676	1 650	1 709	1 634	1 610	1 706	1 706	1 703	1 703	1 721
Srednje obrazovanje Secondary education	1 287	1 800	1 791	1 804	1 766	1 751	1 856	1 797	1 801	1 797	1 815
Više obrazovanje Vocational and technical training	1 492	2 090	2 071	2 187	2 064	2 078	2 069	2 085	2 200	2 199	2 161
Visoko obrazovanje University-level education	1 488	2 075	2 074	2 275	2 070	2 082	2 070	2 098	2 244	2 293	2 288
Ostalo obrazovanje Other education	1 535	2 483	2 393	2 736	2 208	2 564	2 408	2 696	2 750	2 703	2 755
Znanstvenolstraživačka djelatnost Scientific research	1 496	2 060	2 035	2 196	2 072	2 005	2 029	2 179	2 143	2 154	2 292
Kultura, umjetnost i informacije Culture, art and information	1 449	2 160	2 068	2 236	2 053	1 997	2 155	2 187	2 259	2 207	2 241
Fizička kultura i sport Physical education and sport	1 227	1 815	1 749	1 951	1 705	1 735	1 804	1 909	1 919	1 951	1 980
Zdravstvena zaštita i socijalna skrb Health care and social services	1 286	1 979	1 938	2 031	1 960	1 898	1 958	2 103	2 015	2 024	2 053
Zdravstvena zaštita Health care	1 351	2 102	2 068	2 160	2 105	2 017	2 084	2 256	2 136	2 160	2 183
Socijalna skrb Social services	1 100	1 625	1 566	1 653	1 546	1 559	1 595	1 660	1 661	1 629	1 670
Tijela državne vlasti, tijela lokalne samouprave, fondovi, udruženja i organizacije Central and local government bodies, funds, associations and organizations	1 503	2 148	2 108	2 209	2 109	2 078	2 136	2 174	2 203	2 234	2 193
Tijela državne vlasti, tijela lokalne samouprave i Ustavni sud RH Government bodies, local government bodies and the Constitutional Court of Croatia	1 494	2 120	2 094	2 202	2 112	2 068	2 102	2 135	2 159	2 248	2 199
Fondovi ¹⁾ Funds	1 522	2 213	2 139	2 202	2 097	2 099	2 221	2 271	2 289	2 132	2 127
Gospodarska udruženja i udruženja ustanova Business associations	1 566	2 308	2 219	2 452	2 178	2 223	2 257	2 341	2 660	2 361	2 334
Političke stranke, društvene organizacije i udruge građana Political parties, social organizations and public associations	1 557	2 198	2 101	2 302	2 084	2 036	2 184	2 281	2 305	2 290	2 310

1) Zavod za platni promet se od ožujka 1996. prikazuje u Bankarstvu.

1) Since March 1996, the Institute for domestic payments will be presented in the Banking item.

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-5. INDEKSI NETO PLAĆE PO ZAPOSLENOM, PO JKD-U
4-5. INDICES OF NET WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

Ø 1995=100

	Prosječna Average		Prosječni III Average I-III		1995				1996		
	1993	1994	1995	1996	I	II	III	XII	I	II	III
Ukupno Total	28,9	68,6	96,6	105,4	96,0	94,9	99,0	103,6	105,8	105,0	105,6
Privreda Goods and services sector	29,1	68,9	96,2	106,3	95,2	94,5	98,8	103,5	106,9	105,7	106,3
Neprivreda Education, health and government	28,8	68,1	98,0	102,8	98,2	96,1	99,7	103,3	102,4	102,7	103,3
Industrija i rudarstvo Mining and industry	30,1	69,4	96,3	106,6	95,1	95,0	98,9	103,5	107,7	107,4	104,8
Elektroprivreda Generation, transmission and distribution of electricity	28,0	66,4	99,0	126,1	93,1	107,4	96,4	109,5	115,0	151,9	111,5
Proizvodnja ugljena Extraction of coal	42,7	76,1	95,9	100,2	95,1	95,2	97,4	95,5	94,0	102,0	105,1
Prerada ugljena Coal processing	-	-	-	-	-	-	-	-	-	-	-
Proizvodnja nafte i zemnoga plina Extraction of crude petroleum and natural gas	28,3	73,9	99,7	100,5	100,4	98,2	100,6	101,7	101,8	99,8	99,7
Proizvodnja naftnih derivata Petroleum products industry	28,3	75,1	99,0	99,8	97,8	96,3	103,0	100,6	102,3	99,7	97,5
Crna metalurgija Iron and steel industry	36,1	73,8	94,3	121,0	97,8	95,8	89,2	111,0	108,9	122,8	124,1
Proizvodnja obojenih metala Non-ferrous ore mining	24,6	58,1	91,6	117,1	87,9	90,6	98,4	103,0	109,2	120,9	120,9
Proizvodnja obojenih metala Non-ferrous metal production	28,0	67,8	100,1	102,1	102,7	98,5	99,3	100,7	105,4	100,5	100,4
Prerada obojenih metala Non-ferrous metal processing	35,2	73,3	101,6	104,4	110,3	96,5	98,3	107,0	109,2	102,8	101,2
Proizvodnja nemetalnih minerala (bez građevnoga materijala) Extraction of non-metal minerals (except building materials)	34,0	76,9	96,5	107,3	86,5	98,5	104,7	102,1	106,5	108,5	107,0
Prerada nemetalnih minerala (bez građevnoga materijala) Processing of non-metal minerals (except building materials)	33,1	73,4	100,4	100,0	102,2	98,2	101,7	104,5	101,2	101,7	97,0
Metalopreradivačka djelatnost Manufacture of metal products	33,3	69,7	95,0	102,7	92,4	98,1	94,8	102,3	105,6	103,7	99,1
Strojogradnja Machine industry	31,4	71,4	98,2	112,3	98,3	103,3	92,7	111,5	116,5	110,7	110,5
Proizvodnja prometnih sredstava (bez brodogradnje) Manufacture of transport equipment (except shipbuilding)	25,3	64,6	94,7	107,4	95,5	89,8	98,7	104,5	104,5	108,7	109,0
Brodogradnja Shipbuilding	31,2	65,2	85,1	114,5	82,8	85,6	87,0	119,8	117,9	114,5	111,4
Proizvodnja električnih strojeva i aparata Manufacture of electrical equipment	30,5	68,7	95,4	113,9	93,9	92,4	99,8	107,8	106,3	106,3	129,8
Proizvodnja bazičnih kemijskih proizvoda Basic chemical industry	28,7	72,9	98,4	106,3	103,2	95,4	97,2	102,6	107,2	106,9	105,0
Prerada kemijskih proizvoda Chemical products industry	29,6	66,5	95,5	104,8	98,0	92,0	96,5	96,3	109,2	103,0	103,0
Proizvodnja kamena, šljunka i pijeska Stone, gravel and sand quarrying	32,2	75,3	98,5	100,2	95,8	101,0	98,8	97,3	101,6	95,7	103,1
Proizvodnja građevnoga materijala Building materials industry	29,4	69,1	94,2	107,9	92,1	92,3	98,3	102,8	109,3	104,3	110,3
Proizvodnja piljene grade i ploča Timber industry	35,3	74,9	103,2	98,7	101,6	99,8	108,2	96,3	101,3	95,3	100,3
Proizvodnja finalnih proizvoda od drva Finished wood products industry	33,3	72,4	100,9	97,0	99,6	99,7	103,4	96,9	100,2	96,4	95,3
Proizvodnja i prerada papira Paper and paper products	28,4	66,6	100,5	101,8	101,5	96,3	103,7	100,4	105,4	102,7	97,8
Proizvodnja tekstilnih prediva i tkanina Textile fibre and fabric industry	30,7	71,2	96,8	109,1	95,0	96,1	99,5	119,3	109,3	117,5	102,9
Proizvodnja gotovih tekstilnih proizvoda Finished textile products industry	36,2	76,1	103,0	101,6	100,4	99,3	109,6	97,6	105,1	102,1	97,6
Proizvodnja kože i krzna Leather and fur industry	31,4	72,0	99,7	102,1	103,4	95,3	100,4	94,3	100,7	105,1	102,5
Proizvodnja kožne obuće i galanterije Leather footwear and accessories manufacturing	37,3	74,3	102,1	100,9	104,0	99,7	102,6	96,8	101,0	100,8	100,9
Prerada kaučuka Rubber industry	25,7	68,3	97,3	101,5	100,8	90,8	100,5	99,6	106,7	95,6	102,5
Proizvodnja prehrambenih proizvoda Food products industry	27,7	67,7	93,7	102,1	91,5	90,4	99,0	101,6	104,7	100,6	101,1
Proizvodnja pića Beverage industry	27,6	71,3	92,9	96,0	92,4	91,1	95,1	93,9	96,9	95,9	95,1
Proizvodnja stočne hrane Feed industry	29,6	68,0	101,0	107,0	105,5	92,9	105,5	95,3	105,0	113,2	104,6

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

ZAPOSLENOST I PLAĆE
EMPLOYMENT, WAGES AND SALARIES

4-5. INDEKSI NETO PLAĆE PO ZAPOSLENOM, PO JKD-U
4-5. INDICES OF NET WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

(nastavak)
(continued)

Ø 1995=100

	Prosjeak Average		Prosjeak I-III Average I-III		1995				1996		
	1993	1994	1995	1996	I	II	III	XIV	I	II	III
	Proizvodnja i prerada duhana <i>Tobacco industry</i>	23,3	61,6	90,6	110,7	91,3	88,1	92,2	132,0	115,3	106,5	110,2
Grafička djelatnost <i>Printing</i>	25,3	65,6	98,2	97,3	99,2	95,0	100,4	101,3	100,6	95,4	95,8
Sakupljanje i primarna prerada industrijskih otpadaka <i>Collecting and recycling of industrial wastes</i>	27,8	64,3	93,7	103,7	91,8	93,9	95,7	104,6	103,2	102,9	105,1
Proizvodnja raznovrsnih proizvoda <i>Miscellaneous manufacturing</i>	35,0	76,9	103,2	96,3	105,5	103,1	101,2	99,4	99,2	94,2	95,2
Poljoprivreda i ribarstvo <i>Agriculture and fisheries</i>	30,2	70,0	92,7	105,9	98,1	89,7	91,3	109,0	110,7	104,1	103,3
Poljoprivredna proizvodnja <i>Agricultural products</i>	31,2	71,1	93,2	103,8	98,8	89,6	92,4	108,5	108,9	102,4	100,6
Poljoprivredne usluge <i>Agricultural services</i>	27,3	70,6	92,0	107,3	91,6	94,4	90,5	109,5	110,4	105,6	106,1
Ribarstvo <i>Fisheries</i>	34,1	68,3	91,6	98,5	98,7	92,7	85,4	99,5	104,0	97,5	93,7
Šumarstvo <i>Forestry</i>	29,0	65,5	93,1	106,1	98,6	82,5	98,1	107,1	110,0	103,9	105,0
Vodoprivreda <i>Water management</i>	29,2	68,6	96,1	107,0	93,4	91,6	103,0	103,0	108,0	105,2	107,7
Gradvinarstvo <i>Construction</i>	26,9	69,9	96,4	103,6	93,3	94,4	101,5	101,3	104,7	102,1	104,1
Visokogradnja <i>Building construction</i>	25,5	66,1	94,0	102,1	88,5	93,7	100,4	100,3	99,3	100,6	106,0
Niskogradnja i hidrogradnja <i>Civil engineering</i>	28,2	72,4	98,1	104,6	97,2	95,5	101,4	102,8	106,9	103,4	103,7
Instalacijski i završni radovi <i>Installation and finishing work</i>	27,7	71,8	97,2	104,6	94,4	93,5	103,7	99,9	110,3	101,6	102,6
Promet i veze <i>Transport and communications</i>	30,7	69,9	96,9	108,5	97,5	95,2	97,9	105,7	106,7	107,3	111,5
Željeznički promet <i>Railways</i>	28,7	65,5	98,5	105,2	100,7	98,1	96,6	101,6	103,7	104,4	107,4
Pomorski promet <i>Ocean shipping</i>	32,8	73,6	88,8	104,3	82,2	87,7	96,4	130,7	104,3	100,0	108,6
Riječni i jezerski promet <i>Inland waterway transport</i>	23,2	66,5	91,8	101,7	97,6	85,0	95,6	97,5	101,7	100,3	102,4
Zračni promet <i>Air transport</i>	30,2	70,4	94,9	112,7	92,6	93,2	99,0	113,3	114,4	108,8	115,0
Cestovni promet <i>Road transport</i>	28,8	69,3	96,5	103,4	95,4	94,2	99,9	101,4	102,4	105,4	102,4
Gradski promet <i>Urban transport</i>	29,8	68,6	98,1	108,4	97,9	92,1	104,2	99,8	103,0	102,1	122,4
Cjevovodni transport <i>Pipelines</i>	25,9	68,3	99,2	109,4	94,2	106,1	97,3	108,0	108,0	107,2	113,1
Pretovarne usluge <i>Transshipment services</i>	38,9	84,8	100,2	104,8	111,4	100,8	88,3	99,3	102,1	103,7	108,6
PTT usluge <i>Communications</i>	31,8	69,6	96,7	115,0	95,7	94,6	99,7	106,6	112,1	114,6	118,3
Trgovina <i>Trade</i>	26,2	66,6	95,4	103,8	94,3	92,8	99,3	102,7	104,6	102,7	104,0
Trgovina na malo <i>Retail trade</i>	25,5	66,1	95,4	102,4	94,5	92,7	99,2	103,4	103,6	100,8	102,7
Trgovina na veliko <i>Wholesale trade</i>	27,4	67,0	94,7	107,5	92,8	91,8	99,4	102,0	108,0	107,2	107,5
Robna razmjena s inozemstvom <i>Foreign trade</i>	29,9	69,9	99,0	102,4	100,0	97,8	99,3	99,3	103,6	101,3	102,4
Ugostiteljstvo i turizam <i>Hotels, restaurants and tourism</i>	29,3	70,9	96,3	95,0	96,6	93,7	98,7	98,2	98,9	91,9	94,5
Ugostiteljstvo <i>Hotels and restaurants</i>	29,9	71,8	96,9	93,5	97,1	94,2	99,5	97,9	97,6	90,0	93,0
Turizam <i>Tourism</i>	21,1	55,7	86,5	118,6	87,8	86,3	85,4	100,2	119,1	117,9	118,8

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-5. INDEKSI NETO PLAĆE PO ZAPOSLENOM, PO JKD-U
4-5. INDICES OF NET WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

(nastavak)
(continued)

© 1995=100

	Prosjeak Average		Prosjeak I-III Average I-III		1995				1996		
	1993	1994	1995	1996	I	II	III	IV	I	II	III
Obrtništvo <i>Crafts and trades</i>	29,0	69,5	98,6	102,9	97,3	97,5	101,1	98,6	104,9	102,0	102,2
Obrtničke usluge I popravci <i>Craft and repair work</i>	29,5	69,8	98,8	104,0	97,9	97,5	101,3	97,9	106,0	102,5	103,7
Osobne usluge <i>Personal services</i>	24,3	67,0	96,9	97,6	92,6	97,7	100,2	103,1	92,8	100,4	98,4
Stambeno-komunalne djelatnosti <i>Housing, utilities and public services</i>	28,1	65,8	95,9	108,0	94,6	92,9	100,4	104,3	109,3	106,9	107,8
Uređenje naselja i prostora <i>Landscaping and maintenance</i>	24,5	61,9	92,3	106,1	90,7	90,2	96,0	102,4	104,8	102,3	111,2
Stambena djelatnost <i>Housing services</i>	30,2	61,4	105,5	111,1	95,3	126,6	94,6	100,7	99,4	98,6	136,0
Komunalna djelatnost <i>Utilities and public services</i>	28,5	66,4	96,1	108,1	95,0	92,3	101,0	104,6	110,0	107,5	106,8
Financijske i druge usluge <i>Financial and other services</i>	29,7	69,7	97,1	108,4	93,2	98,1	100,2	103,0	106,8	104,5	113,5
Bankarstvo <i>Banking</i>	31,5	68,8	97,6	110,6	91,2	101,7	99,9	104,6	106,8	104,0	120,2
Osiguranje imovine i osoba <i>Property and life insurance</i>	30,2	71,1	100,9	105,7	97,7	93,1	112,0	99,8	106,9	104,4	105,9
Usluge na području prometa <i>Trade-related services</i>	30,1	72,1	97,2	102,1	96,8	96,0	98,8	100,4	103,3	100,7	102,3
Projektiranje i srodne usluge <i>Drafting and related services</i>	27,5	69,6	95,6	109,7	92,2	101,0	93,5	104,7	109,6	108,8	110,8
Geološka istraživanja <i>Geological exploration</i>	31,2	78,0	99,1	100,3	99,7	96,7	100,8	110,0	101,2	97,4	102,4
Istraživačko-razvojni rad <i>Research and development</i>	27,9	70,7	93,5	115,0	92,5	90,9	97,3	107,9	118,0	112,9	114,3
Poslovne usluge <i>Business services</i>	27,6	67,5	96,9	96,0	96,6	90,2	103,9	91,5	94,0	95,6	98,3
Obrazovanje i kultura <i>Education, culture and the arts</i>	30,8	70,7	98,2	103,3	97,4	96,2	101,1	101,5	103,1	102,8	104,1
Obrazovanje <i>Education</i>	31,6	71,7	99,0	102,9	98,0	97,2	101,7	101,2	102,5	102,8	103,6
Osnovno obrazovanje <i>Elementary education</i>	31,2	71,8	98,4	102,0	97,5	96,1	101,8	101,8	101,6	101,6	102,7
Srednje obrazovanje <i>Secondary education</i>	31,1	71,5	99,5	100,2	98,1	97,3	103,1	99,8	100,1	99,8	100,8
Više obrazovanje <i>Vocational and technical training</i>	31,8	71,4	99,1	104,6	98,8	99,4	99,0	99,8	105,3	105,2	103,4
Visoko obrazovanje <i>University - level education</i>	33,5	71,7	100,0	109,6	99,8	100,3	99,8	101,1	108,1	110,5	110,3
Ostalo obrazovanje <i>Other education</i>	30,1	61,8	96,4	110,2	88,9	103,3	97,0	108,6	110,8	108,9	111,0
Znanstveno-istraživačka djelatnost <i>Scientific research</i>	34,6	72,6	98,8	106,6	100,6	97,3	98,5	105,8	104,0	104,6	111,3
Kultura, umjetnost i informacije <i>Culture, art and information</i>	27,3	67,1	95,7	103,5	95,0	92,5	99,8	101,3	104,6	102,2	103,8
Fizička kultura i sport <i>Physical education and sport</i>	30,2	67,6	96,4	107,5	93,9	95,6	99,4	105,2	105,7	107,5	109,1
Zdravstvena zaštita i socijalna skrb <i>Health care and social services</i>	26,3	65,0	97,9	102,6	99,0	95,9	98,9	106,3	101,8	102,3	103,7
Zdravstvena zaštita <i>Health care</i>	25,6	64,3	98,4	102,8	100,1	96,0	99,1	107,3	101,6	102,8	103,9
Socijalna skrb <i>Social services</i>	28,6	67,7	96,4	101,7	95,1	95,9	98,2	102,2	102,2	100,2	102,8
Tijela državne vlasti, tijela lokalne samo- uprave, fondovi, udruženja i organizacije <i>Central and local government bodies, funds, associations and organizations</i>	30,4	70,0	98,1	102,8	98,2	96,7	99,4	101,2	102,6	104,0	102,1
Tijela državne vlasti, tijela lokalne samouprave i Ustavni sud RH <i>Government bodies, local government bodies and the Constitutional Court of Croatia</i>	29,5	70,5	98,8	103,9	99,6	97,5	99,2	100,7	101,8	106,0	103,7
Fondovi ¹⁾ <i>Funds</i>	33,7	68,8	96,7	99,5	94,8	94,8	100,4	102,6	103,4	96,3	96,1
Gospodarska udruženja i udruženja ustanova <i>Business associations</i>	32,7	67,9	96,1	106,2	94,4	96,3	97,8	101,4	115,3	102,3	101,1
Političke stranke, društvene organizacije i udruge građana <i>Political parties, social organizations and public associations</i>	28,8	70,8	95,6	104,7	94,8	92,6	99,4	103,8	104,9	104,2	105,1

1) Zavod za platni promet se od ožujka 1996. prikazuje u Bankarstvu.

1) Since March 1996, the Institute for domestic payments will be presented in the Banking item.

ZAPOSLENOST I PLAĆE
EMPLOYMENT, WAGES AND SALARIES

4-6. BROJ I STRUKTURA ZAPOSLENIH, PO JKD-u¹⁾
4-6. NUMBER AND COMPOSITION OF PEOPLE EMPLOYED, ACCORDING TO UCEA¹⁾

u tis.
'000

	Prosječ ²⁾ Average ²⁾		1994		1995					1996 ³⁾			
	1993	1994	XI	XII	I	II	III	IV ³⁾	XI ³⁾	I	II	III	IV
	Ukupno Total	1 108,4	1 061,5	1 047,1	1 041,3	1 055,9	1 036,3	1 033,5	1 001,0	995,2	990,7	987,1	984,2	981,2
Privreda Goods and services sector	872,3	827,0	810,6	804,6	821,2	801,9	799,0	766,2	760,1	755,2	751,1	753,0	749,9
Neprivreda Education, health and government	236,1	234,5	236,5	236,7	234,7	234,4	234,5	234,8	235,1	235,5	236,0	231,2	231,3
Industrija i rudarstvo Mining and industry	384,7	368,3	361,5	358,8	365,5	356,3	354,2	340,1	337,5	335,1	332,5	331,5	329,7
Elektroprivreda Generation, transmission and distribution of electricity	16,3	16,0	16,0	16,0	16,0	15,9	15,9	16,1	16,1	16,1	16,1	16,1	16,1
Proizvodnja ugljena Extraction of coal	0,6	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,5	0,5
Prerada ugljena Coal processing	0,4	0,4	0,4	0,0	0,1	0,1	0,1						
Proizvodnja nafte i zemnoga plina Extraction of crude petroleum and natural gas	2,2	2,2	2,2	2,1	2,9	2,9	2,9	2,8	2,8	2,8	2,8	2,8	2,8
Proizvodnja naftnih derivata Petroleum products industry	5,1	5,0	5,0	5,0	5,0	5,0	5,0	4,9	4,9	4,9	4,9	4,9	4,9
Crna metalurgija Iron and steel industry	7,3	6,5	6,1	6,0	6,2	5,8	5,8	5,0	4,9	4,7	4,6	4,5	4,5
Proizvodnja ruda obojenih metala Non-ferrous ore mining	0,2	0,2	0,2	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Proizvodnja obojenih metala Non-ferrous metal production	0,8	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7
Prerada obojenih metala Non-ferrous metal processing	1,9	1,8	1,8	1,8	1,9	1,8	1,8	1,8	1,6	1,6	1,6	1,6	1,6
Proizvodnja nemetalnih minerala (bez građevnoga materijala) Extraction of non-metal minerals (except building materials)	0,6	0,5	0,5	0,5	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3
Prerada nemetalnih minerala (bez građevnoga materijala) Processing of non-metal minerals (except building materials)	6,9	6,6	6,5	6,5	6,5	6,4	6,4	5,9	5,9	5,9	5,9	5,9	5,5
Metaloprerađivačka djelatnost Manufacture of metal products	28,2	26,4	25,4	25,1	25,2	24,5	24,3	23,5	23,3	23,0	22,9	22,7	22,3
Strojogradnja Machine industry	19,7	17,7	16,8	16,8	16,7	16,2	16,1	14,3	13,8	13,8	13,6	13,5	13,4
Proizvodnja prometnih sredstava (bez brodogradnje) Manufacture of transport equipment (except shipbuilding)	9,7	9,0	8,9	8,9	9,1	9,0	9,0	8,5	8,5	8,6	8,6	8,6	8,5
Brodogradnja Shipbuilding	16,3	15,5	14,8	14,7	14,3	14,3	14,5	14,4	14,2	14,1	14,1	14,1	14,0
Proizvodnja električnih strojeva i aparata Manufacture of electrical equipment	23,9	21,5	20,5	20,3	21,2	21,1	21,0	20,2	20,0	19,6	19,4	19,3	19,2
Proizvodnja bazičnih kemijskih proizvoda Basic chemical industry	11,5	11,4	11,1	11,0	11,1	11,1	10,9	10,4	10,4	10,4	10,3	10,3	10,2
Prerada kemijskih proizvoda Chemical products industry	19,3	18,2	17,8	17,8	18,2	18,0	17,9	17,5	17,4	17,4	17,4	17,4	17,3
Proizvodnja kamena, šjunka i pijeska Stone, gravel and sand quarrying	3,3	3,2	3,2	3,1	3,3	3,2	3,2	3,4	3,3	3,2	3,2	3,3	3,4
Proizvodnja građevnoga materijala Building materials industry	13,2	12,3	11,9	11,8	12,1	11,8	11,8	11,3	11,2	11,2	11,1	11,0	11,1
Proizvodnja piljene građe i ploča Timber industry	9,3	9,0	8,8	8,7	8,4	8,3	8,3	7,8	7,8	7,7	7,8	7,7	7,7
Proizvodnja finalnih proizvoda od drva Finished wood products industry	22,3	21,2	19,9	19,8	20,5	20,1	19,6	18,3	18,3	18,2	18,2	18,2	18,2
Proizvodnja i prerada papira Paper and paper products	6,7	6,3	6,2	6,2	6,6	6,5	6,5	6,4	6,3	6,3	6,2	6,3	6,2
Proizvodnja tekstilnih prediva i tkanina Textile fibre and fabric industry	15,5	14,3	13,9	14,0	14,7	13,6	13,5	12,8	12,6	12,6	12,5	12,5	12,4
Proizvodnja gotovih tekstilnih proizvoda Finished textile products industry	48,9	48,3	47,4	47,1	48,3	47,0	46,6	43,4	43,4	42,8	42,7	42,5	42,4
Proizvodnja kože i krzna Leather and fur industry	2,2	2,2	2,1	2,1	2,0	2,0	1,9	1,9	1,9	1,9	1,9	1,8	1,8
Proizvodnja kožne obuće i galanterije Leather footwear and accessories manufacturing	22,2	23,1	22,6	22,6	24,2	22,2	22,1	21,1	21,0	20,9	20,1	20,1	20,0

1) Nisu obuhvaćeni zaposleni u Ministarstvu unutarnjih poslova, Ministarstvu obrane i zaposleni u individualnoj poljoprivredi.

2) Izračunat na bazi dvaju stanja: 31. III. i 30. IX.

3) Podatak je privremen.

1) Employees at Ministry of Internal Affairs and Ministry of Defence are not included.

2) Calculated as the arithmetic mean of two half-year figures: 31 March and 30 September.

3) Previous data.

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-6. BROJ I STRUKTURA ZAPOSLENIH, PO JKD-u¹⁾
4-6. NUMBER AND COMPOSITION OF PEOPLE EMPLOYED, ACCORDING TO UCEA¹⁾

	Prosječni Average ²⁾		1994		1995					1996 ³⁾				u tis. '000
	1993	1994	XI	XII	I	II	IV	XI ³⁾	XII ³⁾	I	II	III	IV	
	Prerada kaučuka Rubber industry	3,2	2,5	2,4	2,4	2,4	2,4	2,4	2,4	2,4	2,4	2,4	2,4	
Proizvodnja prehrambenih proizvoda Food products industry	44,1	44,2	46,5	46,0	45,1	44,1	43,7	43,6	43,2	42,9	42,6	42,5	42,5	
Proizvodnja pića Beverage industry	7,6	7,5	7,4	7,3	7,8	7,9	7,9	7,8	7,7	7,7	7,6	7,6	7,5	
Proizvodnja stočne hrane Feed industry	1,1	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	0,9	0,9	
Proizvodnja i prerada duhana Tobacco industry	3,2	2,9	3,0	2,9	2,8	2,6	2,6	2,8	2,8	2,7	2,6	2,6	2,7	
Grafička djelatnost Printing	7,5	7,0	6,9	6,9	7,2	7,0	7,0	6,5	6,5	6,4	6,1	6,1	6,0	
Sakupljanje i primarna prerada industrijskih otpadaka Collecting and recycling of industrial wastes	1,9	1,7	1,6	1,5	1,6	1,5	1,5	1,5	1,5	1,5	1,5	1,5	1,4	
Proizvodnja raznovrsnih proizvoda Miscellaneous manufacturing	1,6	1,4	1,4	1,4	1,4	1,3	1,4	1,2	1,2	1,2	1,2	1,2	1,2	
Pojoprivreda i ribarstvo Agriculture and fisheries	42,3	39,5	39,1	38,6	37,7	35,9	35,8	33,6	33,2	32,7	32,3	32,0	31,6	
Pojoprivredna proizvodnja Agricultural products	37,2	34,6	34,2	33,7	32,8	31,0	31,1	28,9	28,5	28,0	27,7	27,3	27,0	
Pojoprivredne usluge Agricultural services	3,6	3,5	3,6	3,6	3,5	3,5	3,4	3,4	3,4	3,4	3,3	3,4	3,3	
Ribarstvo Fisheries	1,5	1,4	1,3	1,3	1,4	1,4	1,3	1,3	1,3	1,3	1,3	1,3	1,3	
Šumarstvo Forestry	10,8	10,9	10,9	10,9	11,2	10,9	11,0	10,5	10,5	10,6	10,6	10,6	10,6	
Vodoprivreda Water management	4,3	4,0	4,0	4,0	3,9	3,9	4,0	4,1	4,0	3,9	3,9	3,9	4,0	
Građevinarstvo Construction	66,3	59,0	57,7	57,2	61,5	59,5	59,4	56,6	55,5	55,2	54,9	54,7	54,7	
Visokogradnja Building construction	28,0	24,1	23,3	23,1	25,4	23,4	23,2	21,8	21,0	20,9	20,9	20,9	21,0	
Niskogradnja i hidrogradnja Civil engineering	22,0	20,9	20,7	20,6	21,1	21,0	21,0	20,4	20,2	20,2	19,8	19,7	19,7	
Instalacijski i završni radovi Installation and finishing work	16,3	14,0	13,7	13,5	15,0	15,1	15,2	14,4	14,3	14,1	14,2	14,1	14,0	
Promet i veze Transport and communications	90,0	84,9	83,8	83,6	85,8	83,8	83,8	82,9	82,8	82,5	82,3	82,5	82,6	
Željeznički promet Railways	26,4	23,9	23,3	23,2	24,4	23,5	23,6	23,3	23,3	23,4	23,4	23,7	23,9	
Pomorski promet Ocean shipping	5,3	4,7	4,7	4,7	4,6	4,6	4,6	4,5	4,5	4,4	4,4	4,4	4,3	
Riječni i jezerski promet Inland waterway transport	0,8	0,6	0,6	0,6	0,6	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,5	
Zračni promet Air transport	2,1	2,3	2,3	2,3	2,3	2,3	2,3	2,3	2,3	2,3	2,3	2,3	2,3	
Cestovni promet Road transport	20,0	18,3	17,9	17,9	18,9	17,9	17,8	16,8	16,7	16,5	16,4	16,3	16,2	
Gradski promet Urban transport	7,4	7,1	7,0	7,0	7,0	7,0	7,0	7,1	7,0	7,1	7,1	7,1	7,1	
Cjevovodni transport Pipelines	0,5	0,5	0,5	0,5	0,4	0,4	0,4	0,4	0,5	0,4	0,4	0,4	0,4	
Pretovarne usluge Transshipment services	7,3	7,1	7,0	6,9	7,0	6,9	6,9	6,6	6,5	6,3	6,3	6,3	6,3	
PTT usluge Communications	20,2	20,4	20,5	20,5	20,6	20,6	20,6	21,4	21,5	21,6	21,5	21,5	21,6	
Trgovina Trade	125,2	116,5	112,6	111,3	113,1	111,1	110,5	103,2	102,4	101,5	100,5	99,2	98,1	
Trgovina na malo Retail trade	87,9	80,4	77,0	75,9	76,1	74,1	73,9	69,6	69,3	68,7	68,0	67,3	66,6	
Trgovina na veliko Wholesale trade	31,8	31,6	31,3	31,1	32,6	32,5	32,2	29,6	29,2	29,0	28,7	28,2	27,8	
Robna razmjena s inozemstvom Foreign trade	5,5	4,5	4,3	4,3	4,4	4,5	4,4	4,0	3,9	3,8	3,8	3,7	3,7	
Ugostiteljstvo i turizam Hotels, restaurants and tourism	50,5	48,8	46,3	45,6	45,7	44,7	44,6	42,3	41,7	41,4	41,8	41,6	41,8	
Ugostiteljstvo Hotels and restaurants	47,4	46,1	43,7	43,2	43,3	42,3	42,2	39,9	39,3	39,1	39,5	39,4	39,5	
Turizam Tourism	3,1	2,7	2,6	2,4	2,4	2,4	2,4	2,4	2,4	2,3	2,3	2,2	2,3	

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

ZAPOSLENOST I PLAĆE
EMPLOYMENT, WAGES AND SALARIES

4-6. BROJ I STRUKTURA ZAPOSLENIH, PO JKD-u¹⁾
4-6. NUMBER AND COMPOSITION OF PEOPLE EMPLOYED, ACCORDING TO UCEA²⁾

(nastavak)
(continued)

u tis.
'000

	Prosje ²⁾ Average ²⁾		1994		1995					1996 ³⁾			
	1993	1994	XI	XII	II	III	IV	XI ³⁾	XII ³⁾	I	II	III	IV
	Obrtništvo <i>Crafts and trades</i>	23,8	21,8	20,9	20,9	21,4	20,7	20,5	19,2	19,0	18,9	19,1	18,9	18,8
Obrtničke usluge i popravci <i>Craft and repair work</i>	20,4	18,5	17,6	17,6	18,0	17,3	17,2	15,9	15,7	15,7	15,9	15,7	15,6
Osobne usluge <i>Personal services</i>	3,4	3,3	3,3	3,3	3,4	3,4	3,3	3,3	3,3	3,2	3,2	3,2	3,2
Stambeno-komunalne djelatnosti <i>Housing, utilities and public services</i>	23,3	23,5	23,7	23,7	24,1	23,8	23,8	23,6	23,6	23,6	23,5	23,6	23,7
Uređenje naselja i prostora <i>Landscaping and maintenance</i>	2,1	2,2	2,1	2,1	2,0	1,9	1,8	1,7	1,7	1,7	1,7	1,7	1,8
Stambena djelatnost <i>Housing services</i>	0,8	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6	0,6
Komunalna djelatnost <i>Utilities and public services</i>	20,4	20,7	21,0	21,0	21,5	21,3	21,4	21,3	21,3	21,3	21,2	21,3	21,3
Financijske i druge usluge <i>Financial and other services</i>	51,5	50,1	50,1	50,0	51,3	51,3	51,4	50,1	49,9	49,8	49,7	54,6	54,3
Bankarstvo <i>Banking</i>	18,6	19,1	19,0	19,0	19,3	19,2	19,2	19,0	18,9	18,9	18,9	24,0	23,7
Osiguranje imovine i osoba <i>Property and life insurance</i>	4,4	4,2	4,3	4,3	4,5	4,5	4,5	4,5	4,5	4,5	4,5	4,5	4,5
Usluge na području prometa <i>Trade-related services</i>	9,5	8,8	8,8	8,8	9,0	9,0	9,0	8,8	8,7	8,8	8,7	8,6	8,6
Projektiranje i srodne usluge <i>Drafting and related services</i>	8,3	8,2	8,1	8,1	8,5	8,5	8,5	8,4	8,4	8,3	8,4	8,2	8,2
Geološka istraživanja <i>Geological exploration</i>	0,3	0,3	0,3	0,3	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2	0,2
Istraživačko-razvojni rad <i>Research and development</i>	5,5	4,8	4,9	4,8	4,4	4,4	4,5	4,4	4,4	4,3	4,3	4,3	4,4
Poslovne usluge <i>Business services</i>	4,9	4,7	4,7	4,7	5,4	5,5	5,5	4,8	4,8	4,8	4,7	4,8	4,7
Obrazovanje i kultura <i>Education, culture and the arts</i>	88,9	89,4	89,7	89,8	88,6	88,7	88,6	88,2	88,2	88,3	88,4	88,5	88,6
Obrazovanje <i>Education</i>	66,4	67,5	67,9	68,0	67,3	67,3	67,2	66,6	66,5	66,6	66,6	66,7	66,8
Osnovno obrazovanje <i>Elementary education</i>	39,0	39,6	39,8	39,8	39,2	39,2	39,2	38,7	38,6	38,6	38,6	38,7	38,7
Srednje obrazovanje <i>Secondary education</i>	17,9	18,4	18,7	18,7	18,5	18,5	18,4	18,3	18,3	18,3	18,3	18,4	18,4
Više obrazovanje <i>Vocational and technical training</i>	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Visoko obrazovanje <i>University - level education</i>	8,5	8,5	8,4	8,5	8,5	8,5	8,5	8,5	8,5	8,5	8,6	8,5	8,6
Ostalo obrazovanje <i>Other education</i>	0,9	0,9	0,9	0,9	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Znanstvenoistraživačka djelatnost <i>Scientific research</i>	4,0	4,0	4,1	4,1	3,4	3,5	3,5	3,4	3,4	3,4	3,3	3,3	3,3
Kultura, umjetnost i informacije <i>Culture, art and information</i>	16,9	16,3	16,1	16,1	16,3	16,3	16,3	16,7	16,8	16,9	17,0	17,0	17,0
Fizička kultura i sport <i>Physical education and sport</i>	1,6	1,6	1,6	1,6	1,6	1,6	1,6	1,5	1,5	1,5	1,5	1,5	1,5
Zdravstvena zaštita i socijalna skrb <i>Health care and social services</i>	98,6	97,3	97,4	97,4	96,3	96,0	96,1	95,6	95,7	96,0	96,2	96,3	96,4
Zdravstvena zaštita <i>Health care</i>	74,3	72,0	71,7	71,7	71,0	70,6	70,7	70,5	70,6	70,8	71,0	71,0	71,0
Socijalna skrb <i>Social services</i>	24,3	25,3	25,7	25,7	25,3	25,4	25,4	25,1	25,1	25,2	25,2	25,3	25,4
Tijela državne vlasti, tijela lokalne samouprave, fondovi, udruženja i organizacije <i>Central and local government bodies, funds, associations and organizations</i>	48,2	47,5	49,4	49,5	49,8	49,7	49,8	51,0	51,2	51,2	51,4	46,3	46,3
Tijela državne vlasti, tijela lokalne samouprave i Ustavni sud RH <i>Government bodies, local government bodies and the Constitutional Court of Croatia</i>	36,6	33,5	35,2	35,3	35,6	35,6	35,6	36,6	36,8	37,0	37,1	37,1	37,1
Fondovi ⁴⁾ <i>Funds</i>	9,2	11,5	11,6	11,6	11,6	11,5	11,5	11,7	11,7	11,6	11,6	6,5	6,5
Gospodarska udruženja i udruženja ustanova <i>Business associations</i>	0,8	0,9	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Političke stranke, društvene organizacije i udruge građana <i>Political parties, social organizations and public associations</i>	1,6	1,6	1,6	1,6	1,6	1,6	1,7	1,7	1,7	1,6	1,7	1,7	1,7

4) Zavod za platni promet se od ožujka 1996. prikazuje u Bankarstvu.

4) Since March 1996, the Institute for domestic payments will be presented in the Banking Item.

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-7. BRUTO PLAĆA I INDEKSI BRUTO PLAĆE PO ZAPOSLENOM, PO JKD-u
4-7. GROSS WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

	Prosječne bruto plaće po zaposlenom, u kunama Average gross pay per employee in Croatian kunas					Indeksi bruto plaće po zaposlenom Indices of gross wages and salaries per employee		
	XII. 1995	I. 1996	II. 1996	III. 1996	I-III. 1996	I. 1996	II. 1996	III. 1996
						XII. 1995	I. 1996	II. 1996
Ukupno Total	3 008	3 087	3 048	3 075	3 070	102,6	98,7	100,9
Privreda Goods and services sector	2 897	3 005	2 957	2 991	2 984	103,7	98,4	101,1
Neprivreda Education, health and government	3 310	3 294	3 294	3 305	3 298	99,5	100,0	100,3
Industrija i rudarstvo Mining and industry	2 860	2 986	2 976	2 900	2 953	104,4	99,7	97,4
Elektroprivreda Generation, transmission and distribution of electricity	3 567	3 775	5 248	3 624	4 215	105,8	139,0	69,1
Proizvodnja ugljena Extraction of coal	2 771	2 748	2 990	3 085	2 935	99,2	108,8	103,2
Prerada ugljena Coal processing								
Proizvodnja nafte i zemnoga plina Extraction of crude petroleum and natural gas	3 917	3 923	3 791	3 831	3 849	100,2	96,6	101,1
Proizvodnja naftnih derivata Petroleum products industry	3 716	3 781	3 680	3 588	3 682	101,7	97,3	97,5
Crna metalurgija Iron and steel industry	2 072	1 895	2 198	2 225	2 158	91,5	116,0	101,2
Proizvodnja ruda obojenih metala Non-ferrous ore mining	2 651	2 838	3 186	3 186	3 070	107,1	112,3	100,0
Proizvodnja obojenih metala Non-ferrous metal production	1 971	2 078	1 945	1 941	1 988	105,4	93,6	99,8
Prerada obojenih metala Non-ferrous metal processing	2 032	2 086	1 965	1 911	1 987	102,7	94,2	97,3
Proizvodnja nemetalnih minerala (bez građevnoga materijala) Extraction of non-metal minerals (except building materials)	3 366	3 476	3 521	3 478	3 492	103,3	101,3	98,8
Prerada nemetalnih minerala (bez građevnoga materijala) Processing of non-metal minerals (except building materials)	2 553	2 514	2 528	2 360	2 467	98,5	100,6	93,4
Metalopreradivačka djelatnost Manufacture of metal products	2 430	2 498	2 430	2 334	2 419	102,8	97,3	96,0
Strojogradnja Machine industry	2 568	2 691	2 495	2 534	2 567	104,8	92,7	101,6
Proizvodnja prometnih sredstava (bez brodogradnje) Manufacture of transport equipment (except shipbuilding)	2 623	2 606	2 704	2 751	2 688	99,4	103,8	101,7
Brodogradnja Shipbuilding	2 874	2 771	2 675	2 584	2 677	96,4	96,5	96,6
Proizvodnja električnih strojeva i aparata Manufacture of electrical equipment	3 414	3 366	3 356	4 372	3 687	98,6	99,7	130,3
Proizvodnja bazičnih kemijskih proizvoda Basic chemical industry	2 967	3 104	3 086	3 025	3 071	104,6	99,4	98,0
Prerada kemijskih proizvoda Chemical products industry	3 533	4 076	3 798	3 786	3 877	115,4	93,2	99,7
Proizvodnja kamena, šljunka i pijeska Stone, gravel and sand quarrying	2 737	2 866	2 686	2 935	2 830	104,7	93,7	109,3
Proizvodnja građevnoga materijala Building materials industry	2 634	2 793	2 643	2 813	2 748	106,0	94,6	106,4
Proizvodnja piljene grade i ploča Timber industry	2 024	2 150	1 994	2 122	2 083	106,2	92,7	106,4
Proizvodnja finalnih proizvoda od drvna Finished wood products industry	1 954	2 031	1 920	1 912	1 946	103,9	94,5	99,6
Proizvodnja i prerada papira Paper and paper products	2 922	3 092	3 043	2 842	2 987	105,8	98,4	93,4
Proizvodnja tekstilnih prediva i tkanina Textile fibre and fabric industry	2 075	1 904	2 098	1 811	1 921	91,8	110,2	86,3
Proizvodnja gotovih tekstilnih proizvoda Finished textile products industry	2 131	2 328	2 258	2 136	2 240	109,2	97,0	94,6
Proizvodnja kože i krzna Leather and fur industry	1 646	1 780	1 936	1 795	1 801	108,1	108,8	92,7
Proizvodnja kožne obuće i galanterije Leather footwear and accessories manufacturing	1 786	1 898	1 888	1 884	1 890	106,3	99,5	99,8
Prerada kaučuka Rubber industry	2 360	2 542	2 254	2 472	2 421	107,7	88,7	109,7
Proizvodnja prehrambenih proizvoda Food products industry	3 530	3 656	3 512	3 531	3 567	103,6	96,1	100,5
Proizvodnja pića Beverage industry	3 791	3 778	3 630	3 691	3 699	99,7	96,1	101,7
Proizvodnja stočne hrane Feed industry	3 121	3 393	3 793	3 403	3 506	108,7	111,8	89,7

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

ZAPOSLENOST I PLAĆE
EMPLOYMENT, WAGES AND SALARIES

4-7. BRUTO PLAĆA I INDEKSI BRUTO PLAĆE PO ZAPOSLENOM, PO JKD-U
4-7. GROSS WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

(nastavak)
(continued)

	Prosječne bruto plaće po zaposlenom, u kunama Average gross wages and salaries per employee in Croatian kunas					Indeksi bruto plaće po zaposlenom Indices of gross wages and salaries per employee		
	XII. 1995	I. 1996	II. 1996	III. 1996	IV. 1996	I. 1996 XII. 1995	II. 1996 I. 1996	III. 1996 II. 1996
Proizvodnja i prerada duhana Tobacco industry	6 593	5 527	4 962	5 164	5 220	83,8	89,8	104,1
Grafička djelatnost Printing	3 587	3 553	3 362	3 410	3 444	99,1	94,6	101,4
Sakupljanje i primarna prerada industrijskih otpadaka Collecting and recycling of industrial wastes	2 851	2 794	2 827	2 885	2 834	98,0	101,2	102,1
Proizvodnja raznovrsnih proizvoda Miscellaneous manufacturing	2 484	2 486	2 350	2 383	2 408	100,1	94,5	101,4
Poljoprivreda i ribarstvo Agriculture and fisheries	2 931	3 000	2 782	2 776	2 848	102,4	92,7	99,8
Poljoprivredna proizvodnja Agricultural products	2 703	2 734	2 529	2 502	2 583	101,1	92,5	98,9
Poljoprivredne usluge Agricultural services	4 444	4 490	4 253	4 259	4 329	101,0	94,7	100,1
Ribarstvo Fisheries	2 547	2 702	2 515	2 437	2 555	106,1	93,1	96,9
Šumarstvo Forestry	3 390	3 379	3 212	3 229	3 267	99,7	95,1	100,5
Vodoprivreda Water management	2 661	2 795	2 709	2 826	2 776	105,0	96,9	104,3
Građevinarstvo Construction	2 588	2 684	2 610	2 663	2 652	103,7	97,2	102,0
Visokogradnja Building construction	2 360	2 346	2 388	2 515	2 418	99,4	101,8	105,3
Niskogradnja i hidrogradnja Civil engineering	2 785	2 881	2 783	2 789	2 816	103,4	96,6	100,2
Instalacijski i završni radovi Installation and finishing work	2 565	2 902	2 628	2 659	2 723	113,1	90,6	101,2
Promet i veze Transport and communications	3 033	3 066	3 048	3 219	3 111	101,1	99,4	105,6
Željeznički promet Railways	2 567	2 635	2 649	2 737	2 674	102,6	100,5	103,3
Pomorski promet Ocean shipping	5 051	4 046	3 879	4 262	4 062	80,1	95,9	109,9
Riječni i jezerski promet Inland waterway transport	1 620	1 673	1 678	1 696	1 683	103,3	100,3	101,1
Zračni promet Air transport	5 231	5 250	4 942	5 211	5 132	100,4	94,1	105,4
Cestovni promet Road transport	2 488	2 472	2 565	2 515	2 519	99,4	103,8	98,1
Gradski promet Urban transport	3 094	3 209	3 066	3 775	3 323	103,7	95,5	123,1
Cjevovodni transport Pipelines	4 222	4 258	4 220	4 496	4 325	100,9	99,1	106,5
Pretovarne usluge Transshipment services	2 848	2 936	2 941	3 129	3 000	103,1	100,2	106,4
PTT usluge Communications	3 134	3 306	3 316	3 535	3 385	105,5	100,3	106,6
Trgovina Trade	2 671	2 743	2 668	2 721	2 710	102,7	97,3	102,0
Trgovina na malo Retail trade	2 474	2 495	2 399	2 462	2 452	100,8	96,2	102,6
Trgovina na veliko Wholesale trade	3 169	3 409	3 351	3 391	3 383	107,6	98,3	101,2
Robna razmjena s inozemstvom Foreign trade	3 565	3 659	3 594	3 628	3 627	102,6	98,2	100,9
Ugostiteljstvo i turizam Hotels, restaurants and tourism	2 542	2 549	2 370	2 429	2 448	100,3	93,0	102,5
Ugostiteljstvo Hotels and restaurants	2 498	2 469	2 273	2 347	2 362	98,8	92,1	103,3
Turizam Tourism	3 389	4 201	4 149	4 147	4 165	124,0	98,8	100,0

Source: Monthly Statistical Report of the Republic of Croatia
Central Bureau of Statistics, Number 5, 1996.

4-7. BRUTO PLAĆA I INDEKSI BRUTO PLAĆE PO ZAPOSLENOM, PO JKD-U
4-7. GROSS WAGES AND SALARIES PER EMPLOYEE, ACCORDING TO UCEA

(nastavak)
(continued)

	Prosječne bruto plaće po zaposlenom u krunama Average gross wages and salaries per employee in Croatian krunas					Indeksi bruto plaće po zaposlenom Indices of gross wages and salaries per employee		
	XII. 1995	I. 1996	II. 1996	III. 1996	III. 1996	I. 1996	II. 1996	
	XII. 1995	I. 1996	II. 1996	III. 1996	III. 1996	I. 1996	II. 1996	
Obrtništvo <i>Crafts and trades</i>	2 583	2 781	2 669	2 678	2 707	107,7	96,0	100,3
Obrtničke usluge i popravci <i>Craft and repair work</i>	2 700	2 943	2 819	2 855	2 871	109,0	95,8	101,3
Osobne usluge <i>Personal services</i>	2 085	1 943	2 038	2 013	2 003	93,2	104,9	98,8
Stambeno-komunalne djelatnosti <i>Housing, utilities and public services</i>	2 873	3 038	2 965	2 994	2 999	105,7	97,6	101,0
Uređenje naselja i prostora <i>Landscaping and maintenance</i>	2 592	2 728	2 636	2 926	2 763	105,2	96,6	111,0
Stambena djelatnost <i>Housing services</i>	3 084	3 033	3 021	4 346	3 458	98,3	99,6	143,9
Komunalna djelatnost <i>Utilities and public services</i>	2 896	3 070	2 997	2 970	3 012	106,0	97,6	99,1
Financijske i druge usluge <i>Financial and other services</i>	3 930	4 127	3 974	4 400	4 169	105,0	96,3	110,7
Bankarstvo <i>Banking</i>	4 033	4 203	3 996	4 765	4 329	104,2	95,1	119,2
Osiguranje imovine i osoba <i>Property and life insurance</i>	4 261	4 661	4 578	4 631	4 623	109,4	98,2	101,2
Usluge na području prometa <i>Trade-related services</i>	3 899	3 953	3 924	3 978	3 952	101,4	99,3	101,4
Projekiranje i srodne usluge <i>Drafting and related services</i>	3 977	4 199	3 980	4 120	4 097	105,6	94,8	103,5
Geološka istraživanja <i>Geological exploration</i>	4 822	4 443	4 258	4 502	4 400	92,1	95,8	105,7
Istraživačko-razvojni rad <i>Research and development</i>	3 476	3 839	3 677	3 723	3 745	110,4	95,8	101,3
Poslovne usluge <i>Business services</i>	3 210	3 358	3 390	3 537	3 431	104,6	101,0	104,3
Obrazovanje i kultura <i>Education, culture and the arts</i>	3 038	3 103	3 100	3 141	3 115	102,1	99,9	101,3
Obrazovanje <i>Education</i>	2 850	2 896	2 910	2 940	2 915	101,6	100,5	101,0
Osnovno obrazovanje <i>Elementary education</i>	2 659	2 655	2 656	2 688	2 666	99,8	100,0	101,2
Srednje obrazovanje <i>Secondary education</i>	2 833	2 832	2 830	2 870	2 844	100,0	99,9	101,4
Više obrazovanje <i>Vocational and technical training</i>	3 396	3 638	3 649	3 582	3 623	107,1	100,3	98,2
Visoko obrazovanje <i>University - level education</i>	3 488	3 786	3 890	3 887	3 855	108,5	102,7	99,9
Ostalo obrazovanje <i>Other education</i>	4 724	5 149	4 768	4 889	4 934	109,0	92,6	102,5
Znanstvenoistraživačka djelatnost <i>Scientific research</i>	3 673	3 602	3 629	3 895	3 708	98,1	100,7	107,3
Kultura, umjetnost i informacije <i>Culture, art and information</i>	3 672	3 810	3 729	3 764	3 768	103,8	97,9	100,9
Fizička kultura i sport <i>Physical education and sport</i>	2 612	3 178	3 207	3 265	3 219	121,7	100,9	101,8
Zdravstvena zaštita i socijalna skrb <i>Health care and social services</i>	3 433	3 303	3 287	3 317	3 302	96,2	99,5	100,9
Zdravstvena zaštita <i>Health care</i>	3 726	3 551	3 550	3 563	3 554	95,3	100,0	100,4
Socijalna skrb <i>Social services</i>	2 582	2 581	2 521	2 594	2 565	100,0	97,7	102,9
Tijela državne vlasti, tijela lokalne samouprave, fondovi, udruženja i organizacije <i>Central and local government bodies, funds, associations and organizations</i>	3 549	3 598	3 667	3 588	3 617	101,4	101,9	97,8
Tijela državne vlasti, tijela lokalne samouprave i Ustavni sud RH <i>Government bodies, local government bodies and the Constitutional Court of Croatia</i>	3 468	3 508	3 692	3 593	3 597	101,2	105,2	97,3
Fondovi ¹⁾ <i>Funds</i>	3 732	3 769	3 461	3 456	3 599	101,0	91,8	99,9
Gospodarska udruženja i udruženja ustanova <i>Business associations</i>	3 931	4 515	3 983	3 923	4 140	114,9	88,2	98,5
Političke stranke, društvene organizacije i udruge građana <i>Political parties, social organizations and public associations</i>	3 912	3 941	3 892	3 959	3 930	100,7	98,8	101,7

1) Zavod za platni promet se od ožujka 1996. prikazuje u Bankarstvu.

1) Since March 1996, the Institute for domestic payments will be presented in the Banking item.

NEZAPOSLENOST I ZAPOSŁJAVANJE
UNEMPLOYMENT AND EMPLOYMENT

5-1. NOVOPRIJAVLJENI RADI ZAPOSLENJA, ZAPOSLENI POSREDOVANJEM
ZAVODA ZA ZAPOSŁJAVANJE I NEZAPOSLENI

5-1. NEW-REGISTERED APPLICANTS FOR JOB, NUMBER EMPLOYED THROUGH
EMPLOYMENT OFFICES AND UNEMPLOYED PERSONS

	Novo- prijavljeni radi zaposlenja <i>New-registered applicants for job</i>	Zaposleni s evidencije Zavoda za zaposljavanje <i>Number of employees registered with Employment office</i>	Brisani iz evidencije <i>Number deleted from records</i>	Broj nezaposlenih <i>Unemployed</i>				
				ukupno <i>Total</i>	žene <i>Women</i>	prvi put traže zaposlenje <i>First time applicants</i>	korisnici novčane naknade <i>Financial compensation beneficiaries</i>	korisnici zdravstvene osiguranja <i>Health insurance beneficiaries</i>

Godišnji prosjek
Annual average

1991	218 333	52 185	78 302	253 669	133 060	77 711	75 260	161 070
1992	178 378	79 981	120 655	266 568	141 320	79 401	58 964	174 604
1993	160 765	73 074	105 645	250 779	138 375	80 243	25 363	159 852
1994	187 793	82 527	100 807	243 324	130 482	83 244	30 324	148 832
1995	177 069	75 851	99 703	240 601	124 232	84 355	36 183	149 081

Indeksi 1995=100
Indices 1995=100

1990	103,6	61,5	86,4	66,8	73,6	80,0	58,5	53,6
1991	123,3	68,8	78,5	105,4	107,1	92,1	208,0	108,0
1992	100,7	105,4	121,0	110,8	113,8	94,1	163,0	117,1
1993	90,8	96,3	106,0	104,2	111,4	95,1	70,1	107,2
1994	106,1	108,8	101,1	101,1	105,0	98,7	83,8	99,8

Mjesečni podaci
Monthly data

1995. I	13 061	5 290	6 714	248 612	129 556	88 931	35 047	150 290
II	14 456	6 992	11 453	244 623	127 261	86 582	36 567	150 199
III	12 327	7 476	7 990	241 484	125 176	84 733	36 358	146 172
IV	10 067	5 871	7 159	238 521	123 655	82 734	35 389	143 093
V	11 138	6 730	8 434	234 495	121 503	80 116	34 977	142 229
VI	11 182	6 742	8 163	230 772	119 704	78 402	33 941	140 212
VII	19 560	6 584	7 225	236 523	122 388	83 072	34 898	142 971
VIII	14 694	5 543	12 771	232 903	120 256	80 895	33 176	144 347
IX	20 990	5 901	7 815	240 177	123 782	85 663	35 370	153 346
X	18 666	6 861	7 540	244 442	125 824	87 297	37 391	157 592
XI	16 203	6 795	8 265	245 585	125 875	86 849	39 130	159 027
XII	14 725	5 066	6 174	249 070	125 807	86 984	41 951	159 489
1996. I	21 164	5 485	7 317	257 432	128 299	88 007	47 757	163 231
II	18 249	6 985	7 820	260 876	128 807	87 763	55 932	164 612
III	16 609	7 250	6 111	264 124	129 382	87 989	60 038	164 699
IV	12 411	8 357	6 469	261 709	128 426	85 875	59 113	163 934

Indeksi Ø 1995=100
Indices Ø 1995=100

1995. I	88,5	83,7	80,8	103,3	104,3	105,4	96,9	100,8
II	98,0	110,6	137,8	101,7	102,4	102,6	101,1	100,7
III	83,5	118,3	96,2	100,4	100,8	100,4	100,5	98,0
IV	68,2	92,9	86,2	99,1	99,5	98,1	97,8	96,0
V	75,5	106,5	101,5	97,5	97,8	95,0	96,7	95,4
VI	75,8	106,7	98,2	95,9	96,4	92,9	93,8	94,1
VII	132,6	104,2	87,0	98,3	98,5	98,5	96,4	95,9
VIII	99,6	87,7	153,7	96,8	96,8	95,9	91,7	96,8
IX	142,2	93,4	94,1	99,8	99,6	101,6	97,8	102,9
X	126,5	108,5	90,7	101,6	101,3	103,5	103,3	105,7
XI	109,8	107,5	99,5	102,1	101,3	103,0	108,1	106,7
XII	99,8	80,1	74,3	103,5	101,3	103,1	115,9	107,0
1996. I	143,4	86,8	88,1	107,0	103,3	104,3	132,0	109,5
II	123,7	110,5	94,1	108,4	103,7	104,0	154,6	110,4
III	112,6	114,7	73,6	109,8	104,1	104,3	165,9	110,5
IV	84,1	132,2	77,9	108,8	103,4	101,8	163,4	110,0

Izvor: Ministarstvo rada i socijalne skrbi - Zavod za zapošljavanje
Source: Ministry of Labour, Social Services and Family Affairs -
Central Office of the Bureau of Employment

5-2. NEZAPOSLENOST I ZAPOSŁJAVANJE PREMA KVALIFIKACIJAMA,
SIJEČANJ-TRAVANJ 1995. I 1996.¹⁾
5-2. UNEMPLOYMENT AND EMPLOYMENT ACCORDING TO PROFESSIONAL QUALIFICATIONS,
JANUARY-APRIL 1995 and 1996¹⁾

		Ukupno	NKV	PKV, NSS	KV, VKV	SSS	VSS	VSS	
		Total	Unskilled	Semi-skilled, elementary school	Skilled, high school	Secondary school	Vocational training	University	
Broj nezaposlenih osoba prema stanju krajem mjeseca	IV. 1996	261 709	56 740	39 119	90 985	57 730	7 614	9 521	IV 1996
	Ø I-IV. 1996	261 035	55 883	38 923	90 945	58 143	7 551	9 591	Ø I-IV 1996
	IV. 1996 IV. 1995	109,7	107,3	108,5	113,6	108,4	105,3	105,5	IV 1996 IV 1995
	Ø I-IV. 1996 Ø I-IV. 1995	107,3	105,5	107,3	110,9	105,4	100,4	102,1	Ø I-IV 1996 Ø I-IV 1995
Broj nezaposlenih osoba zbog prestanka rada poduzeca i poslodavaca	IV. 1996	31 313	4 956	7 812	11 612	5 313	931	689	IV 1996
	Ø I-IV. 1996	31 213	4 934	7 904	11 489	5 268	928	690	Ø I-IV 1996
	IV. 1996 IV. 1995	103,8	94,4	99,5	111,3	105,8	105,1	93,7	IV 1996 IV 1995
	Ø I-IV. 1996 Ø I-IV. 1995	100,5	91,0	98,5	107,5	100,9	99,4	88,1	Ø I-IV 1996 Ø I-IV 1995
Broj osoba koje prvi put traže zaposlenje	IV. 1996	85 875	24 940	3 954	30 694	21 780	1 542	2 935	IV 1996
	Ø I-IV. 1996	87 409	24 456	3 950	31 799	22 672	1 569	2 963	Ø I-IV 1996
	IV. 1996 IV. 1995	103,8	106,6	104,7	104,0	99,5	98,1	113,8	IV 1996 IV 1995
	Ø I-IV. 1996 Ø I-IV. 1995	101,9	105,1	103,9	102,4	97,4	92,7	111,5	Ø I-IV 1996 Ø I-IV 1995
Broj novoprijavljenih za zaposlenje tijekom mjeseca	IV. 1996	12 411	2 580	1 519	4 155	2 703	608	846	IV 1996
	I-IV. 1996	68 433	15 363	8 948	23 550	14 096	2 578	3 898	I-IV 1996
	IV. 1996 IV. 1995	123,3	122,9	103,9	128,6	127,7	136,3	118,8	IV 1996 IV 1995
	I-IV. 1996 I-IV. 1995	137,1	139,5	136,3	144,4	131,6	129,5	117,7	I-IV 1996 I-IV 1995
Broj zaposlenih s evidencije tijekom mjeseca	IV. 1996	8 357	1 235	935	3 038	2 035	405	709	IV 1996
	I-IV. 1996	28 077	3 505	2 986	9 830	7 394	1 563	2 799	I-IV 1996
	IV. 1996 IV. 1995	142,3	162,1	146,1	144,7	135,7	125,8	129,4	IV 1996 IV 1995
	I-IV. 1996 I-IV. 1995	109,6	115,0	118,5	113,1	105,6	98,7	100,6	I-IV 1996 I-IV 1995
Broj prijavljenih potreba za radnicima tijekom mjeseca	IV. 1996	10 439	1 130	2 516	3 430	1 696	436	1 231	IV 1996
	I-IV. 1996	39 739	4 013	8 723	12 628	6 933	2 380	5 062	I-IV 1996
	IV. 1996 IV. 1995	95,5	75,1	88,1	106,4	102,2	98,2	99,5	IV 1996 IV 1995
	I-IV. 1996 I-IV. 1995	91,3	83,4	92,5	95,1	89,1	103,6	85,8	I-IV 1996 I-IV 1995
Broj realiziranih potreba za radnicima u mjesecu	IV. 1996	7 045	1 072	1 407	2 034	1 383	346	803	IV 1996
	I-IV. 1996	27 635	3 394	4 725	7 957	5 982	1 668	3 909	I-IV 1996
	IV. 1996 IV. 1995	109,5	130,3	122,3	115,4	95,4	95,1	91,0	IV 1996 IV 1995
	I-IV. 1996 I-IV. 1995	96,6	94,5	101,5	101,8	88,6	97,7	95,8	I-IV 1996 I-IV 1995
Broj korisnika novčane naknade u mjesecu	IV. 1996	59 113	12 301	11 293	22 054	10 540	1 441	1 484	IV 1996
	Ø I-IV. 1996	55 710	11 846	10 545	20 601	9 937	1 362	1 419	Ø I-IV 1996
	IV. 1996 IV. 1995	167,0	151,1	167,1	183,0	165,7	157,1	127,8	IV 1996 IV 1995
	Ø I-IV. 1996 Ø I-IV. 1995	155,4	145,4	154,9	168,4	153,3	140,1	118,5	Ø I-IV 1996 Ø I-IV 1995
Broj korisnika zdravstvenog osiguranja u mjesecu	IV. 1996	163 934	21 252	21 146	65 485	41 861	6 042	2 148	IV 1996
	Ø I-IV. 1996	164 119	20 881	20 990	65 677	42 420	5 982	8 170	Ø I-IV 1996
	IV. 1996 IV. 1995	114,6	117,3	111,8	117,6	112,0	108,1	109,5	IV 1996 IV 1995
	Ø I-IV. 1996 Ø I-IV. 1995	111,3	113,7	111,2	114,4	108,5	102,2	104,1	Ø I-IV 1996 Ø I-IV 1995

1) Podaci su procijenjeni za krizno područje (Vukovar, Beli Manastir) temeljem posljednjeg raspoloživog podatka, a za oslobođena područja raspoloživo aktualnim podacima, s time da su prognanici do svog povratka u mjesto prebivališta prijavljeni u evidenciji nezaposlenih prema mjestu boravišta.

1) Data for occupied territories (Vukovar and Beli Manastir) have been estimated on the basis of the last data available; in liberated areas current data are available; only, until they return to their former residence, data on refugees are kept in evidence of unemployed persons according to the place where they temporarily reside;

Izvor: Ministarstvo rada i socijalne skrbi - Zavod za zapošljavanje
Source: Ministry of Labour, Social Services and Family Affairs -
Central Office of the Bureau of Employment

NEZAPOSLENOST I ZAPOSŁJAVANJE
UNEMPLOYMENT AND EMPLOYMENT

5-3. NEZAPOSLENOST I ZAPOSŁJAVANJE PREMA KVALIFIKACIJAMA
U TRAVNJU 1996.¹⁾

5-3. UNEMPLOYMENT AND EMPLOYMENT ACCORDING TO PROFESSIONAL QUALIFICATIONS,
IN APRIL 1996¹⁾

	Ukupno	NKV	PKV, NSS	KV, VKV	SSS	VSS	VSS
	Total	Unskilled	Semi- skilled, ele- mentary school	Skilled, highly skilled	Secondary school	Vocational training	University
Nezaposleni krajem prethodnog mjeseca <i>Unemployed, as of previous month's end</i>	264 124	56 947	39 366	92 216	58 431	7 562	9 602
Novoprijavljeni u izvještajnom mjesecu <i>New-registered applicants for job in the reporting month</i>	12 411	2 580	1 519	4 155	2 703	608	846
Bili su zaposleni <i>Previously employed</i>	9 559	1 509	1 413	3 561	2 094	478	504
Nezaposleni zbog prestanka rada poduzeća ili poslodavca <i>Unemployed due to termination of work of firms or employers</i>	957	107	138	436	196	36	44
Prijavljeni radi zaposlenja u izvještajnom mjesecu - ukupno <i>Registered in the reporting month - total</i>	276 535	59 527	40 885	96 371	61 134	8 170	10 448
Zaposleni u izvještajnom mjesecu - ukupno <i>Employed in the reporting month - total</i>	8 357	1 235	935	3 038	2 035	405	709
Zaposleni u zemlji <i>Employed in country</i>	8 090	1 195	915	2 961	1 985	349	685
- na temelju informiranja radnika <i>- as result of information</i>	2 320	359	230	849	594	105	183
- preko natječaja/oglasa <i>- by application or advertisement</i>	1 483	244	167	622	289	53	108
- na temelju uputnice PR-6 <i>- by form PR-6</i>	1 743	314	342	477	402	60	148
- na temelju stručnog timskog izbora radnika <i>- by professional selection team</i>	51	5	11	24	7	1	3
- na temelju aktivnosti profesionalne orijentacije i stručnog osposobljavanja <i>- by professional orientation and training</i>	181	33	11	52	30	18	37
- bez obveze oglašavanja <i>- not obligated to announcement</i>	2 312	240	154	937	663	112	206
Zaposleni u inozemstvu <i>Employed abroad</i>	267	40	20	77	50	56	24
Brisani iz evidencije iz ostalih razloga osim zapošljavanja <i>Cleared from records, not due to employment</i>	6 469	1 552	831	2 348	1 369	151	218
Nezaposleni krajem izvještajnog mjeseca <i>Unemployed at the end of the reporting month</i>	261 709	56 740	39 119	90 985	57 730	7 614	9 521
Prvi put traže zaposlenje <i>First-time applicants</i>	85 875	24 940	3 954	30 694	21 780	1 572	2 935
Odbili zaposlenje ili prekvalifikaciju <i>Rejected the employment or professional training</i>	1 725	916	258	411	104	12	24

¹⁾ Podaci su procijenjeni za krizno područje (Vukovar, Beli Manastir) temeljem posljednjeg raspoloživog podatka, a za oslobođena područja raspoložemo aktualnim podacima, s time da su prognanici do svog povratka u mjesto prebivališta prijavljeni u evidenciji nezaposlenih prema mjestu boravišta.

¹⁾ Data for occupied territories (Vukovar and Beli Manastir) have been estimated on the basis of the last data available; in liberated areas current data are available; only, until they return to their former residence, data on refugees are kept in evidence of unemployed persons according to the place where they temporarily reside.

Izvor: Ministarstvo rada i socijalne skrbi - Zavod za zapošljavanje
Source: Ministry of Labour, Social Services and Family Affairs -
Central Office of the Bureau of Employment

10-5. IZVOZ I UVOZ PREMA JKD-u (proizvodni princip)
10-5. EXPORTS AND IMPORTS ACCORDING TO UCEA (Productive principle)

u tis. USD¹⁾
'000 US \$¹⁾

	Izvoz Exports		Uvoz Imports		
	I-IV. 1995	I-IV. 1996	I-IV. 1995	I-IV. 1996	
Ukupno	1 456 047	1 435 482	2 354 386	2 329 777	Total
Industrija i rudarstvo	1 415 403	1 374 206	2 079 246	2 088 449	Mining and industry
Proizvodnja nafte i zemnoga plina	10 962	13 167	205 824	251 349	Extraction of crude petroleum and natural gas
Proizvodnja naftnih derivata	91 069	114 354	13 333	27 141	Petroleum products industry
Crna metalurgija	13 320	15 214	62 936	55 717	Iron and steel industry
Metaloprerađivačka djelatnost	45 064	51 043	105 471	98 256	Manufacture of metal products
Strojogradnja	50 359	47 349	209 355	207 976	Machine industry
Proizvodnja prometnih sredstava (bez brodogradnje)	16 594	24 801	157 708	146 638	Manufacture of transport equipment (except shipbuilding)
Brodogradnja	70 537	89 247	18 320	23 727	Shipbuilding
Proizvodnja električnih strojeva i aparata	100 610	101 537	267 590	246 544	Manufacture of electrical equipment
Proizvodnja bazičnih kemijskih proizvoda	184 764	197 072	126 825	112 010	Basic chemical industry
Prerada kemijskih proizvoda	78 320	88 853	189 342	201 634	Chemical products industry
Proizvodnja piljene građe i ploča	54 010	48 443	11 746	14 343	Timber industry
Proizvodnja finalnih proizvoda od drva	74 250	47 611	30 748	30 736	Finished wood products industry
Proizvodnja i prerada papira	46 124	24 982	74 433	75 678	Paper and paper products
Proizvodnja tekstilnih prediva i tkanina	33 400	23 371	50 879	49 334	Textile fibre and fabric industry
Proizvodnja tekstilnih proizvoda	227 513	193 538	98 952	96 439	Textile products industry
Proizvodnja kožne obuće i galanterije	82 619	64 733	76 642	83 738	Leather footwear and accessories manufacturing
Proizvodnja prehrambenih proizvoda	95 653	100 212	140 751	156 292	Food products industry
Proizvodnja pića	24 272	23 329	16 212	14 639	Beverage industry
Ostale industrijske grane	115 963	105 350	222 179	196 258	Other industrial branches
Poljoprivreda i ribarstvo	28 528	49 659	124 211	107 885	Agriculture and fisheries
Šumarstvo	11 508	10 273	3 333	2 731	Forestry
Ostalo	609	1 344	147 597	130 712	Other

10-6. IZVOZ I UVOZ PO SEKTORIMA SMTK
10-6. EXPORTS AND IMPORTS ACCORDING TO SECTORS OF GOODS AS DEFINED BY SITC

u tis. USD¹⁾
'000 US \$¹⁾

	Izvoz Exports		Uvoz Imports		
	I-IV. 1995	I-IV. 1996	I-IV. 1995	I-IV. 1996	
Ukupno	1 456 047	1 435 482	2 354 386	2 329 777	Total
Hrana i žive životinje	117 744	142 993	238 026	239 366	Food and live animals
Pića i duhan	29 590	26 615	16 642	15 038	Beverages and tobacco
Sirove materije, osim goriva	83 866	78 107	77 974	64 000	Raw materials, excluding fuels
Mineralna goriva i maziva	103 229	129 185	254 725	289 898	Mineral fuels and lubricants
Životinjska i biljna ulja i masti	1 463	2 496	5 549	9 638	Animal and vegetable oils and fats
Kemijski proizvodi	250 267	275 619	270 682	267 609	Chemical products
Proizvodi svrstani po materijalu	228 183	191 260	404 396	396 108	Products classified according to constituent material
Strojevi i transportni uređaji	225 426	255 060	628 412	596 153	Machines and transport equipment
Razni gotovi proizvodi	415 707	333 599	310 549	321 963	Miscellaneous ready-made products
Proizvodi i transakcije, nespomenuti	572	548	147 432	130 004	Products and transactions, n.e.s.

1) Vrijednosti su preračunate u američke dolare primjenom tekućih dnevnih tečajnih lista stranih valuta koje vrijede na dan carinjenja robe.

1) Values calculated in US \$ according to the daily exchange rate of foreign currency on the day customs duties are levied.

10-7. IZVOZ I UVOZ PO ZEMLJAMA NAMJENE/PORIJEKLA
10-7. EXPORTS AND IMPORTS BY COUNTRY OF ORIGIN/DESTINATION

u tisu. USD¹⁾
000 US \$¹⁾

	Izvoz		Uvoz		
	Exports		Imports		
	I.IV. 1995	I.IV. 1996	I.IV. 1995	I.IV. 1996	
Ukupno	1 456 047	1 435 482	2 354 386	2 329 777	<i>Total</i>
Razvijene zemlje	928 928	829 323	1 677 377	1 574 301	<i>Developed countries</i>
Zemlje EU	867 907	765 198	1 467 114	1 373 208	<i>EU countries</i>
Austrija	62 852	55 724	172 672	170 511	<i>Austria</i>
Belgija	15 994	15 824	27 252	36 919	<i>Belgium</i>
Danska	2 539	1 931	16 681	17 020	<i>Denmark</i>
Francuska	45 642	29 339	57 851	53 825	<i>France</i>
Italija	319 739	310 867	420 835	410 174	<i>Italy</i>
Nizozemska	29 600	23 063	58 465	59 761	<i>Netherlands</i>
Njemačka	346 781	284 004	470 293	460 082	<i>Germany</i>
Švedska	4 050	4 080	37 900	35 730	<i>Sweden</i>
Velika Britanija	19 740	21 998	169 990	86 613	<i>Great Britain</i>
Ostale zemlje	20 970	18 368	35 175	42 573	<i>Other countries</i>
Zemlje Efte	20 510	16 099	64 419	57 357	<i>EFTA countries</i>
Norveška	1 795	859	3 429	7 283	<i>Norway</i>
Švicarska	18 319	15 105	59 565	48 302	<i>Switzerland</i>
Ostale zemlje	396	135	1 425	1 772	<i>Other countries</i>
Ostale razvijene zemlje	40 511	48 026	145 843	143 736	<i>Other developed countries</i>
Australija	1 997	1 483	3 258	10 670	<i>Australia</i>
Japan	272	430	28 414	33 218	<i>Japan</i>
Kanada	1 945	2 398	2 842	4 232	<i>Canada</i>
SAD	25 875	29 104	72 850	64 920	<i>USA</i>
Turska	297	6 085	5 770	7 834	<i>Turkey</i>
Ostale zemlje	10 125	8 526	32 709	22 862	<i>Other countries</i>

1) Vrijednosti su preračunate u američke dolare primjenom tekućih dnevnih tečajnih lista stranih valuta koje vrijede na dan carinjenja robe.

1) Values calculated in US \$ according to the daily exchange rate of foreign currency on the day customs duties are levied.

10-7. IZVOZ I UVOZ PO ZEMLJAMA NAMJENE/PORIJEKLA
10-7. EXPORTS AND IMPORTS BY COUNTRY OF ORIGIN/DESTINATION

(nastavak)
(continued)

u tis. USD¹⁾
1000 US \$¹⁾

	Izvoz		Uvoz		
	Exports		Imports		
	I-IV. 1995	I-IV. 1996	I-IV. 1995	I-IV. 1996	
Zemlje u razvoju	527 119	606 159	677 009	755 476	Other countries
Zemlje bivše Jugoslavije	313 106	365 844	271 445	254 561	Countries of former Yugoslavia
Bosna i Hercegovina	106 994	138 024	2 651	4 821	Bosnia-Herzegovina
Makedonija	22 288	19 806	14 000	8 011	Macedonia
Slovenija	183 824	208 014	254 795	241 728	Slovenia
Zemlje bivšeg SSSR-a	46 929	47 818	86 176	85 977	Countries of the former USSR
Ukrajina	2 983	2 520	18 841	1 665	Ukraine
Rusija	34 198	37 736	55 439	72 898	Russia
Ostale zemlje	9 748	7 562	11 896	11 414	Other countries
Ostale europske zemlje u razvoju	56 993	51 603	141 678	140 026	East European countries
Češka	11 844	10 350	43 111	40 936	Czech Republic
Mađarska	19 818	17 026	44 613	48 694	Hungary
Poljska	14 273	14 374	15 270	12 618	Poland
Slovačka	6 200	5 870	24 074	24 504	Slovakia
Ostale zemlje	4 858	3 983	14 610	13 274	Other countries
Bliskoistočne zemlje u razvoju	27 384	30 999	1 912	26 258	Developing Middle Eastern countries
Azijske zemlje u razvoju	11 395	21 982	76 346	76 647	Developing Asian countries
Kina	5 185	10 755	11 535	14 388	China
Ostale zemlje	6 210	11 227	64 811	62 259	Other countries
Sjevernoafričke zemlje u razvoju	8 815	21 136	57 252	116 204	Developing African countries
Ostale afričke zemlje u razvoju	55 651	60 529	5 810	4 973	Developing other African countries
Američke zemlje u razvoju	6 825	6 247	36 368	50 822	Developing countries in the Americas
Oceanijske zemlje u razvoju	22	-	22	7	Developing countries of Oceania

SUMMARY TABLE OF THE BUDGETARY CENTRAL GOVERNMENT OPERATIONS
ZBIRNA TABLICA OPERACIJA DRŽAVNOG PRORAČUNA

(in 000 of HRK)

	Actual 1995	Budget 1996	Actual Jan.-June 1996	Act. Jan-June 96/ Budget 1996 in %
1. Total revenue and grants (A.1.I.) Ukupni prihodi i potpore (A.1.I.)	27.980.779	31.085.318	15.212.833	48,9
2. Total revenue (A.1.II.) Ukupni prihodi (A.1.II.)	27.880.779	31.085.318	15.212.833	48,9
3. Current revenue (A.1.III.) Tekući prihodi (A.1.III.)	27.287.119	30.147.318	14.591.989	48,4
3.1. Tax (A.1.IV.) Porezni prihodi (A.1.IV.)	26.505.353	29.075.638	13.864.531	47,7
3.2. Nontax (A.1.V.) Neporezni prihodi (A.1.V.)	781.766	1.071.680	727.458	67,9
4. Capital revenue (A.1.VI.) Prihodi od kapitala (A.1.VI.)	593.660	938.000	620.844	66,2
5. Grants (A.1.VII.) Potpore (A.1.VII.)	100.000	0	0	
5.1. Current (A.1.17.1.+A.1.18.1.) Tekuće (A.1.17.1.+A.1.18.1.)	0	0	0	
5.2. Capital (A.1.17.2.+A.1.18.2.) Kapitalne (A.1.17.2.+A.1.18.2.)	100.000	0	0	
6. Total expenditure and lending minus repayments (C.1.I.) Ukupni rashodi i posudbe umanjeni za otplate (C.1.I.)	28.696.186	33.268.311	15.183.848	45,6
7. Total expenditure (C.1.II.) Ukupni rashodi (C.1.II.)	28.475.583	31.621.691	14.872.894	47,0
8. Current expenditure (C.1.III.) Tekući rashodi (C.1.III.)	25.495.182	26.408.787	13.346.721	50,5
9. Capital expenditure (C.1.IV.) Kapitalni rashodi (C.1.IV.)	2.980.401	5.212.904	1.526.173	29,3
10. Lending minus rep. (C.1.V.) Posudbe umanjene za otplate (C.1.V.)	220.603	1.646.620	310.954	18,9
11. Current account surplus without grants (3-8) Višak na tekućem računu bez potpora (3-8)	1.791.937	3.738.531	1.245.268	33,3
12. Current account surplus with current grants (3+5.1-8) Višak na tekućem računu s tekućim potporama (3+5.1-8)	1.791.937	3.738.531	1.245.268	33,3
13. Gross fixed capital formation (C.4.-A.13) Stvaranje bruto fiksnog kapitala (C.4.-A.13)	1.040.498	1.615.952	13.201	0,8
14. Gross capital formation (C.4+C.5-A.13-A.14) Stvaranje bruto kapitala (C.4+C.5-A.13-A.14)	1.040.498	1.615.952	13.201	0,8

Source: Republic of Croatia
Ministry of Finance

SUMMARY TABLE OF THE BUDGETARY CENTRAL GOVERNMENT OPERATIONS
 ZBIRNA TABLICA OPERACIJA DRŽAVNOG PRORAČUNA

(in 000 of HRK)

	Actual 1995	Budget 1996	Actual Jan.-June 1996	Act. Jan-June 96/ Budget 1996
				in %
15. Overall deficit/surplus (1-6) as % of GDP	-715.407 -0,79	-2.182.993 -2,21	28.985 0,03	-1,3 -1,3
Ukupni manjak/viškak kao % od BNP				
16. Total financing (D.I.) Ukupno financiranje (D.I.)	715.407	2.182.993	-28.985	-1,3
17. Abroad (D.III.) Strano financiranje (D.III.)	686.005	2.766.442	290.172	10,5
18. Domestic (D.II.) Domaće financiranje (D.II.)	29.402	-583.449	-319.157	54,7
18.1. From other general government Od ostale opće države	0	0	0	
18.2. From monetary authorities Od monetarnih vlasti	395.967	-204.196	-319.143	156,3
18.3. From deposit money banks Od depozitnih banaka	1	-147.925	-14	0,0
18.4. Other domestic financing Ostalo domaće financiranje	-366.566	-231.328	0	0,0
 Nominal GDP (in 000 of HRK)	 90.895.000 (estimate)	 98.807.000		

Source: Republic of Croatia
 Ministry of Finance

Table 21

CROATIAN OUTSTANDING DEBT

In Millions of USD

	Outstanding Debt as of Dec. 31, 1993	Unpaid due Debts till Dec. 31, 1993
I PRINCIPAL	2 485.9	543.4
MEDIUM AND LONG TERM CREDITS	2 431.3	538.3
A) OFFICIAL CREDITORS	985.8	278.3
1.1. International Financial Organisations	319.6	4.9
- IMF	20.6	-
- IBRD	88.8	1.9
- EUROFIMA	59.6	-
- IFC	2.1	1.4
- EIB	138.6	-
- EFR	9.9	1.6
1.2. Government (Consolidated Debt)	666.2	273.4
B) PRIVATE CREDITORS	1 445.5	260.0
1. Commercial Banks	941.1	60.9
2. Other Commercial Banks	381.0	173.5
Guaranteed by Governments' Agencies	244.9	151.0
- signed before December 2, 1982	100.3	100.3
- signed after December 2, 1982	144.6	50.7
Nonguaranteed by Governments' Agencies	136.1	22.5
3. Suppliers	123.4	25.6
Guaranteed by Governments' Agencies	18.0	11.4
- signed before December 2, 1982	5.0	4.7
- signed after December 2, 1982	13.0	6.7
Nonguaranteed by Governments' Agencies	105.4	14.2
SHORT TERM CREDITS	54.6	5.1
A) OFFICIAL CREDITORS		
B) PRIVATE CREDITORS	54.6	5.1
1. Commercial Banks	10.5	2.4
2. Suppliers	44.1	2.7
II NONPAID INTEREST	152.4	152.4
III INTEREST		
TOTAL (I+II+III)	2 638.3	695.8

Source: Data base as of December 31, 1993.

Note: Interest in arrears is not included in outstanding debt.

Source: Main Statistical Indicators of the National Bank of Croatia,
Vol. II, No. 2, March 15, 1994.

Table 20

CROATIAN OUTSTANDING DEBT

In Millions of USD

	Outstanding	Arrears	
	Debt as of December 31,1994	Principal December 31,1994	Interest December 31,1994
MEDIUM AND LONG TERM CREDITS	2 771.0	740.0	244.6
A) OFFICIAL CREDITORS	1 187.8	383.3	45.8
1.1.International Financial Organizations	404.0	5.0	1.8
- IMF	126.1	-	-
- IBRD	71.4	0.3	0.1
- EUROFIMA	48.1	-	-
- IFC	2.3	2.0	0.5
- EIB	145.7	-	-
- EFR	10.4	2.7	1.2
1.2.Governments	783.8	378.3	44.0
- rescheduling agreements (Paris Club 1984-1988)	709.5	376.2	43.9
- Italy	56.9	0.7	0.1
- rescheduling agreement (Finland-1993)	17.4	1.4	-
B) PRIVATE CREDITORS	1 583.2	356.7	198.8
1.Commercial Banks	992.9	136.4	170.3
-NFA	929.3	72.8	159.6
-Trade Deposit Facility	63.6	63.6	10.7
2.Other Commercial Banks	399.9	177.4	21.3
Guaranteed by Governments' Agencies	301.9	162.7	18.7
-signed before December 2, 1982	105.9	105.9	7.3
-signed after December 2, 1982	196.0	56.8	11.4
Nonguaranteed by Governments' Agencies	98.0	14.7	2.6
3.Suppliers	190.4	42.9	7.2
Guaranteed by Governments' Agencies	29.5	11.1	0.5
-signed before December 2, 1982	5.5	5.5	-
-signed after December 2, 1982	24.0	5.6	0.5
Nonguaranteed by Governments' Agencies	160.9	31.8	6.7
SHORT TERM CREDITS	50.5	13.5	0.5
A) OFFICIAL CREDITORS	-	-	-
B) PRIVATE CREDITORS	50.5	13.5	0.5
1.Commercial Banks	15.7	4.1	0.2
2.Suppliers	34.8	9.4	0.3
TOTAL	2 821.5	753.5	245.1

Note: Interest in arrears are not included in outstanding debt

Source: Data base as of December 31,1994

Source: Main Statistical Indicators of the National Bank of Croatia,
Vol. III, No. 2, March 22, 1995.

Table 20

CROATIAN OUTSTANDING DEBT

In Millions of USD

	Outstanding Debt as of Dec. 31, 1995*	Arrears Principal Dec. 31, 1995*	Interest Dec. 31, 1995*
MEDIUM AND LONG TERM CREDITS	3 111.9	988.2	322.9
A) OFFICIAL CREDITORS	1 318.0	522.9	51.0
1.1. International Financial Organizations	493.7	6.6	2.2
- IMF	222.5	0.0	0.0
- IBRD	59.6	0.3	0.1
- EUROFIMA	38.9	0.0	0.0
- IFC	2.5	2.5	0.6
- EIB	143.7	0.0	0.0
- EFR	10.8	3.8	1.6
- EBRD	16.2	0.0	0.0
1.2. Governments	824.3	516.3	48.8
- rescheduling agreements (Paris Club 1984-1988)	750.6	514.4	48.1
- Italy	54.6	0.8	0.0
- rescheduling agreement (Finland-1993)	19.1	1.1	0.7
B) PRIVATE CREDITORS	1 798.3	410.3	271.9
1. Commercial Banks	999.9	212.3	248.7
- NFA	934.4	148.8	229.5
- Trade Deposit Facility	65.5	65.5	17.2
2. Other Commercial Banks	508.3	155.5	17.0
Guaranteed by Governments' Agencies	297.3	137.5	14.4
- signed before December 2, 1982	107.0	107.0	7.0
- signed after December 2, 1982	190.3	30.5	7.4
Nonguaranteed by Governments' Agencies	211.6	18.0	2.6
3. Suppliers	284.5	42.5	8.2
Guaranteed by Governments' Agencies	37.5	6.1	0.0
- signed before December 2, 1982	6.1	6.1	0.0
- signed after December 2, 1982	31.4	0.0	0.0
Nonguaranteed by Governments' Agencies	247.0	36.4	8.2
SHORT TERM CREDITS	225.1	17.3	1.8
A) OFFICIAL CREDITORS	-	-	-
B) PRIVATE CREDITORS	225.1	17.3	1.8
1. Commercial Banks	196.2	3.8	0.3
2. Suppliers	88.9	13.5	1.5
TOTAL	3 336.4	950.5	324.5

Note: Interest on arrears are not included in outstanding debt

Source: Data base as of December 31, 1995

Source: Main Statistical Indicators of the National Bank of Croatia,
Vol. IV, No. 2-3, April 15, 1996.

Table 20

CROATIAN OUTSTANDING DEBT

In Millions of USD

	Outstanding	Arrears	
	Debt as of March 31, 96	Principal	Interest
		March 31, 1996	
MEDIUM AND LONG TERM CREDITS	3 144.8	925.5	332.8
A) OFFICIAL CREDITORS	1 316.7	517.0	51.7
1.1. International Financial Organizations	487.2	6.7	2.2
- IMF	217.4	0.0	0.0
- IBRD	59.8	0.4	0.1
- EUROFIMA	29.8	0.0	0.0
- IFC	2.4	2.4	0.6
- EIB	137.2	0.0	0.0
- EFR	10.0	3.9	1.5
- EBRD	30.6	0.0	0.0
1.2. Governments	829.5	510.3	49.5
- rescheduling agreements (Paris Club 1984-1988)	734.8	507.3	47.9
- Other	94.7	3.0	1.6
B) PRIVATE CREDITORS	1 828.1	408.5	281.1
1. Commercial Banks	1 016.8	220.7	258.1
-NFA	952.0	155.9	239.6
-Trade Deposit Facility	64.8	64.8	18.5
2. Other Commercial Banks	524.9	154.0	17.4
Guaranteed by Governments' Agencies	294.6	137.0	14.6
-signed before December 2, 1982	105.4	105.4	6.8
-signed after December 2, 1982	189.2	31.6	7.8
Nonguaranteed by Governments' Agencies	230.3	17.0	2.8
3. Suppliers	286.4	33.8	5.6
Guaranteed by Governments' Agencies	34.9	5.9	0.0
-signed before December 2, 1982	5.9	5.9	0.0
-signed after December 2, 1982	29.0	0.0	0.0
Nonguaranteed by Governments' Agencies	251.5	27.9	5.6
SHORT TERM CREDITS	262.6	21.6	1.9
A) OFFICIAL CREDITORS	-	-	-
B) PRIVATE CREDITORS	262.6	21.6	1.9
1. Commercial Banks	168.1	8.4	0.6
2. Suppliers	94.5	13.2	1.3
TOTAL	3 407.4	947.1	334.7

Note: Interest on arrears are not included in outstanding debt

Source: Data base as of March 31, 1996

Source: Main Statistical Indicators of the National Bank
of Croatia, Vol. IV No. 5, June 20, 1996.

ISSUER

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L-1330 Luxembourg

REGISTRAR AND CUSTODIAN

Citibank, N.A.
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New York, NY 10043

APPENDIX A

FORM OF PURCHASER'S LETTER OF REPRESENTATION

Alex. Brown & Sons Incorporated
135 East Baltimore Street
Baltimore, Maryland 21202

Donaldson, Lufkin & Jenrette
Securities Corporation
277 Park Avenue
New York, New York 10172

Montgomery Securities
600 Montgomery Street
San Francisco, California 94111

J.P. Morgan & Co.
60 Wall Street
New York, New York 10260

Ladies and Gentlemen:

We are delivering this letter in connection with the purchase of 4½% Convertible Notes due July 1, 2000 (the "Notes") of Corporate Express, Inc., a Colorado corporation (the "Company"), which are convertible into shares of common stock, \$0.0002 par value per share, of the Company (the "Underlying Shares" and together with the Notes, the "Restricted Securities"), all as described in the Company's Offering Circular dated June 19, 1996 (the "Offering Circular").

We represent, warrant and agree as follows:

1. We understand and hereby acknowledge that the Notes and the Underlying Shares have not been registered under the Securities Act of 1993, as amended (the "Securities Act"), and may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account (as hereinafter defined) for which we are purchasing the Notes to offer, sell or otherwise transfer such Restricted Securities prior to the date which is three years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Restricted Securities (or any predecessor thereto) or such other applicable date under the Securities Act in the event of an amendment of the relevant regulations comprising Rule 144A under the Securities Act (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) for so long as the Notes are eligible for resale pursuant to Rule 144 under the Securities Act, to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") in a transaction meeting the requirements of Rule 144A, (d) outside the United States in a transaction meeting the requirements of Rule 904 under the Securities Act, (e) in a transaction arranged by a broker or dealer or dealer registered under the Securities Exchange Act of 1934, as amended, to an institutional "accredited investor" (within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act) that is acquiring the security for its own account or for the account of such an institutional "accredited investor," for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act or (f) pursuant to another available exemption from the registration requirements of the Securities Act as confirmed in an opinion of counsel, acceptable in form and substance to the Company, and, in each case, in accordance with the applicable securities laws of any state of the United States or any other applicable jurisdiction. The foregoing restrictions on resale will not apply subsequent to the

Resale Restriction Termination Date. If any resale or other transfer of the Restricted Securities is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee containing certain representations and agreements relating to the restrictions or transfer of such Restricted Securities. We acknowledge that the Company and Bankers Trust Company, as trustee (the "Trustee") reserve the right prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes and Underlying Shares pursuant to clause (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications or other information acceptable to the Company and the Trustee in form and substance.

2. We are an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3), or (7) of Rule 501 under the Securities Act (an "Institutional Accredited Investor").

3. Any purchase of Restricted Securities by us will be for our own account or for the account of one or more other Institutional Accredited Investor (an "investor account") as to which we exercise sole investment discretion.

4. We are not acquiring the Restricted Securities with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act.

5. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Restricted Securities, and we and any investor account for which we are acting are each able to bear the economic risk of our or its investment.

6. We have received a copy of the Offering Circular and acknowledge that we have had access to such financial and other information, and have been afforded the opportunity to ask such questions of representatives of the Company and receive answers thereto, as we deem necessary in connection with our decision to purchase the Restricted Securities.

7. We understand that the registrar and transfer agent will not be required to accept for registration of transfer any Restricted Securities, except upon presentation of evidence satisfactory to the Company and the Trustee that the foregoing restrictions on transfer have been complied with. We further understand that the Restricted Securities will be in the form of definitive physical certificates and that such certificate will bear a legend reflecting the substance of paragraph 1 above.

8. We shall provide to any person purchasing any Restricted Securities from us a notice advising such purchaser that transfer of the Notes and the Underlying Shares are restricted as set forth therein.

9. We understand that prior to any proposed transfer of Notes occurring before the Resale Restriction Termination Date, we must check the appropriate box set forth on the reverse of the certificate evidencing such Notes relating to the manner of such transfer and submit the certificate of the Trustee. In addition, we understand that prior to any proposed transfer of Notes or any proposed transfer of Underlying Shares acquired upon conversion of Notes when there is no effective registration statement covering such Underlying Shares to an Institutional Accredited Investor occurring before the Resale Restriction Termination Date, we may be required to furnish to the Company and the Trustee such certifications, legal opinions or other information as they may reasonably require to confirm that the proposed transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and that transfer occurring before the Resale Restriction Termination Date to any other person pursuant to another available exemption under the Securities Act will require an opinion of counsel satisfactory to the Company.

10. We acknowledge that you and others will rely upon our confirmations, acknowledgements and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete. You are irrevocably authorized to produce this letter of a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

11. We hereby acknowledge, represent and agree with you that we shall be bound by the provisions set forth under the caption "Notice to Investor" in the Offering Circular as if fully set forth herein.

Very truly yours,

(Name of Purchaser)

By: _____

Name: _____

Title: _____

Address: _____

Date: _____

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended March 2, 1996

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 0-24642

CORPORATE EXPRESS, INC.

(Exact name of registrant as specified in its charter)

Colorado(State or other jurisdiction of
incorporation or organization)**84-0978360**(I.R.S. Employer
Identification No.)**325 Interlocken Parkway
Broomfield, Colorado**

(Address of principal executive offices)

80021

(Zip Code)

Registrant's telephone number, including area code: (303) 373-2800

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.0002 per share

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the registrant at May 31, 1996 was \$2,479,788,444.

The number of shares outstanding of the registrant's Common Stock as of May 31, 1996 was 68,982,951.

Documents Incorporated by Reference

Portions of the following documents are incorporated by reference:

Part III—The Registrant's definitive Proxy Statement for its 1996 Annual Meeting of Shareholders, to be filed not later than 120 days after the end of the fiscal year.

Corporate Express, Inc.
Annual Report on Form 10-K
For the fiscal year ended March 2, 1996

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PART I

ITEM 1. BUSINESS

Overview

Corporate Express, Inc. ("Corporate Express" or the "Company") is a leading provider of office products and services to large corporations. Since 1991, Corporate Express has expanded through acquisitions from a regional operation in Colorado to operations throughout the United States, Canada, the United Kingdom, Australia and New Zealand. Corporate Express believes it has developed a substantially different business model from traditional contract stationers, defining itself as a "Corporate Supplier" which provides a broad array of non-production goods and services to its customers while reducing overall procurement costs and providing a high level of customer service. The Company's current offering includes office supplies, computer and imaging supplies, computer software, office furniture, and forms management, printing, same-day local delivery services and distribution logistics management. Corporate Express markets to its existing and prospective customers through a direct sales force and fulfills its products and services through 358 locations including 73 warehouses and a fleet of approximately 6,500 owned or contracted vehicles.

Since its founding in 1986, the Company has focused its acquisition strategy on acquiring other office products companies and companies which market complementary products. The Company has recently expanded its product and service offering through the acquisition of Richard Young Journal, Inc., a computer products distributor ("Young"), U.S. Delivery Systems, Inc., a same-day local delivery company ("Delivery"), and ASAP Software Express, Inc., a direct reseller of computer software and provider of related services ("ASAP").

Industry Overview

The Company's target customers are large corporations with over 100 employees. The Company believes that these large corporations increasingly seek to reduce the cost of procuring non-production goods and services and decrease the time and effort spent managing functions that are not considered core competencies. To that end, corporations seek to reduce the number of their suppliers in order to eliminate the internal costs associated with multiple invoices, deliveries, and ordering procedures, uneven service levels and inconsistent product availability. Many large corporations operate from multiple locations and can benefit from selecting suppliers who can service them nationally or internationally.

In many non-production goods and services sectors, including office products and same-day local delivery, competition is often highly fragmented and consists primarily of smaller local or regional providers. The Company believes that the desire of large corporations to reduce costs by decreasing their number of suppliers to a small group of reliable and cost-effective partners will continue to lead to the consolidation of many currently fragmented sectors, as well as consolidation in sectors where the key differentiation will be customers' needs rather than a product or service as it has been historically.

The Corporate Supplier Strategy

The Company's Corporate Supplier strategy is designed to reduce its customers' total costs and the internal effort necessary to manage the procurement of non-production goods and services. The Company believes that its target customers value a high level of service including account relationship managers, delivery services and customized pricing, electronic interfaces, reporting formats and product catalogs. Corporate Express seeks to supply a broad range of the non-production goods and services needs of large corporations. This broad product and service offering permits Corporate Express to reduce its customers' procurement costs associated with dealing with multiple

vendors, including multiple invoices, deliveries, ordering procedures, uneven service levels, and inconsistent product availability, while servicing customers' broad geographical service and delivery requirements.

Corporate Express also seeks to continually reduce its merchandise and operating costs which should permit it to offer its customers lower prices. By purchasing most of its products directly from manufacturers in large volumes and limiting the number of manufacturers represented in its *In-Stock Catalog* and other specialty catalogs, Corporate Express is increasingly able to earn volume discounts and advertising allowances from its vendors. Corporate Express believes its computer systems represent a key strategic advantage which differentiates the Company from its competitors and permits it to achieve cost savings, provide superior customer service and centrally manage its operations. The Company expects to continue making substantial investments to upgrade and enhance its computer systems.

A key element of Corporate Express' business strategy is to seek to provide superior customer service in addition to providing "one-stop shopping," reliable delivery, national account service, electronic customer interfacing, customized reporting and other customized services. Also, in order to better serve its multi-national customers and to take advantage of the fragmented nature of many international markets, Corporate Express has devoted substantial resources to expanding outside of the United States, principally through acquisitions.

Products and Services

Corporate Express provides a broad range of non-production goods and services used by large corporations. The Company's current product distribution offering includes office supplies, computer and imaging supplies, computer software, office furniture, and forms management and printing and its current service offering in the United States includes same-day local delivery, distribution logistics management and other services. Name-brands offered by the Company include 3M, Microsoft, and Hewlett-Packard as well as the Company's own "EXP" private label. For fiscal 1995 (taking into account the Delivery and Young mergers) and pro forma for newly introduced product categories, the approximate percentages of the Company's domestic net sales by product and service category were as follows:

<u>Category</u>	<u>Fiscal 1995</u>	
	<u>Actual</u>	<u>Pro Forma(1)</u>
Product Distribution:		
Office, Computer and Imaging Supplies and Computer Software (2)	67%	70%
Office Furniture	8	8
Other (3)	3	3
Services	<u>22</u> 100%	<u>19</u> 100%

- (1) Includes 1995 sales of ASAP, which was acquired in May 1996.
- (2) Corporate Express does not have significant sales of computer systems.
- (3) Includes forms management and printing, advertising specialties and other products.

Company Catalogs. Corporate Express' merchandising strategy is based primarily on the Company's proprietary, full-color *In-Stock Catalog*. This catalog provides a comprehensive selection and variety of the approximately 5,000 best-selling items in the core categories of office and computer supplies which Corporate Express regularly maintains in inventory in its regional warehouses for next-day delivery. This merchandising strategy differs from that of traditional contract stationers which typically provide their customers with wholesaler-produced catalogs and maintain only a small portion of inventory on hand. Corporate Express has introduced the *In-Stock Catalog* in

all of its United States regions as well as Canada and Australia. Substantially all products featured in the *In-Stock Catalog* are purchased by Corporate Express directly from the manufacturer, or its agents at comparable prices, eliminating the intermediate wholesaler's mark-up. A broad selection of specialty computer and imaging supplies, furniture and other items are listed in various Company specialty catalogs.

The number of items found in the *In-Stock Catalog* is comparable to that found in a typical office products superstore, although the merchandise mix differs substantially. Products are selected for the *In-Stock Catalog* utilizing computerized sales trend analyses which determine the best-selling items and needs of the large corporate customer. The *In-Stock Catalog* is updated annually to account for new sales trends, new product introductions and changes in manufacturers' list prices. The *In-Stock Catalog* includes a full-color photograph of each item, a narrative product description that emphasizes the particular benefits and features of each item and a bar code to permit electronic order entry. In addition to the *In-Stock Catalog*, Corporate Express has introduced or will soon introduce supplementary specialty catalogs for complementary products and services, including additional computer and imaging products, office furniture, refreshment and coffee service items and advertising specialties. The Company also offers an electronic version of its in-stock office products catalog.

Computer Software. The recent acquisition of ASAP enables Corporate Express to offer its customers microcomputer ("PC") software, and help desk, training, installation and evaluation support for IBM, IBM-compatible and Macintosh PC's, and for all major operating systems such as DOS, Windows, OS/2, Netware and UNIX. The Company's product offering includes major business programs for word processing, spreadsheets, electronic mail, suites/offices, databases, graphics, operating systems, utilities and languages.

Services. Through its Delivery operations, the Company provides same day local delivery service including both prescheduled and on-demand delivery services and offers distribution logistics management based on the specific needs of each customer as well as call center services.

Distribution Facilities

The Company's distribution network consists of 73 warehouses that maintain significant inventory for resale and 285 distribution breakpoints and satellite sales offices which extend the Company's geographic coverage. Corporate Express plans to eliminate redundant facilities in the United States and abroad such that it typically will operate from a single regional warehouse which also supports multiple distribution breakpoints and satellite sales offices in each of its regions. Items stocked in regional warehouses will generally consist of the most commonly ordered items for which customers demand next-day or same-day delivery through Company owned or contracted vehicles.

Proprietary Computer Software Applications

Corporate Express continues to make substantial investments in the development and enhancement of its proprietary computer software applications. The Company has significantly increased its information systems development staff and expects to dedicate substantial additional resources to its software applications as the Company executes its expansion plans, increases the scope of its product and service offerings and responds to customer needs and technological developments.

During April 1996, Corporate Express began the implementation of a new 3.0 release of its "ISIS" computer software which is being developed to incorporate three-tier client/server architecture that is expected to permit customers and suppliers to better communicate with Corporate Express. ISIS is being designed in its new release to give Corporate Express the ability to more readily customize its product offering, operating procedures and customer services, and will give Corporate Express the ability to integrate various products and service offerings, enabling it to reduce procurement costs for its customers and add value as a service provider. Key features of ISIS are the use of object oriented design techniques and a relational database designed to handle warehouse and management information applications.

Through these enhanced systems, Corporate Express expects to be able to make its products and services available to a broader array of customers and to further customize customer services and account data. The new systems are expected to allow Corporate Express to more effectively integrate acquisitions by more rapidly converting acquired operations to its systems and to streamline operations by providing greater electronic access among the Company, its customers and suppliers, but there can be no assurance that such goals will be attained. Pending full introduction of the ISIS upgrades, which should take approximately 24 months to complete in North America, certain acquired operations are expected to continue to run on the computer systems acquired with such operations, but all United States office products regions purchased before February 1996 are linked to Corporate Express' national accounts and accounting systems.

The Company anticipates that ongoing modifications to its computer systems such as the introduction of the new release of ISIS will continue to be made in the future. Such modifications may cause disruptions in operations, delay the integration of acquisitions, or cost more to design, implement or operate than currently budgeted. Any such disruptions, delays or costs could have a material adverse effect on the Company's operations and financial performance.

Customer Relationships, Sales and Marketing

Corporate Express has a broad customer base and believes that no single customer accounted for more than one percent of total sales during fiscal 1995. The Company relies on separate commission-based sales forces dedicated to each of its major product and service categories thereby ensuring product and service knowledge among its principal customer contacts.

Corporate Express establishes and maintains its relationships with its customers by assigning an account manager and typically a customer service representative to each customer account. The Company's account managers can offer customers customized merchandising and purchasing programs tailored to the customers' needs. Corporate Express generally offers a discount (negotiated by customers) on many products from the manufacturers' suggested list prices. Prices for some high volume items are often established by competitive bidding.

The Company markets its various services directly to individual customers by designing and offering a customized service package for that customer after determining its specific needs. A substantial portion of the Company's revenues from services is derived from customers who have entered into contracts with the Company.

The Company's national accounts program focuses on the sale of a broad array of the Company's products and services to multi-location customers. The marketing of this program is coordinated by a national accounts sales team with dedicated data processing support.

Account managers have frequent contact with their customers and share responsibility for increasing account penetration and solving customer problems. Account managers are also responsible for all marketing efforts directed at an explicit list of prospective customers assigned to them and for responding to all bid or contract situations for existing or prospective customers. Corporate Express has not conducted significant mass market advertising.

International Operations

The Company acquired or made investments in companies in Canada and Australia in 1995, and the United Kingdom and New Zealand in 1996, and plans to enter additional international markets in the future. Over time, the Company plans to implement appropriate aspects of the Corporate Supplier business model in its international operations, including creating in-stock catalogs, consolidating warehouses, upgrading information systems, acquiring companies offering complementary products and services and focusing on larger customers and national and international accounts.

In 1995, Corporate Express acquired a controlling interest in Macquarie Office Limited ("Macquarie"). Since its acquisition, Macquarie, which is now named Corporate Express Australia, has become the largest supplier

of office products to large Australian corporations, primarily through additional acquisitions of five companies. The Company is currently integrating the catalog and operations distribution facilities of these acquired companies. Corporate Express Australia also made two acquisitions in New Zealand in 1996. Due to a review of the Australian office products market by the Australian Competition and Consumer Commission, future acquisitions of office products suppliers by Corporate Express Australia may be subject to heightened regulatory scrutiny.

In February 1995, the Company entered the Canadian market by acquiring two office product suppliers in Vancouver, British Columbia and Calgary, Alberta. Since then, the Company has acquired three additional Canadian office products suppliers, and extended its geographic coverage to cover other English speaking areas of Canada. In 1996, the Company also acquired a same-day local delivery company in Ottawa. The Company plans to run its Canadian operations as part of its North American distribution network, and is structuring its integration plans to that end. An in-stock catalog, modified to account for market differences in Canada, was introduced in the Canadian regions in April 1996.

In 1996, Corporate Express U.K. entered the United Kingdom through the acquisition of a controlling interest in The Chisholm Group, an office products supplier in the London area. The Company has an option to purchase the remainder of The Chisholm Group. Since that acquisition, Corporate Express U.K. has acquired three other U.K. office products suppliers, extending its geographic coverage.

Also in 1996, the company entered into a definitive agreement to acquire an office products company in Germany.

Expansion into international markets involves unique risks in addition to those risks relating to acquisitions in general. These risks include risks relating to implementing elements of the Company's business model as well as risks relating to currency exchange rates, new and different legal and regulatory requirements, difficulties in staffing and managing foreign operations, operating difficulties and other factors.

Expansion Strategy

The Company historically has grown and intends to continue to grow in the future through a combination of acquisitions and internal growth. The Company plans to increase sales to existing customers by cross-selling its expanded product and service offering and developing existing customers into international, national or multi-regional accounts. The Company believes that its expanded product line and expanding geographic coverage enable it to offer its customers a broad array of non-production goods and services to address their desire to reduce the number of suppliers with which they interact. Corporate Express seeks to attract new customers, including national and international accounts, through the marketing efforts of its direct sales force. Further, the merger with Delivery has expanded the Company's delivery capabilities and geographic coverage in the United States and Corporate Express intends to develop sales efforts in these new geographic areas. In addition, the Company may open additional satellite sales offices and distribution breakpoints to serve new accounts.

The Company believes that its domestic and international network of centrally-managed warehouses and direct sales force provide the infrastructure to supply a broad range of non-production goods and services. Since 1994, the Company has added, through acquisitions, the following product and service categories to its core office products and furniture categories: forms management and printing services, same-day local delivery services, distribution logistics management, computer and imaging supplies, computer software and advertising specialties. The Company may add additional product categories either internally or through acquisitions in the future and may increase its presence in existing product and service categories through acquisitions and product line expansion.

The recent additions by the Company to its product and service offering presents certain risks and uncertainties involving the Company's relative unfamiliarity with these new products and services and the market for such new products and services. There can be no assurance that the Company will be successful in marketing these

or other additions to its product and service offering or that its existing customers will accept such additions to the products and services currently purchased from the Company.

Structure and Integration of Acquisitions

The Company has grown through numerous acquisitions of smaller United States office products and service companies and the Company expects that such acquisitions will continue to be an important contributor to the future growth of its operations. However, there can be no assurance that the Company will be able to continue to complete acquisitions at the same rate that it has in the past or that such acquisitions, if completed, will prove to be beneficial to the Company. Many of these acquisitions involve companies with annual sales of less than \$30 million. In addition, the Company has acquired companies in international markets including Canada, Australia, the United Kingdom and New Zealand.

Consideration for all acquisitions typically involves any or all of cash, promissory notes and, in certain cases, common stock. Acquisitions are made pursuant to acquisition agreements containing customary representations, warranties, covenants and indemnification provisions. The Company typically obtains noncompete and confidentiality agreements from selling owners and may enter into employment or consulting agreements with key personnel of the acquired company. For many recent acquisitions, the period between the execution of a letter of intent and consummation of an acquisition has been 20 to 60 days.

The Company generally seeks to increase the sales, profitability and asset productivity of its acquisitions by combining them with the Company's existing operations, implementing the Company's business model and eliminating redundant facilities. Integration of acquisitions is often a complex process which may entail material, nonrecurring expenditures, including facility closing costs, warehouse assimilation expenses and severance payments. These expenditures have in the past had, and may continue to have, an adverse impact on the Company's results of operations. Integration of acquisitions generally involves the following elements:

Elimination of Redundant Facilities and Services. In cases where acquired companies have facilities, systems and administrative functions in the Company's existing markets, these operations are eliminated or consolidated with Corporate Express' existing operations.

Upgrading of Facilities. In addition to eliminating redundant facilities, Corporate Express has recently undertaken a program to upgrade certain of its existing facilities to enable these facilities to handle higher sales volumes resulting from its acquisition activity and internal growth. These upgrades include modernization of equipment and systems, phone systems and wide area network standardization and the reconfiguration of inventory within the warehouse. Corporate Express will also, where appropriate, develop new facilities into which existing, outdated facilities will be combined. Planned expenditures for such upgrading and development are included in the Company's capital expenditure budget.

Consolidation of Purchasing Power. As part of its integration of acquisitions, Corporate Express takes advantage of its volume purchasing power and seeks to negotiate better prices and terms from vendors.

Implementation of Proprietary Computer Software. Acquired companies are generally incorporated into the Company's proprietary computer software environment, including EDI, common master information files, national accounts software and customer ordering, inventory management software, etc. These implementations will be timed with respect to recent acquisitions to coincide with introduction of the Company's next generation of computer software. See "—Proprietary Computer Software Applications."

The Company implements various aspects of the Corporate Express business model as appropriate in its international acquisitions. For example, the Company will typically retain and rely on existing management and information systems and may, depending on the circumstances, defer implementation of the *In-Stock Catalog* and

modifications to the information systems. Similarly, with respect to the acquisition of companies which offer complementary products, the Company concentrates initially on its marketing efforts to enhance and expand its product and services offering.

The Company anticipates that acquisitions will continue to constitute a principal component of growth in revenue and operating income. However, there can be no assurance that the Company will be able to identify and acquire acceptable acquisition candidates on terms favorable to it and in a timely manner to the extent necessary to fulfill its expansion plans. The Company may require additional debt or equity financing for future acquisitions, which additional financing may not be available on favorable terms. The failure to complete acquisitions and continue its expansion could have a material effect on the Company's financial performance.

As the Company proceeds with its acquisition strategy, it will continue to encounter certain risks associated with such acquisitions. There can be no assurance that the Company's management and financial controls, personnel, computer systems and other corporate support systems will be adequate to manage the increase in the size and scope of the Company's operations and acquisition activity. In addition, there can be no assurance that the Company will be able to successfully implement its business plan in a timely manner without substantial costs, delays or other problems. Recent acquisitions may not achieve sales, profitability and asset productivity commensurate with Corporate Express' existing operations. In addition, consolidation, centralization and integration of widely dispersed businesses involves a number of special risks, including adverse short-term effects on Corporate Express' reported operating results, the diversion of management's attention, the dependence on retention, hiring and training of key personnel, management of disparate financial and accounting reporting systems, the amortization of acquired intangible assets and risks associated with unanticipated problems or legal liabilities, some or all of which could have a material adverse effect on the Company's operations and financial performance.

Industry Segment Data

Information on the Company's industry segments is presented in Note 14 of the Notes to the Consolidated Financial Statements.

Competition

Corporate Express operates in a highly competitive environment. The Company's principal competitors in North America for office supplies and computer products are regional and national contract stationers, including the contract stationer operations of office products superstores, large direct resellers, privately-held companies that generally operate in only one location, and distributors of business software for personal computers. In the delivery services sector the Company has numerous competitors, certain of which have service capabilities which are equal to the Company's and others which provide different types or levels of service.

Each of the Company's major product and service categories are within fragmented industries which are currently experiencing a trend toward consolidation. Although the Company believes its pricing is competitive with its competitors, Corporate Express also seeks to differentiate itself from its competitors in each of its major product and service categories through its customer service. Certain of the Company's competitors have greater financial resources than Corporate Express. However, Corporate Express believes that its Corporate Supplier model increases its differentiation from its competitors by offering a single source of products and services for the corporate office.

Employees

As of April 30, 1996, the Company had 12,413 full-time employees, 2,522 of whom were employed primarily in management and administration, 5,171 in regional warehouse, delivery and distribution operations and

4,720 in sales and marketing, order processing and customer service. As of April 30, 1996, approximately 177 of the Company's employees were members of labor unions.

Environmental Matters

The Company is subject to federal, state and local laws, regulations and ordinances that (i) govern activities or operations that may have adverse environmental effects, such as discharges to air and water as well as handling and disposal practices for solid and hazardous wastes, or (ii) impose liability for the costs of cleaning up, and certain damages resulting from, sites of past spills, disposals or other releases of hazardous substances. Certain of the Company's subsidiaries operate printing facilities which may generate, or may have generated in the past, hazardous wastes, and the Company operates a fleet of vehicles, the maintenance or fueling of which may generate hazardous waste.

The Company currently is not aware of any environmental conditions relating to present or past waste generation at or from these facilities, or any other of the Company's facilities or operations, that would be likely to have a material adverse effect on the financial condition or results of operations of the Company. However, there can be no assurance that environmental liabilities in the future will not have a material adverse effect on the financial condition or results of operations of the Company.

Important Factors Regarding Forward-Looking Statements

Some of the information presented in this report constitutes forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results of the Company's operations will not differ materially from its expectations. Factors which could cause actual results to differ from expectations include, among others, uncertainties related to integrating recent acquisitions, uncertainties relating to the Company's new product and service offerings, uncertainties related to legislation with respect to independent contract drivers, uncertainties related to future domestic and international acquisitions, uncertainties related to the Company's systems and proprietary software, uncertainty of whether the Company's activities will continue to be successful, and uncertainties related to competition and the demand for the products and services offered for by the Company. Specific reference is made to the risks and uncertainties described in the Company's Registration Statement of Form S-4, Registration No. 333-288.

ITEM 2. PROPERTIES

As of April 30, 1996, Corporate Express owned approximately 14 facilities and leased approximately 345 facilities. Of the 359 facilities, one was the corporate headquarters in Broomfield, Colorado, 73 were product distribution facilities, and 285 were sales administrative offices or delivery facilities. The Company's principal properties are as follows:

Product Distribution

United States - Regional Warehouses

Anchorage, Alaska	Miami, Florida	Cincinnati, Ohio
Phoenix, Arizona	Miami Lakes, Florida	Columbus, Ohio
Compton, California	Tampa, Florida	Tulsa, Oklahoma
Hayward, California	Atlanta, Georgia	Macon, Georgia
Tulsa, Oklahoma(Ross-Martin)	Idaho Falls, Idaho	Greenville, South Carolina
Union City, California	Fort Wayne, Indiana	Nashville, Tennessee
Aurora, Colorado	Baton Rouge, Louisiana	Lake Charles, Louisiana
Beaumont, Texas	Fort Worth, Texas	Jessup, Maryland
Houston, Texas***	Stratford, Connecticut	Savage, Maryland

New Castle, Delaware
Deerfield Beach, Florida
Ft. Lauderdale, Florida

Malden, Massachusetts
Kansas City, Missouri
Whippany, New Jersey

Renton, Washington
Wauwatosa, Wisconsin

Australia - Regional Warehouses

Canberra, Australian Capital Territory*
Cairns, Queensland
Perth, Western Australia*

Brisbane, Queensland**
Sydney, New South Wales**

Melbourne, Victoria***
Adelaide, South Australia**

New Zealand - Regional Warehouses

Auckland
Christchurch

Canada - Regional Warehouses

Calgary, Alberta
Vancouver, British Columbia
Halifax, Nova Scotia
Mississauga, Ontario

United Kingdom - Regional Warehouses

London*
Surrey
Manchester
Kingston
Cambridge
Gratham
Boston
Burton
Lyme Regis

* Two facilities in these locations

** Three facilities in these locations

*** Four facilities in these locations

Services

<u>State</u>	<u>Number of Facilities</u>	<u>State</u>	<u>Number of Facilities</u>	<u>State</u>	<u>Number of Facilities</u>
New York	31	Illinois	2	Utah	2
California	17	Oklahoma	4	Colorado	1
Texas	22	Virginia	2	Michigan	1
New Jersey	8	Connecticut	3	Minnesota	1
North Carolina	10	Georgia	3	Nevada	1
Pennsylvania	7	Louisiana	4	New Hampshire	1
Alabama	8	Maryland	2	New Mexico	1
Florida	7	Washington	2	Tennessee	1
Arizona	6	Maine	2	Wisconsin	1
Massachusetts	1	South Carolina	2	Ontario, Canada	2
Oregon	1	Missouri	2		

Due to the unavailability of adequate and suitable lease space in northern Colorado, in November 1995 the Company purchased real estate in Broomfield, Colorado for \$4,600,000 and began construction of its corporate headquarters, which will replace currently leased space and consolidate staff from five existing buildings. Construction of the new headquarters, which is expected to be funded when completed through third party financing, is currently estimated to cost approximately \$36,000,000.

The Company periodically evaluates the location and efficiency of its facilities to maximize customer satisfaction and increase economies of scale. The Company plans to eliminate redundant facilities such that it typically will operate product distribution from a single regional warehouse with satellite sales offices and distribution

breakpoints in each of its regions. The Company may also close, consolidate or relocate regional warehouses, satellite sales offices and distribution breakpoints from time to time.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in routine legal proceedings incidental to the conduct of its business. Management believes that none of these legal proceedings will have a material adverse effect on the financial condition or results of operations of the Company. The Company maintains general liability and business interruption insurance coverage in amounts which it believes to be adequate.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A special meeting of the Company's shareholders was held on March 1, 1996 to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger dated as of January 6, 1996, among the Company, DSU Acquisition Corp., a wholly-owned subsidiary of the Company, and Delivery and the conversion of each outstanding share of Delivery's common stock into 1.2 shares of the Company's common stock. Of the 50,515,713 shares of the Company's common stock issued and outstanding and entitled to vote at the meeting, there were present at the meeting, in person or by proxy, the holders of 37,219,940 common shares, or 73.6% of those shares eligible to vote, such percentage representing a quorum. With respect to the matter voted upon, the votes were cast as follows: Votes For - 36,697,392; Votes Against - 109,299; Abstentions - 14,401; Broker Non-Votes - 398,848.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Since the Company's initial public offering of its Common Stock on September 23, 1994, the Company's Common Stock has traded on the Nasdaq National Market under the symbol "CEXP." The following table sets forth, for the fiscal quarters indicated, the high and low closing sale prices for the Common Stock, as reported by the Nasdaq National Market:

	<u>High</u>	<u>Low</u>
Fiscal 1994		
Third Quarter (from September 23)	\$15.83	\$12.83
Fourth Quarter	17.50	11.00
Fiscal 1995		
First Quarter	20.00	15.33
Second Quarter	25.75	19.00
Third Quarter	29.88	20.00
Fourth Quarter	31.63	23.13

As of May 31, 1996, the Company's Common Stock was held by 568 holders of record.

The Company has never paid a dividend on its Common Stock. The Company does not anticipate paying any cash dividends on its Common Stock in the foreseeable future because it intends to retain its earnings to finance the expansion of its business and for general corporate purposes. Any payment of future dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, the Company's earnings,

financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends and other relevant factors. The Company's Senior Credit Facility prohibits the distribution of dividends without the prior written consent of the lenders and the Indenture governing the 9 1/8 Senior Subordinated Notes due 2004 (the "Notes") prohibits the Company from paying a dividend which would cause a default under such Indenture or which would cause the Company to fail to comply with certain financial covenants.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data for fiscal 1995 (the 12 months ending March 2, 1996), 1994 (the 12 months ending February 25, 1995), and 1993 (the 12 months ending February 28, 1994) have been derived from the Company's consolidated financial statements which have been audited by independent auditors. The selected consolidated financial data for fiscal 1992 and 1991 is derived from unaudited consolidated financial statements. The unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for these periods. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of the Company.

	<u>Fiscal Year</u>				
	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
(In thousands, except per share and operating data)					
Statements of Operations Data:(1)					
Net sales	\$1,590,104	\$927,918	\$ 337,094	\$ 237,473	\$ 195,783
Cost of sales(2)	1,173,255	681,962	254,698	175,309	144,418
Merger related inventory provisions (3)	<u>5,952</u>	<u>--</u>	<u>1,146</u>	<u>--</u>	<u>--</u>
Gross profit	410,897	245,956	81,250	62,164	51,365
Warehouse operating and selling expenses	297,275	188,464	69,851	49,383	38,489
Corporate general and administrative expenses	46,980	23,852	8,690	7,139	5,088
Merger and other nonrecurring charges (4)	<u>36,838</u>	<u>---</u>	<u>1,928</u>	<u>2,592</u>	<u>---</u>
Operating profit	29,804	33,640	781	3,050	7,788
Interest expense, net	15,396	15,610	4,463	4,087	5,109
Other expenses (income) (5)	<u>(724)</u>	<u>(352)</u>	<u>(126)</u>	<u>1,737</u>	<u>480</u>
Income (loss) before income taxes	15,132	18,382	(3,556)	(2,774)	2,199
Income tax expense	<u>10,952</u>	<u>6,164</u>	<u>1,894</u>	<u>947</u>	<u>1,326</u>
Income (loss) before minority interest	4,180	12,218	(5,450)	(3,721)	873
Minority interest	<u>1,436</u>	<u>69</u>	<u>152</u>	<u>---</u>	<u>---</u>
Income (loss) from continuing operations	2,744	12,149	(5,602)	(3,721)	873
Income (loss) from discontinued operations (6)	<u>---</u>	<u>---</u>	<u>138</u>	<u>(4,571)</u>	<u>(435)</u>
Income (loss) before extraordinary item	2,744	12,149	(5,464)	(8,292)	438
Extraordinary item (7)	<u>---</u>	<u>586</u>	<u>(1,169)</u>	<u>---</u>	<u>---</u>
Net income (loss)	<u>\$ 2,744</u>	<u>\$ 12,735</u>	<u>\$ (6,633)</u>	<u>\$ (8,292)</u>	<u>\$ 438</u>
Per common share:					
Income (loss) from continuing operations	<u>\$.04</u>	<u>\$.24</u>	<u>\$ (.21)</u>		
Net income (loss)	<u>\$.04</u>	<u>\$.25</u>	<u>\$ (.25)</u>		
Shares used to compute per share amounts	<u>68,057</u>	<u>49,195</u>	<u>32,265</u>		
Balance Sheet Data: (1)					
Working capital	\$ 217,243	\$131,202	\$ 68,084	\$ 25,560	\$ 21,061
Total assets	910,523	568,161	387,477	108,811	83,682
Long-term debt and capital lease obligations	137,468	166,427	161,881	38,576	39,339
Shareholders' equity and redeemable preferred (8)	496,514	240,470	100,045	25,528	14,502

- (1) The Delivery acquisition (effective March 1, 1996), the Young acquisition (effective February 27, 1996) and the acquisition of Lucas Bros., Inc. ("Lucas") (effective November 30, 1993) were accounted for as poolings of interests and, accordingly, the Delivery, Young and Lucas accounts and results are included for all periods presented.
- (2) Cost of sales includes occupancy and delivery expenses.
- (3) Reflects the write-down to market value of certain inventory which the Company has decided to eliminate from its product line in connection with the Delivery, Young and Lucas mergers.
- (4) Merger and other nonrecurring charges relate primarily to the mergers with Delivery and Young in fiscal 1995 and Lucas in fiscal 1993 and include, among other things, costs to complete the acquisitions, merging and closing redundant facilities, and centralizing certain administrative functions.
- (5) Includes a write-off of \$1.2 million of investments in fiscal 1992.
- (6) In November 1990, Corporate Express made a strategic decision to close all of its retail operations and, in February 1993, Lucas adopted a plan to discontinue its retail operations.
- (7) Reflects extraordinary loss related to a write-off of an unamortized discount on debt in fiscal 1993 and extraordinary gain related to the repurchase by the Company of \$10 million principal amount of Notes in fiscal 1994.
- (8) Redeemable preferred was converted to common stock in fiscal 1994.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and related notes thereto appearing elsewhere in this Form 10-K.

Some of the information presented in this Form 10-K constitutes forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, there can be no assurance that actual results of the Company's operations and acquisition activities and their effect on the Company's results of operations will not differ materially from its expectations. See "ITEM 1. - BUSINESS - Important Factors Regarding Forward Looking Statements."

General

Corporate Express has grown primarily through a series of acquisitions. The Company completed mergers with Delivery on March 1, 1996, Young on February 27, 1996 and Lucas on November 30, 1993, all of which were accounted for as poolings of interests. Accordingly, the Consolidated Financial Statements have been restated to include the accounts and operations of Delivery, Young and Lucas for all periods prior to these mergers. In connection with these mergers, Delivery and Young changed their 1995 fiscal year ends to March 2, 1996, in order to conform to the fiscal year end of Corporate Express. References to fiscal 1994 and prior fiscal years refer to Delivery's December 31 year end and Young's September 30 year end.

During the fourth quarter of fiscal 1995, the Company recorded expenses of \$42,790,000 primarily related to the mergers with Delivery and Young and the financial impact of management's decisions related to the future operations of the combined companies. These merger and other nonrecurring charges consisted of transaction costs, costs related to severance and termination agreements, facility closure costs and the cost of consolidations of operations and administrative functions among the companies, the reduction in recorded value of certain assets that had diminished future value in the operations of the combined company, and other related costs.

Through acquisitions since fiscal 1991, the Company has significantly increased the scope of its operations from a regional warehouse in Colorado to operations throughout the United States, Canada, the United Kingdom, Australia and New Zealand. Substantial emphasis will be placed in fiscal 1996 on improving operations while implementing the Corporate Express business model in the most recently acquired operations and on pursuing additional acquisition opportunities. Similarly, Delivery has grown primarily through acquisitions. Corporate Express expects to enhance the Delivery acquisition program. These anticipated acquisitions will result in increased accounts receivable, inventory, accounts payable and other account balances, as well as increased warehouse closing costs in future periods. Implementation of the Company's expansion and acquisition strategy, both domestically and internationally, involves significant risks and uncertainties. See "Business - International Operations; Expansion Strategy; Structure and Integration of Acquisitions."

In addition to acquisitions, Corporate Express will place substantial emphasis on internal growth through implementation of the Corporate Express business model. The Company also plans to increase sales to existing customers by cross-selling its expanded product and service offering and developing existing customers into international, national or multi-regional accounts.

International markets historically have higher profit margins and higher operating costs than the Company experiences domestically. Certain complementary products now offered by the Company, such as computer software, have lower profit margins and lower operating costs than the products traditionally sold by the Company. In addition, the acquisition of companies with break-even or marginal operating results may impact the margins and profitability of the Company.

Results of Operations

The following table sets forth the percentages which the items in the Company's consolidated statements of operations bear to net sales for the periods indicated:

	Fiscal Year		
	1995	1994	1993
Statements of Operations Data:			
Net sales	100.0%	100.0%	100.0%
Cost of sales	73.8	73.5	75.6
Merger related inventory provisions	<u>0.4</u>	<u>--</u>	<u>0.3</u>
Gross profit	25.8	26.5	24.1
Warehouse operating and selling expenses	18.7	20.3	20.7
Corporate general and administrative expenses	2.9	2.6	2.6
Merger and other nonrecurring charges	<u>2.3</u>	<u>0.0</u>	<u>0.6</u>
Operating profit	1.9	3.6	0.2
Interest expense, net	0.9	1.6	1.3
Other income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Income (loss) before income taxes	1.0	2.0	(1.1)
Income tax expense	<u>0.7</u>	<u>0.7</u>	<u>0.6</u>
Income (loss) before minority interest	0.3	1.3	(1.7)
Minority interest	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>
Income (loss) from continuing operations	0.2	1.3	(1.7)
Income (loss) from discontinued operations	<u>--</u>	<u>--</u>	<u>0.0</u>
Income (loss) before extraordinary item	0.2	1.3	(1.7)
Extraordinary gain (loss)	<u>--</u>	<u>0.1</u>	<u>(0.3)</u>
Net income (loss)	<u>0.2%</u>	<u>1.4%</u>	<u>(2.0)%</u>

Fiscal Years 1995 and 1994

Net Sales. Consolidated net sales increased 71% to \$1,590,104,000 in fiscal 1995 from \$927,918,000 in fiscal 1994. Net sales for the Company's product distribution increased 76.3% from \$707,653,000 in fiscal 1994 to \$1,247,640,000 in fiscal 1995 while services increased 55.5% from \$220,265,000 to \$342,464,000 in the same periods. These increases were primarily attributable to 51 acquisitions in fiscal 1995 of which 28 were product based companies (17 in the United States, three in Canada, six in Australia, and two in the United Kingdom), seven were repurchases of computer product franchisees by Young (all in the United States) and 16 were service based companies principally in the delivery and distribution services business (all in the United States). Also contributing to the sales increase was strong internal growth reflecting increased market penetration in office products distribution and higher demand for the Company's local delivery services.

International operations accounted for 10.5% of total sales or \$166,296,000 in fiscal 1995 and .2% of total sales or \$1,694,000 in fiscal 1994. The Company entered the international market by acquiring two Canadian office product distributors in February 1995. The Company expanded its international operations in fiscal 1995 to include operations in Canada, Australia, and the United Kingdom.

Gross Profit. Cost of sales includes merchandise, occupancy and delivery costs (including fees paid to drivers and transportation and delivery agents). Consolidated gross profit as a percentage of sales was 25.8% for fiscal 1995 compared to 26.5% for fiscal 1994. Included in cost of sales in fiscal 1995 is a merger related inventory provision of \$5,952,000, representing 0.4% of sales. In connection with the Delivery and Young mergers, the Company made

the decision to expand to new product categories, while discontinuing certain low-end products, to standardize core product lines and to eliminate certain inventory historically maintained for specific customers and has written this inventory down to its fair market value at March 2, 1996. Excluding this merger related provision, gross profit as a percentage of sales was 26.2% for fiscal 1995 compared to 26.5% for fiscal 1994.

The gross profit percentage of sales for office products, excluding the merger related inventory provision, was 25.0% in both fiscal 1995 and fiscal 1994. The merchandise margin component of gross profit increased from 1994 to 1995 for the office products segment primarily as a result of increased purchasing efficiencies and benefits associated with the *In-Stock Catalog* and increased vendor rebates. In the third quarter of fiscal 1995, the Company received additional vendor rebates resulting from higher than expected purchase volume due to acquisitions. Excluding these additional third quarter rebates, domestic vendor rebates, including catalog participation payments but excluding cash payment discounts, increased to 3.8% of domestic office products revenue in fiscal 1995 from 3.5% in fiscal 1994. This increase in rebates reflects the benefits of the Company's merchandising strategy to reduce the number of vendors included in the Company's proprietary *In-stock Catalog* thereby increasing the sales dollars per vendor. These improvements in the merchandise component of gross profit were offset by the impact of lower gross profit from newly acquired operations which initially have lower merchandise margins and higher delivery and occupancy costs, and by supplier price increases on certain products lines, particularly paper products, on which price increases to the Company were often effective before corresponding price increases were passed on to customers.

The gross profit percentage in the service segment was 30.8% in fiscal 1995 compared to 31.3% in fiscal 1994. The decrease in the gross profit percentage in the service segment is primarily attributable to increased delivery costs resulting from unusually severe winter weather in the northeast.

Warehouse Operating and Selling Expenses. Warehouse operating and selling expenses primarily include labor and administrative costs associated with operating regional warehouses and sales offices, selling expenses and commissions related to the Company's direct sales force and warehouse assimilation costs. Warehouse operating and selling expenses decreased as a percentage of sales to 18.7% in fiscal 1995 from 20.3% in fiscal 1994. This decrease reflects cost savings as a result of the implementation of the Corporate Express business model at certain regional warehouses, which includes centralizing certain administrative functions. Also contributing to this decrease is a reduction of approximately \$3,100,000 in Delivery compensation expense which was eliminated in fiscal 1995 pursuant to agreements made in connection with companies acquired in poolings of interest acquisitions.

Reduction to warehouse operating and selling expense as a percentage of sales in fiscal 1995 was partially offset by contract labor warehouse operating costs of \$1,754,000 related to the consolidation of the San Jose and Hayward facilities in Northern California. This consolidation took longer than expected due to a variety of issues including a search for a suitably larger facility, timing of former tenants vacating the expansion space, delays in obtaining building permits, labor negotiations and the need to integrate these facilities cautiously to ensure uninterrupted service to customers. In addition, this integration and computer conversion was more costly than anticipated because it took more hours to complete related tasks including all aspects of data conversion to comply with Corporate Express standard product files. Combining the San Jose and Hayward facilities was the most significant integration the Company had attempted to date. Both were large distribution centers, approximately equal in size, with different customers and non-compatible SKU reference numbers for those products that were similar. Developing data consistency in the customer files, inventory records, invoicing format, and other related areas required more effort than originally anticipated due to the volume of data and the inconsistent product files.

Corporate General and Administrative Expenses. Corporate general and administrative expenses include central expenses incurred to provide corporate oversight and support for regional operations and goodwill amortization. Corporate general and administrative expenses increased to \$46,980,000 in fiscal 1995 from \$23,852,000 in fiscal 1994, reflecting the Company's expanded operations. As a percentage of net sales, corporate general and administrative expenses increased to 2.9% in fiscal 1995 from 2.6% in fiscal 1994. This increase reflects the costs associated with developing a larger corporate staff to support acquisition efforts and expanded operations, including an expanded information system staff, and increased goodwill amortization resulting from purchase acquisitions in fiscal 1994 and fiscal 1995.

Merger and Other Nonrecurring Charges. During the fourth quarter of fiscal 1995, the Company recorded \$36,838,000 in merger and other nonrecurring charges (in addition to \$5,952,000 in merger related inventory provisions) primarily in conjunction with the acquisitions of Delivery and Young. The charges include the actual costs of completing the acquisitions and additional costs associated with a plan to integrate the combined companies' operations. The major activities associated with the plan include merging various Delivery and Young facilities into company locations, closing duplicate facilities and centralizing certain administrative functions. The Company expects to complete this plan within two years. These merger and other nonrecurring charges include merger transaction related costs of \$13,273,000; severance and employee termination costs of \$7,457,000 (representing approximately 760 employees); facility closure and consolidation costs of \$9,693,000; and other asset write-downs and costs of \$6,415,000. Of the \$36,838,000 charges, \$7,724,000 are non-cash charges. (The charges incurred are for domestic operations only. See Note 3 to the Consolidated Financial Statements).

Operating Profit. Consolidated operating profit of \$29,804,000, or 1.9% of net sales, in fiscal 1995 was less than the operating profit of \$33,640,000, or 3.6% of net sales, in fiscal 1994 due to the merger and other nonrecurring charges recorded in the fourth quarter of fiscal 1995. Operating profit before merger related and other nonrecurring charges of \$72,594,000 for fiscal 1995 increased 115.8% over fiscal 1994 operating profit reflecting increased acquisitions, internal growth, and improved operating efficiencies. Operating profit before nonrecurring charges for the office products segment increased to \$49,587,000, or 120.4%, in fiscal 1995 over fiscal 1994 operating profit of \$22,498,000. Operating profit before nonrecurring charges for the delivery segment increased 106.5% to \$23,007,000, or 6.7% of net sales, in fiscal 1995 from \$11,142,000, or 5.1% of net sales, in fiscal 1994. Operating profit as a percentage of sales for international operations was 3.4% and accounted for 11.3% of total office products operating profit before nonrecurring charges in fiscal 1995.

Interest Expense. Net interest expense of \$15,396,000 in fiscal 1995 was relatively unchanged from \$15,610,000 in fiscal 1994. Decreases due to the elimination of the 0.5% per annum additional illiquidity payment of the Notes effective upon completion of a registered exchange offer in March 1995 and principal reductions on the line of credit using funds from the public offerings of Common Stock completed in March 1995 and September 1995 were largely offset by higher levels of Delivery and Young debt outstanding as a result of their increased borrowings to fund acquisitions and to provide the additional working capital required as a result of increased business. On February 27, 1996, the Company borrowed on its line of credit and repaid in full, as required under its terms, the Young revolving line of credit balance of \$10,809,000 which bore interest at prime plus 1.25%, the Young subordinated debt of \$11,930,000 which bore interest at 17.5% and debt payable to the selling shareholders of \$10,834,000 which bore interest at 9.75%. The Delivery bank credit facility became due as of the acquisition date due to a change of control provision. This facility was amended to expire on May 31, 1996 to provide time for the Company to renegotiate its primary bank revolver, which has been completed and the Delivery credit facility has been repaid. See "Liquidity and Capital Resources."

Minority Interest. Minority interest increased to \$1,436,000 in fiscal 1995 from \$69,000 in fiscal 1994, reflecting a 47.5% minority interest in Corporate Express Australia and a 49.0% minority interest in Corporate Express United Kingdom. The Company acquired a 52.5% ownership interest in Corporate Express Australia in May 1995 and a 51.0% ownership interest in Corporate Express United Kingdom in December 1995.

Net Income. Net income of \$2,744,000 in fiscal 1995 compared to net income of \$12,735,000 in fiscal 1994. This decrease reflects the merger and other nonrecurring charges recorded in fiscal 1995 offset by contributions from purchase acquisitions and increased profits from the Company's more mature operations. The pre-tax profitability is reduced by an increase in the effective tax rate to 72.4% in fiscal 1995 from 33.5% in fiscal 1994. The fiscal 1995 tax rate reflects certain non-deductible merger costs, international tax rates, the utilization of certain NOLs, and certain non-deductible goodwill. During fiscal 1995, the Company prepared projections of future taxable income and concluded that the realization of all non-restricted U.S. net operating losses was more likely than not. Accordingly, the valuation allowance was reduced, and at the end of the year, the remaining valuation allowance related exclusively to acquired net operating losses subject to restrictions on realization. The fiscal 1994 tax rate included the utilization of certain NOLs and certain non-deductible goodwill. The principle reason the 1995 effective tax rate exceeds the

1994 effective tax rate is the non-deductibility of certain merger costs. The fiscal 1994 period included in net income an extraordinary gain of \$586,000, net of tax, related to the repurchase of \$10,000,000 principal amount of Notes.

Other. The accounts receivable balance at March 2, 1996 of \$266,360,000 increased \$101,116,000 from \$165,244,000 at February 25, 1995 primarily as a result of acquired receivables of \$60,503,000 and internal sales growth in existing regions. The allowance for doubtful accounts as a percentage of consolidated accounts receivable was 2.0% and 3.0% at the end of fiscal 1995 and fiscal 1994, respectively. This decrease reflects the fact that the Company's historical bad debt write-offs have been very low due to the high credit quality of its customers, resulting from the Company's focus on large corporations, and the fact that, in certain cases, the seller guarantees acquired receivables. In most acquisitions, the seller guarantees the receivables for a period of time, and if they are not collected, that amount is deducted from escrow accounts prior to final payment to the seller.

The inventory balance at March 2, 1996 of \$101,995,000 increased \$34,839,000 from \$67,156,000 at February 25, 1995 primarily as a result of acquired inventories of \$26,017,000, increased sales and the introduction of new products from the *In-Stock Catalog* into acquired operations.

Goodwill at March 2, 1996 of \$324,603,000 increased \$116,097,000 from \$208,506,000 reflecting additions from acquisitions of \$129,591,000 offset by current year amortization and reversals of \$5,250,000. This increase in goodwill will result in increased amortization expense in future periods.

The accounts payable balance at March 2, 1996 of \$135,069,000 increased \$46,498,000 from \$88,571,000 at February 25, 1995 primarily as a result of acquired trade payables of \$57,481,000, offset by reduced days in accounts payable.

Accrued purchase costs at March 2, 1996 of \$3,049,000 decreased by \$8,203,000 from the February 25, 1996 balance of \$11,252,000. This decrease reflects acquisition additions of \$4,145,000, usage of \$7,098,000, and reversals of \$5,250,000. The reversal relates to excess computer conversion costs not fully utilized in connection with the Hanson acquisition of \$3,723,000 and excess accrued purchase cost estimates for other fiscal 1994 acquisitions of \$1,527,000. All reversals reduced goodwill in the fourth quarter of fiscal 1995. The remaining balance represents the current estimate for costs to be incurred in conjunction with current consolidation projects in South Florida, Canada, and certain newly acquired operations.

Fiscal Years 1994 and 1993

Net Sales. Net sales increased 175.3% to \$927,918,000 in fiscal 1994 from \$337,094,000 in fiscal 1993. Net sales in the product distribution segment increased 200.0% to \$707,653,000 in fiscal 1994 from \$235,918,000 in fiscal 1993 while its service segment increased 117.7% to \$220,265,000 from \$101,176,000 in the same periods. These increases were primarily attributable to 26 asset or stock purchase acquisitions, the largest of which were the Hanson Office Products Group ("Hanson") acquisition on February 28, 1994 and Delivery's initial acquisition of the Founding Companies on April 1, 1994. Of the 26 acquisitions, 11 were product based companies (9 in the United States and two in Canada), three were repurchases of computer product franchises by Young, and 12 were service based companies principally in the delivery and distribution services business (all in the United States). Of the 11 product based acquisitions, Hanson closed at the end of fiscal 1993, six closed in the second quarter, and four closed in the fourth quarter. Of the three computer product franchise repurchases, one was acquired in the first quarter and two were acquired in the fourth quarter. Also contributing to the sales increase was the inclusion of the results of operations of the Delivery Founding Companies beginning April 1, 1994, additional revenues from companies which were acquired in acquisitions accounted for as purchases during fiscal 1994 and internal growth.

Gross Profit. Consolidated gross profit as a percentage of sales was 26.5% for fiscal 1994 compared to 24.1% for fiscal 1993. Included in cost of sales for fiscal 1993 is a merger related inventory provision of \$1,146,000. In connection with the Lucas merger, the Company adjusted to market value certain furniture and stationery products which would no longer be merchandised by Lucas. The gross profit percentage, excluding the merger related inventory

provision was 26.5% in fiscal 1994 compared to 24.4% for fiscal 1993. The gross profit percentage in product distribution, excluding the merger related inventory provision increased to 25.1% in fiscal 1994 from 22.3% in fiscal 1993 while services gross profit percentage increased to 31.3% from 29.5% in the same periods. Increases in product distribution reflect increased purchasing efficiencies and benefits associated with the *In-Stock Catalog* and increased vendor rebates. Increases in services are attributable to higher margins from the Founding Delivery Companies.

Warehouse Operating and Selling Expenses. Warehouse operating and selling expenses decreased as a percentage of sales to 20.3% in fiscal 1994 from 20.7% in fiscal 1993. This decrease reflects the higher revenue base due to the inclusion of results of operations from the Founding Companies partially offset by the impact of the Richard Young operation which has a much lower expense to revenue ratio and was a much larger percentage of total sales in fiscal 1993.

Corporate General and Administrative Expenses. Corporate general and administrative expenses increased to \$23,852,000 in fiscal 1994 from \$8,690,000 in fiscal 1993, reflecting the Company's expanded operations and the establishment of the service segment in April 1994. As a percentage of net sales, corporate general and administrative expenses were 2.6% in both fiscal 1994 and fiscal 1993. Increases related to the establishment of the Delivery corporate staff in fiscal 1994 were offset by the leveraging of general and administrative expense over a higher revenue base.

Merger and Other Nonrecurring Charges. During the period ended February 28, 1994, the Company recorded \$1,928,000 in merger and other nonrecurring charges in conjunction with the acquisition of Lucas. The charge included the actual costs of completing the acquisition and additional costs associated with consolidating the companies.

Operating Profit. Operating profit of \$33,640,000 in fiscal 1994 compares to operating profit of \$781,000 in fiscal 1993. Operating profit before nonrecurring charges for office products increased to \$22,498,000 in fiscal 1994 from \$2,571,000 in fiscal 1993. This increase reflects the contribution of acquired companies and increased regional operating profits at the Company's other regional operations. Operating profit for delivery services increased to \$11,142,000, or 5.1% of net sales, in fiscal 1994 from \$1,284,000, or 1.3% of net sales, in fiscal 1993.

Interest Expense. Net interest expense increased to \$15,610,000 in fiscal 1994 from \$4,463,000 in fiscal 1993. This increase was primarily due to the issuance of the Notes and borrowings under the Company's senior credit facilities to fund acquisitions and to provide the additional working capital required as a result of increased business.

Extraordinary Item. The extraordinary gain of \$586,000, net of tax, in the second quarter of fiscal 1994 related to the repurchase of \$10,000,000 principal amount of Notes. The extraordinary loss of \$1,169,000, net of tax, in fiscal 1993 related to the loss on the early extinguishment of debt in connection with the Lucas acquisition.

Net Income. Net income of \$12,735,000 in fiscal 1994 compared to a net loss of \$6,633,000 in fiscal 1993. This increase reflects the contributions from acquisitions and increased profits from the Company's more mature operations. Also contributing to this increase in net income was the extraordinary gain in fiscal 1994 and the extraordinary loss and merger and other nonrecurring charges recorded in fiscal 1993.

Liquidity and Capital Resources

Historically, the Company has financed its operations through internally generated funds and borrowings from commercial banks and has financed its acquisitions through the use of such funds and the issuance of equity and debt securities and, in certain instances, promissory notes.

In February 1994, at the time of the Hanson acquisition, the Company completed a private placement of \$100,000,000 of Notes. In July 1994, \$10,000,000 principal amount of the Notes was repurchased by the Company for \$9,300,000 plus accrued interest. Interest on the \$90,000,000 of outstanding Notes is payable semi-annually on March 15 and September 15 of each year. The Notes will mature on March 15, 2004 and will not be redeemable prior to March 15, 1999. Thereafter, the Notes will be redeemable at the option of the Company, in whole or in part. On

March 17, 1995, the Company completed an offer to exchange the privately placed Notes for registered Notes. The additional illiquidity payment of approximately 0.5% per annum ceased on completion of the exchange offer, reducing the Company's interest rate with respect to the Notes from approximately 9 5/8% to 9 1/8% per annum.

The Company had two separate credit facilities outstanding at March 2, 1996, one of which related to Delivery, for a combined borrowing capacity of \$145,000,000. The then existing Company credit arrangement of \$90,000,000 (the "Senior Credit Facility") bears interest, at Corporate Express' option at (i) the applicable 30-, 60-, 90-, or 180-day adjusted London Interbank Offering Rate ("LIBOR") plus 2.25% (plus or minus 0.25%), subject, with respect to the plus or minus 0.25% adjustment, to a performance-based grid based on Corporate Express' financial results and availability under the Senior Credit Facility or (ii) the applicable prime rate plus .50% (plus or minus 0.25%). The Delivery credit facility was amended on June 15, 1995 to increase the borrowing capacity to \$55,000,000, and borrowings under this facility bear interest at LIBOR plus 1.25% or the prime rate, at the Company's option. These rates are adjustable based upon certain financial ratios of the Company. In connection with its merger with the Company, Delivery's credit facility was amended to expire on May 31, 1996 in order to provide a short-term bridge to renegotiate existing inadequate facilities. Both facilities were subject to customary borrowing capacity requirements. On May 10, 1996, the Company renegotiated its credit facility and increased the facility amount to \$250,000,000 and lowered the cost of its borrowings to LIBOR plus 1.25% if borrowings are less than \$180,000,000 and LIBOR plus 1.5% if borrowings exceed \$180,000,000. These rates are subject to increase if the Company does not renegotiate its credit facility within 120 days, which the Company intends to do.

On March 30, 1995, a public offering of 6,770,625 shares of Common Stock was consummated at a price to the public of \$16.68 per share. Of the shares offered, 3,000,000 shares were sold by the Company and 3,770,625 shares were sold by selling security holders, including 264,938 shares issued upon exercise of warrants purchased by the underwriters. On September 15, 1995, the Company sold 16,324,528 shares in a follow-on public offering of its Common Stock, and selling shareholders sold 2,075,472 shares all at a price of \$24.00 per share. Of the \$375,200,000 of net proceeds to the Company from this offering, \$195,831,000 was used to pay for the purchase of the Common Stock held by OfficeMax, Inc., the Company's largest shareholder at the time, and \$61,000,000 was used to repay existing indebtedness. The remaining proceeds were used to finance acquisitions, capital expenditures and for general corporate purposes.

During fiscal 1995, the Company purchased 28 contract stationers for a net cash purchase price of \$76,653,000 (including five contract stationers purchased by Corporate Express Australia and one contract stationer purchased by Young), newly issued securities representing a 52.5% interest in Corporate Express Australia for a net cash outlay of \$98,000 (\$16,785,000 purchase price less cash acquired of \$16,687,000), and 16 delivery operations accounted for as purchases for a net cash purchase price of \$15,208,000. The Company also repurchased seven computer product franchises for \$21,187,000. Total liabilities assumed in connection with these acquisitions were \$92,347,000 (including accounts payable and assumed debt). In addition, the Company made payments of approximately \$6,044,000 related to acquisitions completed in fiscal 1994. During fiscal 1995, the Company sold its high-end furniture business for \$4,362,000, which was acquired as part of the acquisition of Joyce International, Inc.'s office products division ("Joyce"). The sale was contemplated at the time of the Joyce acquisition and was reflected in the financial statements accordingly.

The Company expended approximately \$51,765,000 in fiscal 1995 for capital expenditures for computer systems, warehouse reconfigurations, telecommunications equipment and delivery vehicles, leasehold improvements, and its corporate headquarters facility. The Company expects capital expenditures for fiscal 1996 of approximately \$70,000,000 (excluding capital expenditures for the new headquarters facility) comprised of approximately \$30,000,000 to be used for upgrading and enhancing its information systems, approximately \$17,500,000 for warehouse reconfiguration and equipment, approximately \$3,500,000 to be used for acquisition related initial capital costs, and approximately \$19,000,000 for transportation and telecommunications equipment. Actual capital expenditures for fiscal 1996 may be greater or less than budgeted amounts. In fiscal 1995, the Company purchased real estate of \$4,600,000 and began construction of its corporate headquarters, which will replace currently leased space. Construction of the new headquarters is currently estimated to cost approximately \$39,000,000.

Cash and cash equivalents increased by \$13,272,000 in fiscal 1995. This increase reflects net proceeds from the sale of Common Stock of \$428,881,000 (primarily from the March and September 1995 public offerings) offset by the purchase of Common Stock held by OfficeMax, Inc. for \$195,831,000, net payments on the line of credit of \$18,871,000, payments for capital expenditures during fiscal 1995 of \$51,765,000, as well as cash used for operations and repayment of debt of \$29,952,000. Net cash used for operating activities of \$18,508,000 reflects cash generated by net income plus non-cash expenses offset by an increased investment in accounts receivable and inventories reflecting increased sales and the introduction of the *In-Stock Catalog* into acquired operations. The repayment of debt includes the repayment of debt of acquired companies.

During fiscal 1994, the Company received approximately \$125,482,000 in net proceeds from the sale of its Common Stock, of which approximately \$103,000,000 was received through an initial public offering of 7,000,000 common shares in September 1994. Proceeds from the offering were used to repay the outstanding debt under the senior credit facility, which consisted of \$18,000,000 in term loans and \$41,000,000 of revolving debt, and to finance the expansion of the Company's business through subsequent acquisitions and for other capital expenditures.

During fiscal 1994, the Company purchased ten contract stationers for a net cash purchase price of \$59,720,000 and 26,250 shares of Common Stock and assumed notes and other current liabilities totalling \$5,325,000. In addition, the Company purchased 12 delivery operations for a net cash purchase price of \$8,242,000 and repurchased one computer product franchisee for a net cash purchase price of \$608,000. Total liabilities assumed in connection with these acquisitions were \$49,400,000 (including accounts payable and assumed debt). In addition, the Company made payments of approximately \$13,179,000 related to acquisitions purchased in fiscal 1993.

Cash and cash equivalents increased by \$1,442,000 in fiscal 1994. This increase reflects the net proceeds from the sale of Common Stock of \$125,482,000, the cash provided by operating activities of \$7,558,000 and other net increases of \$1,113,000; offset by cash paid for acquisitions of \$81,749,000, capital expenditures of \$16,078,000, cash paid to retire bonds of \$9,300,000, payments for the Young preferred stock redemption of \$7,500,000, and net repayments on short and long-term borrowings of \$18,084,000.

In May 1996 the Company purchased ASAP, a computer software distribution company, for approximately \$98,000,000 in cash. Approximately \$52,000,000 was paid at closing with additional payments of approximately \$46,000,000 due in July 1996, which deferred payment will be partially paid utilizing ASAP's cash balances which on the date of acquisition exceed \$10,000,000.

The Company believes the borrowing capacity under the credit facility, together with proceeds from future debt and/or equity activity, coupled with its cash on hand, capital resources and cash flows, will be sufficient to fund its ongoing operations, anticipated capital expenditures and acquisition activity for the next twelve months. However actual capital needs may change, particularly in connection with acquisitions which the Company may make in the future.

Inflation

Certain of the Company's product offerings, particularly paper products, have been and are expected to continue to be subject to significant price fluctuations due to inflationary and other market conditions. The Company generally is able to pass such increased costs on to its customers through price increases, although it may not be able to adjust its prices immediately. Significant increases in fuel costs in the future could materially affect the Company's profitability if these costs cannot be passed on to customers. In general, the Company does not believe that inflation has had a material effect on its results of operations in recent years. However, there can be no assurance that the Company's business will not be affected by inflation in the future.

Seasonality and Quarterly Results

The Company's product distribution business is subject to seasonal influences. In particular, net sales and profits in the United States and Canada are typically lower in the three months ended August 31 due to lower levels of business activity during the summer months. Because cost of sales includes delivery and occupancy expenses, gross profit as a percentage of net sales may be impacted by seasonal fluctuations in net sales and the acquisition of less efficient operations. Quarterly results may be materially affected by the timing of acquisitions and the timing and magnitude of acquisition assimilation costs. Therefore, the operating results for any three month period are not necessarily indicative of the results that may be achieved for any subsequent fiscal quarter or for a full fiscal year.

Revenues from the Company's local delivery services generally do not reflect significant seasonal variations, although the Company typically experiences slightly lower revenues in the middle of the summer and in the last week of December. Prolonged inclement weather can have an adverse impact on the Company's business to the extent that transportation and distribution channels are disrupted.

Accounting Standards

In fiscal 1996, the Company will adopt SFAS No. 123, "Accounting for Stock-Based Compensation." This standard establishes a fair value method for accounting for stock-based compensation plans either through recognition or disclosure. The Company will adopt this standard through compliance with the disclosure requirements set forth in SFAS No. 123. Adoption of this standard will have no impact on the financial position or results of operations of the Company.

The Company prospectively changed its accounting policy for business combinations during fiscal 1995 to comply with the Emerging Issues Task Force consensus on issue 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of
Corporate Express, Inc.:

We have audited the accompanying consolidated financial statements and the consolidated financial statement schedule of Corporate Express, Inc. as of March 2, 1996 and February 25, 1995 and for the years ended March 2, 1996, February 25, 1995 and February 28, 1994, listed in the index in Item 14. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Corporate Express of Delaware (formerly Lucas Bros., Inc.) which statements reflect net sales constituting 18% of the total for the year ended February 28, 1994. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts for Corporate Express of Delaware, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Corporate Express, Inc. as of March 2, 1996 and February 25, 1995 and the consolidated results of their operations and their cash flows for the years ended March 2, 1996, February 25, 1995 and February 28, 1994, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

Coopers & Lybrand L.L.P.
Denver, Colorado
June 11, 1996

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
Corporate Express of Delaware, Inc.:

We have audited the consolidated statements of operations, stockholders' equity and cash flows of Corporate Express of Delaware, Inc. (a Delaware corporation) and subsidiaries for the year ended February 28, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Corporate Express of Delaware, Inc. and subsidiaries for the year ended February 28, 1994, in conformity with generally accepted accounting principles.

Arthur Andersen LLP
Baltimore Maryland
May 2, 1994

CORPORATE EXPRESS, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	<u>March 2, 1996</u>	<u>February 25, 1995</u>
Current assets:		
Cash and cash equivalents	\$ 28,664	\$ 15,392
Trade accounts receivable, net of allowance of \$5,380 and \$5,180, respectively	266,360	165,244
Notes and other receivables	27,060	8,368
Inventories	101,995	67,156
Deferred income taxes	18,157	13,148
Other current assets	<u>17,234</u>	<u>18,044</u>
Total current assets	459,470	287,352
Property and equipment:		
Land	8,384	3,752
Buildings and leasehold improvements	32,935	23,053
Furniture and equipment	<u>117,655</u>	<u>62,384</u>
	158,974	89,189
Less accumulated depreciation	<u>(49,475)</u>	<u>(30,742)</u>
	109,499	58,447
Goodwill, net of \$16,046 and \$7,802 of accumulated amortization, respectively	324,603	208,506
Other assets, net	<u>16,951</u>	<u>13,856</u>
Total assets	<u>\$ 910,523</u>	<u>\$ 568,161</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED BALANCE SHEETS, Continued
(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 2, 1996	February 25, 1995
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable - trade	\$ 135,069	\$ 88,571
Accounts payable - acquisitions	2,063	6,454
Accrued payroll and benefits	23,019	15,380
Accrued purchase costs	3,049	11,252
Accrued merger and related costs	24,880	-
Other accrued liabilities	33,777	25,716
Current portion of long-term debt and capital leases	20,151	8,335
Other	<u>219</u>	<u>442</u>
Total current liabilities	242,227	156,150
Capital lease obligations	9,568	8,172
Long-term debt	127,900	158,255
Deferred income taxes	7,374	4,670
Minority interest in subsidiaries	24,843	-
Other non-current liabilities	<u>2,097</u>	<u>444</u>
Total liabilities	414,009	327,691
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock, \$.0002 par value, 100,000,000 shares authorized, 69,088,000 and 56,463,400 shares issued and outstanding, respectively	14	11
Additional paid-in capital	502,559	250,416
Accumulated deficit	(6,712)	(10,010)
Foreign currency translation adjustments	<u>653</u>	<u>53</u>
Total shareholders' equity	<u>496,514</u>	<u>240,470</u>
Total liabilities and shareholders' equity	<u>\$ 910,523</u>	<u>\$ 568,161</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Years Ended		
	March 2, 1996	February 25, 1995	February 28, 1994
Net sales	\$ 1,590,104	\$ 927,918	\$ 337,094
Cost of sales	1,173,255	681,962	254,698
Merger related inventory provisions	<u>5,952</u>	<u>-</u>	<u>1,146</u>
Gross profit	410,897	245,956	81,250
Warehouse operating and selling expenses	297,275	188,464	69,851
Corporate general and administrative expenses	46,980	23,852	8,690
Merger and other nonrecurring charges	<u>36,838</u>	<u>-</u>	<u>1,928</u>
Operating profit	29,804	33,640	781
Interest expense, net	15,396	15,610	4,463
Other income	<u>724</u>	<u>352</u>	<u>126</u>
Income (loss) before income taxes	15,132	18,382	(3,556)
Income tax expense	<u>10,952</u>	<u>6,164</u>	<u>1,894</u>
Income (loss) before minority interest	4,180	12,218	(5,450)
Minority interest	<u>1,436</u>	<u>69</u>	<u>152</u>
Income (loss) from continuing operations	2,744	12,149	(5,602)
Discontinued operations:			
Income from discontinued operations	<u>-</u>	<u>-</u>	<u>138</u>
Income (loss) before extraordinary item	2,744	12,149	(5,464)
Extraordinary item:			
Gain (loss) on early extinguishment of debt	<u>-</u>	<u>586</u>	<u>(1,169)</u>
Net income (loss)	<u>\$ 2,744</u>	<u>\$ 12,735</u>	<u>\$ (6,633)</u>
Net income (loss) per share (Note 13):			
Continuing operations	\$.04	\$.24	\$ (.21)
Discontinued operations	-	-	.00
Extraordinary item	<u>-</u>	<u>.01</u>	<u>(.04)</u>
Net income (loss)	<u>\$.04</u>	<u>\$.25</u>	<u>\$ (.25)</u>
Weighted average common shares outstanding	<u>68,057</u>	<u>49,195</u>	<u>32,265</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the years ended February 28, 1994, February 25, 1995 and March 2, 1996
(In thousands, except share amounts)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Foreign</u>	<u>Accumulated</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Currency</u>	<u>Deficit</u>
					<u>Capital</u>	<u>Adjustment</u>	
Balance, February 28, 1993	17,438,000	\$7,501	13,152,400	\$3	\$ 29,933	\$ -	\$ (12,112)
Issuance of common stock			6,351,900	1	26,829		
Issuance of common stock for liabilities			1,281,000		8,899		
Issuance of preferred stock	9,542,000	1			47,622		
Preferred stock dividend							(1,500)
S Corporation dividends and other equity transactions of pooled companies					173		(672)
Net loss							(6,633)
Balance, February 28, 1994	26,980,000	7,502	20,785,300	4	113,456	-	(20,917)
Issuance of common stock			21,068,100	4	138,179		
Conversion of common stock	100,000		(75,000)				
Conversion of preferred stock	(19,580,000)	(2)	14,685,000	3	(1)		
Redemption of preferred stock	(7,500,000)	(7,500)					
Preferred stock dividend							(432)
S Corporation dividends and other equity transactions of pooled companies					(1,218)		(1,396)
Net income							12,735
Foreign currency translation adjustment						53	
Balance, February 25, 1995	-	-	56,463,400	11	250,416	53	(10,010)
Issuance of common stock			12,624,600	3	239,008		
Young capital contribution					12,182		
Adjustment to conform fiscal year ends of certain pooled companies							2,623
S Corporation dividends and other equity transactions of pooled companies					953		(2,069)
Net income							2,744
Foreign currency translation adjustment						600	
Balance, March 2, 1996	<u>-</u>	<u>\$ -</u>	<u>69,088,000</u>	<u>\$ 14</u>	<u>\$502,559</u>	<u>\$ 653</u>	<u>\$ (6,712)</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended		
	March 2, 1996	February 25, 1995	February 28, 1994
Cash flows from operating activities:			
Net income (loss)	\$ 2,744	\$ 12,735	\$ (6,633)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	17,322	9,391	3,978
Amortization	9,522	6,349	1,982
Non-cash portion of merger and restructuring charge	10,268	-	-
Adjustment to conform fiscal years	2,623	-	-
(Gain) loss on early extinguishment of debt	-	(700)	1,169
Minority interest	1,436	69	152
Other	(1,285)	488	826
Changes in assets and liabilities, excluding acquisitions:			
Increase in accounts receivable	(44,117)	(18,277)	(869)
Increase in inventory	(7,365)	(8,290)	(2,608)
(Increase) decrease in other current assets	(12,005)	(2,670)	76
Increase in other assets	(2,372)	(1,261)	(378)
Increase (decrease) in accounts payable	(5,761)	7,035	1,923
Increase in accrued liabilities	10,482	2,689	266
Net cash provided by (used in) operating activities	<u>(18,508)</u>	<u>7,558</u>	<u>(116)</u>
Cash flows from investing activities:			
Proceeds from sale of assets	5,425	356	293
Capital expenditures	(51,765)	(16,078)	(4,225)
Payment for acquisitions, net of cash acquired	(119,190)	(81,749)	(162,171)
Other, net	(2,351)	(612)	(1,690)
Net cash used in investing activities	<u>(167,881)</u>	<u>(98,083)</u>	<u>(167,793)</u>
Cash flows from financing activities:			
Issuance of preferred and common stock	449,194	134,870	71,780
Stock offering costs	(20,313)	(9,388)	(3,401)
Issuance of subsidiary common stock	7,733	-	-
Capital contribution	12,182	-	-
Purchase of common stock held by OfficeMax	(195,831)	-	-
Preferred stock redemption	-	(7,500)	-
Debt issuance costs	-	(869)	(5,476)
Proceeds from long-term borrowings	40,057	27,871	121,079
Repayments of long-term borrowings	(70,649)	(35,250)	(4,796)
Proceeds from short-term borrowings	11,005	-	-
Repayments of short-term borrowings	(11,482)	(10,705)	(3,141)
Cash paid to retire bonds	-	(9,300)	-
Net proceeds from (payments on) line of credit	(18,871)	1,778	1,059
Other	(2,068)	1,032	(1,332)
Net cash provided by financing activities	<u>200,957</u>	<u>92,539</u>	<u>175,772</u>
Net cash used by discontinued operations	<u>(222)</u>	<u>(600)</u>	<u>(750)</u>
Effect of foreign currency exchange rate changes on cash	<u>(1,074)</u>	<u>28</u>	<u>-</u>
Increase in cash and cash equivalents	13,272	1,442	7,113
Cash and cash equivalents, beginning of period	15,392	13,950	6,837
Cash and cash equivalents, end of period	<u>\$ 28,664</u>	<u>\$ 15,392</u>	<u>\$ 13,950</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	<u>\$ 18,043</u>	<u>\$ 12,249</u>	<u>\$ 5,613</u>
Cash paid during the period for taxes	<u>\$ 13,385</u>	<u>\$ 5,255</u>	<u>\$ 1,847</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

Supplemental schedule of noncash investing and financing activities:

Capital lease obligations in the amount of \$4,305,000, \$3,103,000 and \$1,070,000 were incurred during fiscal 1995, 1994 and 1993, respectively, for equipment and software.

The Company completed 51 acquisitions for a net cash outlay in fiscal 1995 of \$113,146,000, 23 acquisitions for a net cash outlay in fiscal 1994 of \$68,570,000, and six acquisitions for a net cash outlay of \$161,811,000 in fiscal 1993. In conjunction with the acquisitions, liabilities were assumed as follows:

	Years Ended		
	March 2, 1996	February 25, 1995	February 28, 1994
	(In thousands)		
Fair value of assets acquired	\$233,581	\$128,059	\$256,238
Cash paid, net of cash acquired	113,146	68,570	161,811
Issuance of notes payable	11,111	---	5,174
Issuance of stock	3,089	4,614	5,973
Forgiveness of debt	---	150	---
Minority interest in subsidiary	11,138	---	---
Purchase price payable, included in current liabilities	<u>2,750</u>	<u>5,325</u>	<u>12,267</u>
Liabilities assumed	<u>\$ 92,347</u>	<u>\$ 49,400</u>	<u>\$ 71,013</u>

In addition to the amounts set forth above, Corporate Express paid \$6,044,000 for prior period acquisitions during fiscal 1995, of which \$5,000,000 was related to the acquisition of certain assets of the office products division of Joyce International, Inc. Also in fiscal 1995, Young terminated four franchises for consideration of \$233,000 forgiveness of receivables.

In January 1995, the Company purchased for \$1,186,000 in cash, \$1,000,000 in accounts payable, and \$650,000 in notes payable the remaining interest of a company for which a majority interest was acquired in fiscal 1993.

In December 1994, the Company recorded a liability of \$1,855,000 for subsequent payments due to the sellers of a company acquired by Lucas Bros., Inc. in fiscal 1993.

On September 30, 1994, the Company issued 14,610,000 shares of Common Stock upon conversion of its Series A, B and C preferred on a two for one basis.

In August 1994, the Company purchased for \$350,000 in cash and \$100,000 in notes payable a 45% interest in an office products distributor. During fiscal 1993 and fiscal 1994, the Company paid \$360,000 and \$234,000 respectively, for additional expenses for prior period acquisitions. In addition, the Company made a final payment of \$11,409,000 for the Hanson acquisition and Delivery paid non-cash dividends of \$493,000 to certain Delivery stockholders in fiscal 1994.

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

During January 1994, accrued dividends of \$2,044,007 on Young's preferred stock were converted to a subordinated promissory note. This note and accrued interest of \$138,712 was contributed as additional paid-in capital in December 1994.

In November 1993, the Company issued Common Stock for outstanding debt, accrued interest and other fees totaling \$8,899,000 as part of the Lucas acquisition.

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies:

Principles of Consolidation:

The consolidated financial statements include the accounts of Corporate Express, Inc. ("Corporate Express" or the "Company") and its majority owned subsidiaries. As more fully described in Note 2, U.S. Delivery Systems, Inc. ("Delivery") was merged into DSU Acquisition Corp., a wholly-owned subsidiary of the Company, on March 1, 1996; Richard Young Journal, Inc. ("Young") was merged into CEX Acquisition Corp., a wholly-owned subsidiary of the Company, on February 27, 1996, and Lucas Bros., Inc. was merged into Corporate Express of Delaware ("Lucas"), a wholly-owned subsidiary of the Company, on November 30, 1993. The mergers were accounted for as poolings of interests and, accordingly, the accompanying financial statements have been restated to include the accounts and operations of Delivery, Young and Lucas for all periods prior to the mergers. Acquisitions accounted for as purchases are included in the accounts and operations as of the effective date of the transaction. The Company accounts for its investments in less than 50% owned entities using the equity or cost methods. All intercompany balances and transactions have been eliminated.

Definition of Fiscal Year:

As used in these consolidated financial statements and notes to consolidated financial statements, "fiscal 1995," "fiscal 1994," and "fiscal 1993" refer to the Company's fiscal years ended March 2, 1996, February 25, 1995, and February 28, 1994, respectively. In connection with the mergers, Delivery and Young changed their 1995 fiscal year ends to conform to the fiscal year end of the Company. References to fiscal 1994 and prior fiscal years for Delivery and Young refer to Delivery's December 31 year end and Young's September 30 year end.

Cash and Cash Equivalents:

Cash and cash equivalents include short-term investments with original maturities of three months or less.

Inventories:

Inventories consist of finished goods. Inventories are primarily valued at the lower of first-in, first-out (FIFO) cost or market. The Company periodically assesses its inventory to determine market value based upon such factors as historical sales and purchases, inclusion in the Company's proprietary *In-Stock Catalog* and other factors. Included in cost of sales for fiscal 1995 and 1993 are merger related inventory provisions of \$5,952,000 and \$1,146,000, respectively. These provisions reflect the write-down to fair market value of certain inventory which the Company has decided to eliminate from its product line in connection with the Delivery, Young and Lucas mergers.

Property and Equipment:

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over estimated useful lives which range from three to seven years for furniture and equipment; up to 40 years for buildings; and over the life of the lease for leasehold improvements. Ordinary maintenance and repairs are charged to operations while expenditures which extend the physical or economic life of property and equipment are capitalized. Gains and losses on disposition of property and equipment are recognized in operations in the year of disposition. Software development costs of \$16,790,000 at March 2, 1996 are capitalized and will be amortized over the software's estimated useful life. Software conversion costs (excluding training) will be capitalized and amortized over the software's estimated useful life.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

1. Significant Accounting Policies - (Continued)

Concentration of Credit Risk:

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with high quality credit institutions. At times, such investments may be in excess of the FDIC insurance limit.

Concentration of credit risk with respect to trade receivables is limited due to the wide variety of customers and markets into which the Company's products are sold, as well as their dispersion across many geographic areas. As a result, as of March 2, 1996, the Company did not consider itself to have any significant concentrations of credit risk. The Company performs ongoing credit evaluations of its customers and generally does not require collateral.

The Company maintains allowances for potential credit losses and historical losses have been within management's expectations.

Intangible Assets:

Goodwill is amortized on a straight-line basis over periods of 25 and 40 years. Noncompete agreements, which are included in other assets, are amortized on a straight-line basis over periods of 2-10 years. The Company evaluates intangible assets periodically to determine whether they are properly reflected in the financial statements based upon future undiscounted operating cash flows. If an impairment is determined to exist, the impaired asset is written down to fair market value.

Accrued Purchase Costs:

The Company accrues direct external costs incurred to consummate an acquisition, other external costs and liabilities to close the acquired entity's facilities, and severance and relocation payments to the acquired entity's employees. Prior to the adoption of EITF 95-3 effective with the consensus, the Company also accrued the external incremental costs of converting certain computer systems to the Company's systems.

Accrued Merger and Related Costs:

Accrued merger and related costs include the actual costs of completing acquisitions accounted for as poolings of interests transactions and additional costs associated with integrating the combined companies' operations, including liabilities for severance benefits for employees expected to be terminated.

Cost of Sales:

Vendor rebates and similar payments are recognized on an accrual basis in the period earned and are recorded as a reduction to cost of sales. Delivery and occupancy costs are included as an increase to cost of sales. Cost of sales related to local delivery and distribution management services consists primarily of fees paid to drivers. The fees are

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

1. Significant Accounting Policies - (Continued)

generally negotiated with drivers based upon a percentage of the revenues received from the Company's customers, thereby minimizing fluctuations in gross margins from these services. Drivers typically provide their own delivery vehicles and are responsible for all operating costs of such vehicles.

Warehouse Operating and Selling Expenses:

Warehouse operating and selling expenses include all costs associated with operating regional warehouses and sales offices, including warehouse labor, related warehouse general and administrative expenses (excluding occupancy), selling expenses and commissions related to the Company's direct sales force and warehouse assimilation costs. Warehouse assimilation costs were previously reported under the caption "New Warehouse Assimilation Expenses" along with certain general and administrative and delivery costs.

Foreign Currency Translation:

Balance sheet accounts of foreign operations are translated using the year-end exchange rate, and income statement accounts are translated on a monthly basis using the average exchange rate for the period. Transaction gains and losses are recorded in shareholders' equity, and realized gains and losses are reflected in income. An aggregate transaction gain of \$37,000 was included in the determination of net income in fiscal 1995. No transaction gains or losses were included in the determination of net income in fiscal 1994 or fiscal 1993. The Company does not currently hedge foreign currency risk exposure.

Income Taxes:

For all periods presented, income taxes are calculated using the liability method in accordance with the provisions set forth in Statement of Financial Accounting Standards (SFAS) No. 109.

Certain of Delivery's subsidiaries were S Corporations for income tax purposes prior to their acquisition by Delivery and, accordingly, any income tax liabilities for the periods prior to the acquisition dates are the responsibility of the respective stockholders. For purposes of these consolidated financial statements, federal and state income taxes have been provided for these companies as if they had filed C Corporation tax returns for the pre-acquisition periods, and the current income tax expense of these S Corporations is reflected as an increase to additional paid-in capital.

Net Income (Loss) Per Share:

Net income (loss) per share is calculated by dividing net income (loss), after preferred stock dividend requirements of Young of \$432,000 and \$1,500,000 for the years ended February 25, 1995 and February 28, 1994, respectively, by the weighted average shares of common stock and common stock equivalents outstanding. Pursuant to the rules of the Securities and Exchange Commission, common stock equivalents related to common stock, preferred stock, stock options and warrants issued within one year prior to the Company's initial public offering have been included as if they were outstanding for all periods presented. Other common stock equivalents have not been included in loss years because they are anti-dilutive.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

1. Significant Accounting Policies - (Continued)

Stock Split and Stock Dividend:

In connection with its initial public offering, the Company effected a one-for-two reverse stock split in August 1994 and converted all of its outstanding preferred stock to common stock on a two for one share basis in September 1994. The Company distributed a 50% share dividend in June 1995. All share numbers and prices have been adjusted to reflect the reverse stock split, the conversion of preferred to common and the 50% share dividend.

Use of Estimates in the Preparation of Financial Statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain reclassifications have been made to the fiscal 1994 and fiscal 1993 consolidated financial statements to conform to the fiscal 1995 presentation. These reclassifications had no impact on net income (loss).

New Accounting Standards:

In fiscal 1996, the Company will adopt SFAS No. 123, "Accounting for Stock-Based Compensation." This standard establishes a fair value method for accounting for stock-based compensation plans either through recognition or disclosure. The Company will adopt this standard through compliance with the disclosure requirements set forth in SFAS No. 123. Adoption of this standard will have no impact on the financial position or results of operations of the Company.

2. Pooling of Interests:

Effective March 1, 1996, the Company issued 15,606,000 shares of common stock in exchange for all of the outstanding common stock of Delivery, a provider of same-day local delivery services.

Effective February 27, 1996, the Company issued 2,932,000 unregistered shares of common stock in exchange for all of the outstanding common stock of Young, a distributor of computer and imaging supplies and accessories.

During fiscal 1995, prior to merging with the Company, Delivery acquired the outstanding stock of 14 companies in exchange for 2,634,000 shares of Delivery common stock. During fiscal 1994, Delivery acquired the stock of six companies in exchange for 1,148,000 shares of Delivery common stock.

Effective November 30, 1993, the Company issued 216,000 shares of its common stock for all of the outstanding common stock of Lucas, a commercial office products distributor. The Company also issued a warrant to purchase 4,500 shares of common stock in exchange for outstanding warrants to purchase the common stock of Lucas. In addition, the face value of the subordinated notes payable and junior convertible subordinated notes payable, along with accrued but unpaid interest and other fees, were exchanged for 1,281,000 shares of common stock. The difference between the carrying value of the debt and the face amount paid on extinguishment of \$1,169,000 has been shown as an extraordinary item.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

2. Pooling of Interests - (Continued)

All of the above mergers have been accounted for as poolings of interests and, accordingly, the Company's consolidated financial statements have been restated to include the accounts and operations of the merged entities for all periods prior to the mergers.

Separate results of operations for the periods prior to the mergers are as follows:

	Year Ended		
	March 2, 1996	February 25, 1995	February 28, 1994
	(In thousands)		
Net sales:			
Corporate Express	\$1,132,012	\$621,469	\$103,070
Lucas	---	---	61,758
Young	115,628	86,184	71,090
Delivery	306,364	109,865	--
Delivery poolings prior to merger with Corporate Express	<u>36,100</u>	<u>110,400</u>	<u>101,176</u>
Combined	<u>\$1,590,104</u>	<u>\$927,918</u>	<u>\$337,094</u>
Net income (loss):			
Corporate Express	\$ 3,702	\$ 5,248	\$ 671
Lucas	---	---	(9,637)
Young	(3,073)	1,264	1,911
Delivery	815	4,223	--
Delivery poolings prior to merger with Corporate Express	<u>1,300</u>	<u>2,000</u>	<u>422</u>
Combined	<u>\$ 2,744</u>	<u>\$ 12,735</u>	<u>\$ (6,633)</u>
Other changes in shareholders' equity:			
Corporate Express	\$ 229,356	\$115,024	\$ 83,350
Lucas	---	---	---
Young	12,182	(7,932)	(1,500)
Delivery	10,255	23,211	---
Delivery poolings prior to merger with Corporate Express	<u>(1,116)</u>	<u>(2,613)</u>	<u>(497)</u>
Combined	<u>\$ 250,677</u>	<u>\$127,690</u>	<u>\$ 81,353</u>

All intercompany transactions have been eliminated.

Young had expensed \$27,437,000 related to write-offs of goodwill and franchise acquisition expenses in its previously issued financial statements. The Company reviewed these expenses in conjunction with the acquisition and determined that they were inappropriate. All of the accompanying financial information has been restated to reflect the reversal of those charges.

The consolidated statement of operations for fiscal 1995 includes the income and expenses of Corporate Express, Young and Delivery for the twelve months ended March 2, 1996. The Young statements of operations for the years

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

2. Pooling of Interests - (Continued)

ended September 30, 1994 and 1993 and the Delivery statements of operations for the years ended December 31, 1994 and 1993 have been combined with the Corporate Express statements of operations for the fiscal years ended February 25, 1995 and February 28, 1994, respectively. In order to conform the Young and Delivery year ends to Corporate Express' fiscal year end, the consolidated statement of income for fiscal 1994 excludes five months of Young's net income and two months of Delivery's net income. Accordingly, an adjustment has been made in fiscal 1995 to credit retained earnings directly for the October 1994 to February 1995 Young net income of \$846,000 and the January and February 1995 Delivery net income of \$1,777,000. The results of operations for the Young five-month period and Delivery two-month period are as follows:

	<u>Young</u>	<u>Delivery</u> (In thousands)	<u>Total</u>
Net sales	\$39,683	\$50,382	\$90,065
Net income	\$ 846	\$ 1,777	\$ 2,623

3. Merger and Other Nonrecurring Costs:

During the fourth quarter of fiscal 1995, the Company recorded \$36.8 million in merger and other nonrecurring charges, primarily in conjunction with the acquisitions of Delivery and Young. The charges include the actual costs of completing the acquisitions and anticipated costs for merging various Delivery and Young facilities into Company locations and closing duplicate facilities and centralizing certain administrative functions. The Company expects to complete this plan within the next two years.

During fiscal 1993, the Company recorded \$1.9 million in merger and other nonrecurring charges in conjunction with the acquisition of Lucas. The charge included the actual costs of completing the acquisition; the write-down of computer equipment exclusively used for a discontinued "Grade-A" furniture line; and the accrual of severance pay related to work force reductions.

As a result of the mergers, the Company recorded the following charges to the results of operations for fiscal 1995 and fiscal 1993 as follows:

	1995			1993		
	Total	(In thousands)		Total	Cash	Non-Cash
	<u>Cash</u>	<u>Non-Cash</u>		<u>Cash</u>	<u>Non-Cash</u>	
Merger transaction costs (1)	\$13,273	\$13,273	\$ --	\$1,089	\$1,089	\$ --
Severance and terminations (2)	7,457	7,457	--	539	539	--
Facility closure and consolidation (3)	9,693	8,384	1,309	200	200	--
Other asset write-downs and costs (4)	<u>6,415</u>	<u>--</u>	<u>6,415</u>	<u>100</u>	<u>--</u>	<u>100</u>
	<u>\$36,838</u>	<u>\$29,114</u>	<u>\$7,724</u>	<u>\$1,928</u>	<u>\$1,828</u>	<u>\$100</u>

There were no similar charges in fiscal 1994.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

3. Merger and Other Nonrecurring Costs - (Continued)

- (1) Merger transaction costs are the direct costs from the pooling transactions with Delivery and Young in fiscal 1995 and with Lucas in fiscal 1993. Costs included are legal, investment banking, printing and other related costs.
- (2) Severance and employee termination costs are the severance payments related to facility closures and centralization of certain shared services. The fiscal 1995 severance and termination costs of \$7,457,000 representing approximately 760 employees whose positions will be terminated due to elimination of regional redundant facilities and functions, primarily in management, administration, and warehouse and distribution operations. As of March 2, 1996, none of these costs had been paid and none of the employees had been terminated. The fiscal 1993 severance and termination costs relate to work force reductions of approximately 100 employees, primarily in management and administration and warehouse and distribution operations. As of March 2, 1996, all of the costs had been paid and all of the approximately 100 employees have been terminated.
- (3) Facility closure and consolidation costs are the estimated costs to close duplicate facilities, lease costs associated with closed facilities and estimated losses on disposal of owned properties.
- (4) Other asset write-downs and costs include accounting software and equipment being abandoned as a result of the Delivery acquisition, deferred loan costs written off when loans required repayment as a result of the merger, loss on sale of Delivery operation and write-off of prepaid assets which have no future value following the merger.

4. Purchases:

During fiscal 1995, Corporate Express purchased for a net cash purchase price of \$74,001,000, 27 office product distributors including five distributors purchased by Corporate Express Australia (formerly Macquarie Office Limited), an Australian contract stationer. In May 1995, Corporate Express acquired a 52.7% interest through the purchase of newly issued securities of Corporate Express Australia. Also included in the above purchases is one office product distributor purchased by the Chisholm Group, a United Kingdom contract stationer, in which Corporate Express acquired a 51% interest in February 1996. The Company has earn-out agreements with former shareholders of certain acquisitions that may require additional payments by the Company of up to \$3,650,000 if certain performance objectives are achieved. In addition, the Company has not completed the final purchase accounting on certain acquisitions due to outstanding contingencies. Any additional payments will be accounted for as increases to the purchase price of the related acquisition. The excess of the purchase price over the fair value of the net tangible assets acquired was allocated to goodwill and is being amortized over 40 years.

On December 21, 1995 Corporate Express Australia ("CEA") issued an additional 6,110,000 shares of its common stock at a price of A\$1.30 (US\$.96) per share. Of the shares offered, 3,110,000 were purchased by Corporate Express and 3,000,000 were purchased by institutional investors for cash. As a result, Corporate Express' interest in CEA changed from 52.7% to 52.5%.

In February 1996, CEA shareholders approved the issue of an additional 12,939,000 shares and 50,000 shares of its common stock at a price of A\$1.30 (US\$.96) per share and A\$1.00 (US\$.74) per share, respectively. Of the shares issued, 5,789,000 were purchased by Corporate Express, 4,600,000 were purchased by institutional investors and 2,600,000 shares were approved for issue to CEA officers and employees as employee incentive shares (of which 1,710,000 were issued as of March 2, 1996). As a result, at March 2, 1996, Corporate Express' interest in CEA is 51.8%.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

4. Purchases - (Continued)

During fiscal 1995, Young repurchased its remaining seven franchises for approximately \$20,512,000, terminated four franchises for consideration of \$233,000 and purchased substantially all of the business, properties and assets of a computer supplies distributor for a purchase price of \$675,000. The excess of the purchase price over the fair value of the net tangible assets acquired was allocated to goodwill and is being amortized over 40 years.

During fiscal 1994, the Company purchased substantially all of the assets and assumed certain liabilities of ten contract stationers for a net cash outlay of \$59,720,000 notes and other current liabilities totaling \$5,325,000, 26,250 shares of the Company's common stock valued at \$9.34 per share, and assumption of liabilities of \$44,363,000. The excess purchase price over the estimated fair value of the net tangible assets acquired has been allocated to goodwill and is being amortized over 40 years. In addition, in fiscal 1994, \$150,000 was paid and 50,000 shares of Series B Preferred stock were issued at \$2.00 per share to the former shareholders of certain acquisitions for achieving certain post-closing performance levels. These transactions increased the amount of goodwill.

In December 1994, Young purchased all of the issued and outstanding shares of a computer supplies distributor for a purchase price of \$2,750,000 and the assumption of other liabilities. Young may be required to pay additional consideration to the former shareholders should the acquired company reach certain earnings thresholds. No such additional amounts were paid in 1995. The excess of the purchase price over the fair value of net tangible assets acquired was allocated to goodwill and is being amortized over 40 years.

During fiscal 1995 and fiscal 1994, Delivery completed 16 and 12 acquisitions, respectively, accounted for as purchases. The net cash purchase price paid in these transactions was \$15,208,000 and \$8,242,000, respectively, in cash, 252,000 shares and 382,000 shares, respectively, of Delivery common stock and in fiscal 1995, \$5,565,000 in convertible notes. The excess of the purchase price over the fair value of the net tangible assets acquired has been allocated to goodwill and is being amortized over 25 years. All of the companies acquired provide same-day delivery services or related transportation services.

During fiscal 1993, the Company acquired 100% of two commercial office products dealers and 70% of a third dealer. The combined transactions included cash payments of \$1,010,000, promissory notes totaling \$5,174,000, 1,269,300 shares of common stock valued at \$4.67 to \$5.34 per share and related expenses of \$710,000. The excess purchase price over the estimated fair value of the net tangible assets acquired has been allocated to goodwill and is being amortized over 40 years. In January 1995, the Company acquired the remaining 30% of the 70%-owned dealer for \$2.9 million, of which \$1.2 million was paid in fiscal 1994.

On February 28, 1994, the Company acquired the six operating subsidiaries of Hanson for \$171,140,000 in cash and acquisition expenses of \$3,165,000. The excess purchase price over the estimated fair value of the net tangible assets acquired has been allocated to goodwill and is being amortized over 40 years. Subsequent to the Hanson acquisition, the Company sold the high-end furniture division of one of the subsidiaries and discontinued another subsidiary's retiree health care benefits for existing employees. The liability for future benefits under this health care plan of \$4,110,000 was consequently recorded as an offset to goodwill. In February 1994, Young repurchased its Tampa franchise for \$800,000. The excess of the purchase price over the fair value of the net tangible assets acquired was allocated to goodwill and is being amortized over 40 years.

The operating results of all of the above acquisitions, which were accounted for as purchases, are included in the Company's consolidated statements of operations from the dates of acquisition. The following pro forma financial information assumes the acquisitions occurred at the beginning of the period. These results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

4. Purchases - (Continued)

made at the beginning of the year, or of results which may occur in the future. The pro forma results listed below are unaudited and reflect purchase price adjustments.

	Year Ended March 2, <u>1996</u>	Year Ended February 25, <u>1995</u>
(In thousands, except per share amounts)		
Net sales	\$1,763,762	\$1,458,784
Income (loss) before extraordinary items	26,025	22,518
Net income (loss)	25,266	23,095
Net income (loss) per share	\$0.37	\$0.46

5. Accrued Purchase Costs:

In conjunction with the purchase acquisitions (see Note 4), the Company accrues the direct external costs incurred to consummate the acquisition, external costs associated with closing duplicate facilities of acquired companies, and severance and relocation payments to the acquired company's employees. Prior to the adoption of EITF 95-3 in May 1995, the Company also accrued the external incremental costs of converting acquired company computer systems to the Company's systems.

As of the consummation date of the acquisition, the Company begins to assess and formulate a plan to exit activities of the acquired companies. Typically, this would involve evaluating the facilities of the Company and the acquiree in the location, determining which of the acquired facilities will be exited and identifying employee groups that will be terminated or relocated. In most cases, the facilities are closed within a one-year period, and the employees terminated. In some major acquisitions such as Hanson, the Company has taken longer than one year to complete the integration due to the magnitude of the tasks involved.

The following tables set forth the Company's accrued purchase liabilities for the periods ended February 28, 1994, February 25, 1995 and March 2, 1996.

Prior to EITF 95-3:

	<u>Total</u>	<u>Warehouse & System Integrations</u>	<u>Redundant Facilities</u>	<u>Severance</u>	<u>Disposition of Assets & Other</u>
		(In thousands)			
Balance, February 28, 1994	\$ 10,032	\$ 7,568	\$ 1,021	\$ 1,061	\$ 382
Additions	4,308	2,084	615	1,218	391
Payments	(2,162)	(1,143)	(105)	(683)	(231)
Reversals (1)	<u>(926)</u>	<u>(400)</u>	<u>(526)</u>		
Balance, February 25, 1995	11,252	8,109	1,005	1,596	542
Additions	1,731	659	223	734	115
Payments	(6,469)	(3,630)	(784)	(1,766)	(289)
Reversals (2)	<u>(5,250)</u>	<u>(4,388)</u>	<u>(41)</u>	<u>(523)</u>	<u>(298)</u>
Balance, March 2, 1996 (3)	<u>\$ 1,264</u>	<u>\$ 750</u>	<u>\$ 403</u>	<u>\$ 41</u>	<u>\$ 70</u>

(1) Reversal relates to lease termination costs for a facility not closed and to a planned computer conversion which was not done in connection with the Hanson acquisition; reversed to goodwill in the fourth quarter of 1994.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

5. Accrued Purchase Costs

- (2) Reversal relates to excess computer conversion costs not fully utilized in connection with the Hanson acquisition of \$3,723,000 and excess accruals for other fiscal 1994 acquisitions of \$1,527,000. All reversals reduced goodwill in the fourth quarter of fiscal 1995.
- (3) Remaining balances relate primarily to current consolidation projects in South Florida and Canada and reflect the estimated remaining costs to be incurred in conjunction with these projects.

After adoption of EITF 95-3:

	<u>Total</u>	<u>Facility Exit Costs</u>	<u>Redundant Facilities</u> (In thousands)	<u>Severance</u>	<u>Disposition of Assets & Other</u>
Balance, February 25, 1995	\$ --	\$ --	\$ --	\$ --	\$ --
Additions	2,414	691	202	1,065	456
Payments	<u>(629)</u>	<u>(177)</u>	<u>(4)</u>	<u>(293)</u>	<u>(155)</u>
Balance, March 2, 1996 (3)	<u>\$ 1,785</u>	<u>\$ 514</u>	<u>\$ 198</u>	<u>\$ 772</u>	<u>\$ 301</u>

Accrued purchase costs, after adoption of EITF 95-3, primarily represent the liabilities incurred to consolidate acquired operations into existing Company facilities.

6. Discontinued Operations:

In February 1993, Lucas adopted a plan to discontinue its retail operations. Accordingly, the consolidated financial statements have been reclassified to report separately the net assets, liabilities and operating results of the retail operations as of February 28, 1994.

During fiscal 1993, Lucas completed the disposal of substantially all of its retail operations resulting in a \$138,000 gain which has been included in the accompanying consolidated statement of operations. The remaining retail operations consist primarily of contractually required operations.

Retail sales for the years ended February 25, 1995 and February 28, 1994 were \$176,000 and \$2,955,000, respectively. There were no retail sales for fiscal 1995. The accrued liabilities of the discontinued operations at March 2, 1996 and February 25, 1995 were \$219,000 and \$441,000, respectively.

7. Debt:

Debt consisted of the following:

9 1/8% Senior Subordinated Notes, unsecured, subordinated to existing debt up to an aggregate of \$155 million, guaranteed by the operating subsidiaries of the Company. Due March 15, 2004, semi-annual interest payments beginning September 15, 1994. Redeemable by the Company from March 1999 to March 2001 at premiums ranging from 3.422% to 1.141%

<u>March 2, 1996</u>	<u>February 25, 1995</u>
(In thousands)	
\$ 90,000	\$ 90,000

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

7. Debt - (continued)

	March 2, <u>1996</u>	February 25, <u>1995</u>
	(In thousands)	
\$90,000,000 revolving line of credit collateralized by accounts receivable and inventory of the Company and its United States operating subsidiaries. Interest rates are equal to either (i) the Administrative Agent's Reference Rate plus .5% to 1.0% or (ii) the Administrative Agent's reserve adjusted LIBOR rate plus 2.0% to 2.5% each of which is based upon a performance grid (8.75% on March 2, 1996 and 9.75% on February 25, 1995), with principal due February 28, 1998.	8,000	24,600
\$55,000,000 Delivery unsecured revolving credit facility. Interest rates are equal to i) the LIBOR plus 1.25% or ii) the prime rate, at the Company's option (weighted average rate of 6.56% for fiscal 1995 and 7.30% for fiscal 1994). Principal due May 31, 1996, as a result of merger with the Company.	11,900	10,000
\$6,094,000 term loan facility collateralized by CEA's assets. Payments of \$187,500 per quarter commencing October 1996, increasing to \$375,000 per quarter commencing October 1997, fixed interest rates ranging from 8.80% to 9.10% until October 1996 to October 1998, at which times rates may be renegotiated. All principal and interest due by January 2001.	6,094	---
Bank term loans, collateralized by equipment, with interest floating at LIBOR plus 2%, principal and interest payable monthly, maturities range from 48 months to 60 months through February 15, 2001.	5,620	---
\$5,600,000 convertible subordinated notes due between March 31, 1997 and January 31, 1998, bearing interest of 6.0% to 6.75%, payable quarterly or semi-annually, and convertible prior to maturity at the holder's option at prices ranging from \$17.71 to \$29.96, into 246,000 shares of common stock.	5,565	---
City of Aurora, Colorado Industrial Development Bonds, Series 1984, collateralized by land and building, interest at a floating rate, as defined, ranging from 5.2% in 1995 to 4.8% at March 2, 1996, payable semi-annually and principal installments of varying amounts (\$100,000 in 1995 and \$200,000 in 1996) payable annually through November 2009.	4,480	4,580
Various notes payable totalling \$4,641,000 due December 2006, variable interest rates (5.34% on March 2, 1996), collateralized by cash deposits of \$4,641,000.	4,641	--
Young revolving loan, interest rate equal to prime plus 1.25% (10.25% on February 25, 1995), due on January 11, 1997 and collateralized by substantially all of Young's assets. This loan was repaid in full on February 27, 1996.	---	10,160
Young subordinated debt, bearing interest at 17.5%, payments in eight equal quarterly installments commencing March 31, 1998 through maturity date of December 31, 1999. This debt was repaid in full on February 27, 1996.	---	10,000
Other, interest from 5% to 16%	<u>7,514</u>	<u>13,754</u>
Total debt	143,814	163,094
Less current portion of debt	<u>15,914</u>	<u>4,839</u>
Long-term portion of debt	<u>\$127,900</u>	<u>\$158,255</u>

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

7. Debt - (continued)

The annual maturities of debt for succeeding years are as follows:

<u>Fiscal Year</u>	<u>(In thousands)</u>
1996	\$ 15,914
1997	14,965
1998	6,215
1999	3,210
2000	2,649
Thereafter	<u>100,861</u>
Total	<u>\$143,814</u>

Certain of the debt agreements contain provisions which require maintenance of certain financial ratios and limit the Company's ability to pay dividends. Delivery's credit facility became due upon the acquisition by the Company but was extended until May 31, 1996, when it was paid off using the Company's line of credit.

On March 17, 1995, the Company exchanged all its \$100,000,000 principal amount of 9 1/8% Series A Senior Subordinated Notes due 2004 (the "Series A Notes") for \$100,000,000 principal amount of 9 1/8% Series B Senior Subordinated Notes due 2004 (the "Series B Notes"). The terms of the Series B Notes are substantially the same as the Series A Notes, except that the Series B Notes are registered under the Securities Act of 1933. The illiquidity payment of approximately .5% per annum previously payable on the Series A Notes ceased when they were exchanged for the Series B Notes on March 17, 1995, reducing the annual interest rate from 9 5/8% to 9 1/8%.

In July 1994, \$10,000,000 principal amount of the Senior Subordinated Notes was repurchased for \$9,300,000 plus accrued interest.

On May 10, 1996, the Company amended its credit facility increasing the facility amount to \$250,000,000 and lowering the cost of its borrowings to LIBOR plus 1.25% if borrowings are less than \$180,000,000 and LIBOR plus 1.5% if borrowings exceed \$180,000,000. These rates are subject to increase if the Company does not renegotiate its credit facility within 120 days, which the Company intends to do. Under the amended credit facility the Company pays a .3% commitment fee on the unused line of credit.

The Company capitalized \$882,000 of interest expense in fiscal 1995, primarily related to software developed for internal use and the construction of its corporate headquarters. No interest was capitalized in fiscal 1994 or fiscal 1993.

8. Commitments and Contingencies:

Operating Leases:

The Company has various noncancellable operating leases, primarily for warehouse buildings and delivery trucks. Lease expense, net of sublease rentals of \$30,000, \$127,000, and \$42,000 for the years ended March 2, 1996, February 25, 1995 and February 28, 1994 was \$19,195,000, \$13,906,000, and \$3,848,000, respectively.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

8. Commitments and Contingencies - (Continued)

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>(In thousands)</u>
1996	\$ 21,118
1997	15,197
1998	11,173
1999	8,268
2000	5,735
Thereafter	<u>9,904</u>
Total	<u>\$ 71,395</u>

The leases generally are for periods of three to ten years and provide for renewals of one month to five years at the Company's option.

Capital Leases:

The Company is the lessee of certain property and equipment under capital leases expiring in various years through 2009. Included in furniture and equipment at March 2, 1996 is \$18,384,000 of assets under capital leases and related accumulated depreciation of \$6,493,000.

Future minimum lease payments required under these capital leases are as follows:

<u>Fiscal Year</u>	<u>(In thousands)</u>
1996	\$ 5,373
1997	4,405
1998	3,062
1999	1,654
2000	800
Thereafter	<u>2,571</u>
Total minimum lease payments	17,865
Less amount representing interest	<u>4,060</u>
Present value of minimum lease payments	13,805
Less current portion of capital lease obligations	<u>4,237</u>
Non-current portion of capital lease obligations	<u>\$ 9,568</u>

Contingencies:

In the normal course of business, the Company is subject to certain legal proceedings. In the opinion of management, the outcome of such litigation will not have a material adverse effect on the Company's financial position or operating results.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

9. Income Taxes:

Federal, state and foreign income taxes for the fiscal years ended March 2, 1996, February 25, 1995 and February 28, 1994 consisted of the following:

	<u>1995</u>	<u>1994</u>	<u>1993</u>
	(In thousands)		
Current			
Federal	\$9,745	\$5,569	\$1,745
State	677	878	282
Foreign	1,547	---	---
Deferred			
Federal	(314)	(2,151)	(107)
State	1,544	(251)	(26)
Utilization of net operating loss	(2,247)	(1,051)	---
Allocated to goodwill	---	4,374	---
Adjustment of beginning valuation allowance	---	(1,204)	---
Total income tax expense	<u>\$10,952</u>	<u>\$6,164</u>	<u>\$1,894</u>

At March 2, 1996, the Company had, for United States Federal income tax purposes, net operating loss carryforwards of \$10,230,000 and alternative minimum tax net operating loss carryforwards of \$4,641,000 expiring beginning in 2004.

Included in the net operating loss carryforwards are losses from acquired subsidiaries. The utilization of these carryforwards may be effected by limitations under the Internal Revenue Code and, therefore, the benefit of these pre-acquisition net operating loss carryforwards may be limited.

The components of the net deferred tax assets and liabilities as of March 2, 1996 and February 25, 1995 are as follows:

	<u>March 2,</u>	<u>February 25,</u>
	1996	1995
	(In thousands)	
Deferred tax assets:		
Current:		
Inventory	\$ 3,636	\$ 4,820
Allowance accounts	1,789	1,759
Other non-deductible accounts	3,603	3,561
Accrued purchase costs	1,053	4,329
Discontinued operations	---	1,248
Accrued merger and other costs	6,767	---
Accounting methods	2,959	---
Non-current:		
Net operating loss carryforwards	4,879	4,809
Valuation allowance	(2,433)	(4,854)
Other	<u>1,092</u>	<u>571</u>
Total deferred tax assets	<u>23,345</u>	<u>16,243</u>

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

9. Income Taxes - (Continued)

Continued	March 2, 1996	February 25, 1995
	(In thousands)	
Deferred tax liabilities:		
Current:		
Cash/accrual difference	1,650	2,569
Noncurrent:		
Property, plant and equipment	4,731	4,000
Intangible assets	5,886	1,122
Other	295	74
Total deferred tax liability	12,562	7,765
Net deferred tax asset	\$10,783	\$ 8,478

The net change in the valuation allowance for deferred taxes in the year ended March 2, 1996 is a decrease of \$2,421,000. The Company reviewed the valuation allowance related to deferred tax assets and determined that it was more likely than not that a portion of this would be realized. Accordingly, at March 2, 1996, the valuation allowance relates primarily to tax benefits from restricted net operating loss carryforwards.

A reconciliation of the differences between the Company's expense (benefit) for income taxes and taxes at the statutory rate for the fiscal years ended March 2, 1996, February 25, 1995 and February 28, 1994 is as follows:

	1995	1994	1993
	(In thousands)		
Statutory federal income tax expense (benefit)	\$ 5,296	\$6,434	\$(1,245)
Adjustments:			
State income taxes, net of federal effect	1,253	665	(285)
Merger costs	4,952		599
Amortization of goodwill	1,404	1,784	363
Other non-deductible items	366		
Valuation allowance on tax loss carryforward	(2,247)	(2,636)	2,425
Other	(72)	(83)	37
Income tax expense	\$10,952	\$6,164	\$ 1,894

10. Employee Benefit Plans:

Effective September 1, 1992, the Company implemented a retirement plan which allows employee contributions in accordance with Section 401(k) of the Internal Revenue Code. The Company matches a portion of the employee's salary and all full-time employees are eligible to participate in the plan after six months of service. For the years ended March 2, 1996, February 25, 1995 and February 28, 1994, the Company's matching contribution expense was \$1,700,000, \$1,597,000, and \$92,000, respectively.

CEA, the Company's 51% owned Australian subsidiary since May 1995, sponsors superannuation funds for its employees (similar to 401(k) plans in the United States). Total matching contributions by the Company for the year ended March 2, 1996 were approximately \$980,000.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

10. Employee Benefit Plans - (Continued)

Certain of the Delivery pooled companies have qualified defined contribution plans, which allow for voluntary pretax contributions by employees. Expenses related to these plans totaled \$96,000, \$192,000 and \$171,000 during fiscal 1995, 1994 and 1993, respectively.

Young has a retirement plan which allows employee contributions in accordance with Section 401(k). Young's matching contribution expenses were \$106,000, \$52,000 and \$45,000 in fiscal 1995, 1994 and 1993, respectively.

On August 29, 1994, the Company's shareholders approved the adoption of the 1994 Employee Stock Purchase Plan. A maximum of 750,000 shares of Common Stock may be purchased by eligible employees under the 1994 Employee Stock Purchase Plan. All full-time employees with six months service at the start of the annual offering period are eligible to participate at contribution levels ranging from 1% to 15% of compensation. Contributions are applied to purchase common stock at a price equal to the lower of the beginning of the year or end of the year market price, less a discount of up to 15%. Contributions to this plan during fiscal 1995 totaled approximately \$679,000 and purchases under the plan totaled 32,800 shares, which were awarded but not issued until subsequent to March 2, 1996. There were no contributions to or stock purchases under the 1994 Employee Stock Purchase Plan during fiscal 1994 or fiscal 1993.

11. Common Stock:

As of March 2, 1996 and February 28, 1995 there were 69,088,000 and 56,463,400 common shares outstanding, respectively (after giving effect to the three-for-two stock split effected in the form of a stock dividend in June 1995, the conversion of preferred stock to common stock and the one-for-two reverse stock split in August 1994). This includes 8,499,605 shares of common stock held by OfficeMax, Inc. as of February 25, 1995. OfficeMax, Inc. purchased these shares from the Company and certain of its shareholders between October 1993 and September 1994 at prices ranging from \$6.14 to \$10.27 per share. Corporate Express purchased the shares held by OfficeMax, Inc. in September 1995.

On September 15, 1995, the Company sold 16,324,528 primary shares in a follow-on public offering of its common stock, and selling shareholders sold 2,075,472 shares at a price of \$24.00 per share. Of the \$375,200,000 of net proceeds to the Company from the offering, \$195,800,000 was used to pay for the prior purchase of the Company shares held by OfficeMax, Inc., the Company's largest shareholder, and \$61,000,000 was used to repay existing indebtedness. The remaining proceeds were used to finance the Company's acquisitions and for general corporate purposes.

On June 21, 1995, a 50% share dividend of approximately 14,050,000 shares of common stock was distributed to shareholders of record as of June 15, 1995.

On March 30, 1995, a public offering of 6,770,625 shares of common stock was consummated at a price to the public of \$16.68 per share. Of the shares offered, 3,000,000 shares were sold by the Company and 3,770,625 shares were sold by selling security holders, including 264,938 shares issued upon exercise of warrants purchased by the underwriters.

On September 30, 1994, the Company consummated its initial public offering of 10,500,000 shares of common stock at a price of \$10.67 per share. Selling shareholders sold an additional 2,437,500 shares of common stock in the initial public offering. In connection with this offering, the Company effected a one-for-two reverse stock split in

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

11. Common Stock - (Continued)

August 1994 and converted all of its outstanding preferred stock to common stock on a two-for-one basis in September 1994.

The Company has authorized 3,000,000 shares of Non-Voting Common Stock, par value \$.0002 per share. No shares of the Non-Voting Common Stock are issued or outstanding at March 2, 1996. In addition, the Company has authorized 25,000,000 shares of Preferred Stock, par value \$.0001 per share. No shares of Preferred Stock are issued or outstanding at March 2, 1996.

Options:

1992 Stock Option Plan. In February 1992, the Company adopted the Corporate Express, Inc. 1992 Stock Option Plan (the "1992 Stock Option Plan"). The 1992 Stock Option Plan was approved by the Company's shareholders in May 1992 and amended in January 1994. Options were granted under the 1992 Stock Option Plan at the fair market value at the time of grant as determined by the Board of Directors or the Compensation Committee, based on recent stock transactions. Options granted under the 1992 Stock Option Plan typically vest in equal monthly installments over a five-year period, beginning on the month after the first anniversary of the grant date. The options generally expire on the seventh anniversary of the grant date. At March 2, 1996, 1,608,201 options were outstanding under the 1992 Stock Option Plan at prices ranging from \$0.15 to \$7.33 per share, 458,689 were exercisable and none were available for grant.

Executive Plan. In June 1994, the Board of Directors adopted the 1994 Executive Stock Option Plan (the "Executive Plan") which permits the grant of stock options to the Company's executive officers. The Compensation Committee administers the plan and establishes the terms of the options granted, including the number of shares, the exercise price, vesting schedule and termination provisions. The particular terms of each grant are set forth in separate stock option agreements entered into between the Company and the executive officer. The maximum aggregate number of shares of common stock for which options may be granted under this plan originally was 2,250,000 and was increased (subject to shareholder approval) to 3,750,000 in August 1995, and no single executive officer may be granted options covering more than 750,000 shares of common stock in any calendar year. At March 2, 1996, 1,575,000 options were outstanding under the Executive Plan at a price of \$8.00 per share, none were exercisable and 675,000 were available for future grant. The options outstanding at March 2, 1996 under the Executive Plan vest ten years from date of grant and expire in 2006. Vesting accelerates upon occurrence of certain conditions, including increases in the Company's stock price and changes in control of the Company.

In addition to the above, the Company granted options with terms identical to those under the Executive Plan during fiscal 1995. A total of 1,350,000 options were granted to purchase common shares at \$20.00 per share. The options expire in 2007. At March 2, 1996, none of these options were exercisable.

1994 Stock Option Plan. The 1994 Stock Option and Incentive Plan (the "1994 Stock Option Plan") was adopted by the Board of Directors and approved by shareholders in August 1994. This plan replaces, for future grants, the 1992 Stock Option Plan. The 1994 Stock Option Plan permits the Company to grant incentive stock options and nonqualified stock options. The maximum aggregate number of shares of common stock which may be issued under the 1994 Stock Option Plan was 1,875,000 and was (subject to shareholder approval) increased to 6,375,000 in March 1996, plus an additional number of shares equal to the number of options granted under the 1992 Stock Option Plan that are terminated or forfeited. Options granted under the 1994 Stock Option Plan typically vest in equal monthly installments over a period of five years, beginning in the month after the first anniversary of the grant date. The options generally expire on the seventh anniversary of the grant date. Options and awards that expire, terminate or are cancelled or forfeited will again be available for grant or award under the plan. At March 2, 1996, 1,700,672 options were outstanding under the 1994 Stock Option Plan at prices ranging from \$10.67 to \$29.75 per share, 15,781 were exercisable and 417,957 were available for grant.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

11. Common Stock - (Continued)

In addition to the above, the Company granted options at the time of the Delivery merger with terms identical to those under the 1994 Stock Option Plan. A total of 2,099,100 options were granted to purchase common shares at \$29.75 per share. At March 2, 1996, none of these options were exercisable.

Non-Qualified Stock Options. Non-qualified options to purchase 50,250 shares of common stock were granted to certain employees on August 1, 1994. These options generally vest and expire on the same terms as the options granted under the 1992 Stock Option Plan. At March 2, 1996, 34,704 options were outstanding at a price of \$7.33 per share and 4,593 were exercisable.

Information regarding the Company's stock options under the various plans is summarized below:

	<u>Shares</u>	<u>Option Price</u>
Outstanding at February 28, 1993	664,875	\$0.15 - \$2.67
Granted	1,292,730	\$4.00 - \$7.33
Exercised	<u>(15,000)</u>	\$5.33
Outstanding at February 28, 1994	1,942,605	\$0.15 - \$7.33
Granted	2,717,625	\$7.33 - \$16.67
Exercised	(160,170)	\$7.33 - \$13.77
Forfeited	<u>(189,750)</u>	\$2.67 - \$7.33
Outstanding at February 25, 1995	4,310,310	\$0.15 - \$16.67
Granted	4,804,600	\$15.83 - \$29.75
Exercised	(546,171)	\$0.15 - \$12.92
Forfeited	<u>(201,062)</u>	\$5.33 - \$27.25
Outstanding at March 2, 1996	<u>8,367,677</u>	\$0.15 - \$29.75

Delivery Plan. Delivery had a stock option plan which was approved by its shareholders in January 1994. On March 1, 1996, effective with the merger with Corporate Express, all Delivery options became vested and were exercisable into shares of common stock, as adjusted to reflect the exchange ratio as defined in the merger agreement. At March 2, 1996, 1,736,100 options to purchase Corporate Express common stock were outstanding under the former Delivery plan at prices ranging from \$6.46 to \$25.83, all were exercisable and none were available for future grant.

Warrants:

As of February 25, 1995, warrants to purchase 993,000 shares of the Company's common stock, had been issued with exercise prices of \$.03 per share for 4,500 shares, \$7.34 per share for 375,000 shares and \$2.67 for the remaining 613,500 shares. As of March 2, 1996, warrants to purchase 654,800 shares of common stock were outstanding, with exercise prices of \$7.34 per share for 375,000 shares and \$2.67 per share for the remaining 279,800 shares. The warrants expire on various dates between December 31, 1996 and January 31, 1999.

Outstanding warrants to purchase Delivery common stock are vested and exercisable into shares of Corporate Express common stock, effective with the merger with Corporate Express on March 1, 1996, at an exchange ratio as defined in the merger agreement. As of March 2, 1996, warrants to purchase 44,100 and 48,000 shares of Corporate Express common stock were outstanding at prices of \$8.33 and \$14.16 per share, respectively.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

12. Fair Value of Financial Instruments:

The estimated fair value of the Company's financial instruments including cash and cash equivalents and debt approximates their carrying value at March 2, 1996 and February 25, 1995. The fair value of short and long-term debt was estimated using discounted cash flows at current interest rates.

13. Net Income (Loss) Per Share:

The February 28, 1994 net loss per share is calculated using the common stock and common stock equivalents outstanding as of February 28, 1994 as if this had been the capital structure throughout fiscal 1993 and at year end. This calculation gives retroactive effect to the one-for-two reverse stock split in August 1994, the conversion of preferred stock, which occurred automatically upon the consummation of the Company's initial public offering of common stock, as if such conversion had occurred as of February 28, 1994 and the 50% share dividend in June 1995. The information does not reflect net cash proceeds received or shares issued at the closing of the initial public offering.

14. Industry and Geographic Area Segment Information

The Company's major operations consist of providing the distribution of products and services. The product distribution segment has operations in the United States, Australia, Canada and the United Kingdom. Currently, the largest operations in the international segment are in Australia. Services include same day delivery, distribution and logistics management and call center (i.e., inbound telemarketing).

Revenues, operating income, identifiable assets, capital expenditures and depreciation and amortization pertaining to the industries and geographic areas in which the Company operates are presented below.

	<u>Corporate Express Consolidated</u>	<u>Product Distribution</u>	<u>Services</u>
<i>Industry Segments: (In thousands)</i>			
Fiscal year ended March 2, 1996:			
Net sales	\$1,590,104	\$1,247,640	\$342,464
Operating profit	29,804 (a)	20,384 (b)	9,420 (c)
Identifiable assets	910,523	788,065	122,458
Capital expenditures	51,765	40,110	11,655
Depreciation and amortization	26,844	18,323	8,521
Fiscal year ended February 25, 1995:			
Net sales	\$ 927,918	\$ 707,653	\$ 220,265
Operating profit	33,640	22,498	11,142
Identifiable assets	568,161	491,414	76,747
Capital expenditures	16,078	8,933	7,145
Depreciation and amortization	15,740	11,356	4,384
Fiscal year ended February 28, 1994:			
Net sales	\$ 337,094	\$ 235,918	\$ 101,176
Operating profit	781	(503)	1,284
Identifiable assets	387,477	367,015	20,462
Capital expenditures	4,225	1,710	2,515
Depreciation and amortization	5,960	3,828	2,132

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

14. Industry and Geographic Area Segment Information - (Continued)

- (a) Operating profit including \$42,790,000 in merger related and other nonrecurring charges
- (b) Operating profit including \$29,203,000 in merger related and other nonrecurring charges
- (c) Operating profit including \$13,587,000 in merger related and other nonrecurring charges

	Corporate Express <u>Consolidated</u>	Domestic <u>Operations</u>	International <u>Operations</u>
<i>Geographical Segments: (In thousands)</i>			
Fiscal year ended March 2, 1996:			
Net sales	\$1,590,104	\$1,423,808	\$ 166,296
Operating profit	29,804 (a)	24,180 (a)	5,624
Identifiable assets	910,523	795,882	114,641
Capital expenditures	51,765	49,754	2,011
Depreciation and amortization	26,844	24,859	1,985
Fiscal year ended February 25, 1995:			
Net sales	\$ 927,918	\$ 926,224	\$ 1,694
Operating profit	33,640	33,626	14
Identifiable assets	568,161	564,750	3,411
Capital expenditures	16,078	16,073	5
Depreciation and amortization	15,740	15,728	12
Fiscal year ended February 28, 1994:			
Net sales	\$ 337,094	\$ 337,094	\$ ---
Operating profit	781	781	---
Identifiable assets	387,477	387,477	---
Capital expenditures	4,225	4,225	---
Depreciation and amortization	5,960	5,960	---

- (a) Operating profit including \$42,790,000 in merger related and other nonrecurring charges

15. Subsequent Events:

Subsequent to March 2, 1996, Corporate Express purchased 13 office product distributors, one delivery company and one software distributor, of which two were in New Zealand, two in the United Kingdom and eleven in the United States for a combined purchase price of approximately \$126,629,000 and 24,000 shares of common stock. In addition, the Company acquired one delivery service company in Ottawa, Canada for 46,000 shares of common stock in a transaction accounted for as a pooling of interests.

Corporate Express entered the New Zealand market by acquiring two companies that operate in six locations with two distribution centers, which will provide coverage for both major islands in the country. In the United Kingdom, Corporate Express expanded its operations in England by acquiring a company, based in the greater London area. The New Zealand and the United Kingdom companies were acquired through Corporate Express' majority owned subsidiaries.

The computer software acquisition was consummated on May 15, 1996 when the Company acquired all of the outstanding capital stock of ASAP Software Express, Inc., a leading distributor of software to large corporations for a purchase price of approximately \$98,000,000, subject to certain adjustments.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

16. Quarterly financial data (unaudited):(a)

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
	(In thousands, except per share data)			
Fiscal year ended March 2, 1996:				
Net sales	\$330,394	\$371,058	\$420,185	\$468,467
Gross profit	86,808	96,135	111,681	116,273
Income (loss) before extraordinary item	6,506	5,755	10,375	(19,892)
Net income	<u>\$ 6,506</u>	<u>\$ 5,755</u> (b)	<u>\$ 10,375</u> (b)	<u>\$ (19,892)</u> (c)
Net income (loss) per common share before extraordinary item	<u>\$.10</u>	<u>\$.09</u>	<u>\$.14</u>	<u>\$ (.29)</u>
Net income per common share	<u>\$.10</u>	<u>\$.09</u>	<u>\$.14</u>	<u>\$ (.29)</u>
Fiscal year ended February 25, 1995:				
Net sales	\$187,714	\$224,380	\$244,557	\$271,267
Gross profit	47,819	59,116	65,453	73,568
Income before extraordinary item	1,789	1,573	3,698	5,089
Net income	<u>\$ 1,789</u>	<u>\$ 2,159</u>	<u>\$ 3,698</u>	<u>\$ 5,089</u>
Net income per common share before extraordinary item	<u>\$.04</u>	<u>\$.04</u>	<u>\$.07</u>	<u>\$.09</u>
Net income per common share	<u>\$.04</u>	<u>\$.05</u>	<u>\$.07</u>	<u>\$.09</u>

- (a) Quarterly amounts have been restated to include the accounts and operations of Delivery and Young.
- (b) Amounts for the second and third quarters of the fiscal year ended March 2, 1996 have been revised. The Company reviewed certain costs in accordance with its established policies for accounting for acquisitions. As a result of the review, the Company has reclassified certain costs to either cost of sales or warehouse operating and selling expenses from purchase accounting accruals. Such classification of these costs is consistent with recently issued interpretations of accounting literature applicable to accounting for business combinations. These adjustments reduced net income by \$872,000 and \$1,257,000 in the second and third quarter, respectively.
- (c) In the fourth quarter of fiscal 1995, the Company recognized pretax charges of \$42.8 million related to merger and other nonrecurring items.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No change of accountants or disagreements on any matter of accounting principals or financial statement disclosures have occurred within the last two years.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (Continued)

PART III

The information called for by Item 10, Directors and Executive Officers of the Registrant; Item 11, Executive Compensation; Item 12, Security Ownership of Certain Beneficial Owners and Management; and Item 13, Certain Relationships and Related Transactions, is incorporated herein by reference to the Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders, presently scheduled to be held on July 18, 1996, which will be filed with the Securities and Exchange Commission within 120 days from the end of the Registrant's fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements of the Company and its Consolidated Subsidiaries

Report of Independent Accountants
Report of Independent Public Accountants
Consolidated Balance Sheets as of March 2, 1996 and February 25, 1995
Consolidated Statements of Operations for the fiscal years ended March 2, 1996, February 25, 1995, and February 28, 1994.
Consolidated Statements of Shareholders' Equity for the fiscal years ended March 2, 1996, February 25, 1995, and February 28, 1994.
Consolidated Statements of Cash Flows for the fiscal years ended March 2, 1996, February 25, 1995, and February 28, 1994.
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

II. Valuation and Qualifying Accounts

3. Exhibits

The following exhibits are incorporated in this report by reference or included and submitted with this report, as indicated. Except as otherwise noted, the exhibit has previously been filed as an exhibit to the Company's Registration Statement on Form S-1, File No. 33-81924 (the "Registration Statement"), and is incorporated herein by reference.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Articles of Amendment and Restatement of the Articles of Incorporation of Corporate Express, Inc., a Colorado corporation (the "Company"), filed on September 30, 1994.
3.2	Amended and Restated By-Laws of the Company.
4.1	Specimen Common Stock Certificate of the Company.
4.2	Form of Warrant Agreement.
4.3	Credit Agreement, dated as of February 28, 1994 by and among the Company, various Financial Institutions, Sanwa Business Credit Corporation and Continental Bank N.A., as amended (the "Senior Credit Facility").
4.4	Indenture dated as of February 28, 1994 by and among the Company, and the Guarantors named therein and First Trust National Association for the \$100,000,000 9 1/8% Senior Subordinated Notes.

<u>Exhibit Number</u>	<u>Description</u>
4.5	Note Purchase Agreement dated February 22, 1994 by and among the Company, McQuiddy Holdings Inc., McQuiddy Office Designers, Inc., New Jersey Office Supply Inc., Ross-Martin Company Inc., Scott Rice Company Inc., Schwabacher/Frey, Inc., Bayless Stationers, Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Alex. Brown & Sons Incorporated.
4.6	Recapitalization Agreement dated December 3, 1991, by and between the Company, J.P. Morgan Investment Corporation ("J.P. Morgan") and Shareholders.
4.7	Recapitalization Agreement dated August 29, 1992 by and among the Company, J.P. Morgan and certain shareholders.
*4.8	First Amendment to the Senior Credit Facility, dated as of May 10, 1996 by and among the Company and Bank of America, Illinois.
10.1	Employment Agreement (Restated) dated as of January 1, 1992, by and between the Company and Jirka Rysavy, as amended.
10.2	Employment Agreement dated as of August 25, 1993, by and between the Company and Robert King, as amended effective July 15, 1994.
10.3	Stock Purchase Agreement dated September 26, 1993, by and among the Company, Synergom, Inc. and OfficeMax, Inc., as amended.
10.4	Agreement and Plan of Merger, dated May 3, 1993, by and among Lindsay's Business Supplies and Furniture, Inc. ("Lindsay's"), the shareholders of Lindsay's and the Company, as amended on May 6, 1993.
10.5	Stock Purchase Agreement dated November 19, 1993 by and among HM Holdings, Inc., SFB Stationers Holdings, Inc. and the Company, as amended on December 16, 1993 and February 24, 1994.
10.6	Agreement and Plan of Merger, dated November 30, 1993, by and among Lucas Bros., Inc. ("Lucas"), the Shareholders of Lucas and the Company.
10.7	Amended and Restated 1992 Stock Option Plan, Form of Non-qualified Stock Option Agreement and Form of Incentive Stock Option Agreement.
10.8	1994 Executive Stock Option Plan.
10.9	Form of Indemnification Agreement between the Company and its officers and directors.
10.10	1994 Stock Option and Incentive Plan.
10.11	1994 Employee Stock Purchase Plan.

<u>Exhibit Number</u>	<u>Description</u>
10.12	Stock Purchase Agreement among Siekert & Baum, Inc., Richard Buckley, Peter Reiland, other Reiland family members and related trusts, and the Company, dated as of January 13, 1995 (incorporated by reference to the Company's Form 8-K filed on January 30, 1995, as amended by the Company's Form 8-K/A filed on February 9, 1995).
10.13	Asset Purchase Agreement between Joyce International, Inc. and the Company, dated as of January 9, 1995 (incorporated by reference to the Company's Form 8-K filed on January 30, 1995 as amended by the Company's Form 8-K/A filed on February 9, 1995).
10.14	Letter Agreements dated as of December 19, 1994 and February 3, 1995 amending the Senior Credit Facility (incorporated by reference to the Company's Registration Statement on Form S-1, File No. 33-90106).
10.15	Employment Agreement dated as of July 31, 1995 by and between the Company and Sam Leno (incorporated by reference to the Company's Registration Statement on Form S-1, File No. 33-95902).
10.16	Agreement among the Company, Synergom, Inc. and OfficeMax, Inc. dated as of August 25, 1995 (incorporated by reference to the Company's Registration Statement on Form S-1, File No. 33-95902).
10.17	Agreement and Plan of Merger dated as of January 6, 1996 among the Company, Delivery Systems, Inc. and DSU Acquisition Corp., as amended (incorporated by reference to the Company's Registration Statement on Form S-4, File No. 333-288).
10.18	Agreement and Plan of Merger dated as of February 8, 1996 by and among the Company, CEX Acquisition Corp., Young, Richard Young, HCC Investments, Inc., Juliet Challenger, Inc. and Wilmington Securities, Inc. (incorporated by reference to the Company's Registration Statement on Form S-4, File No. 333-288).
10.19	Stock purchase agreement dated April 22, 1996 by and among the Company, ASAP Software Express, Inc. and the shareholders of ASAP Software Express, Inc. (incorporated by reference to the Company's Form 8-K dated May 15, 1996).
*11.1	Statement regarding Computation of Net Income (Loss) Per Share.
*21.1	List of Subsidiaries.
*23.1	Consent of Coopers & Lybrand L.L.P.
*23.2	Consent of Arthur Andersen LLP

*Filed herewith.

(b) Reports on Form 8-K

Form 8-K filed on January 6, 1996.

Form 8K-A filed on December 21, 1995 amending 8-K filed on October 26, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CORPORATE EXPRESS, INC.

SAM R. LENO

By: Sam R. Leno

Title: Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
JIRKA RYSAVY Jirka Rysavy	Chairman of the Board and Chief Executive Officer (Principal Executive officer)	June 12, 1996
ROBERT L. KING Robert L. King	President Chief Operating Officer and Director	June 12, 1996
GARY M. JACOBS Gary M. Jacobs	Executive Vice President and Secretary	June 12, 1996
SAM R. LENO Sam R. Leno	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	June 12, 1996
JOANNE C. FARVER Joanne C. Farver	Vice President, Controller (Principal Accounting Officer)	June 12, 1996
CLAYTON TRIER Clayton Trier	Director	June 12, 1996
JANET A. HICKEY Janet A. Hickey	Director	June 12, 1996

PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY

Corporate Express, Inc.
325 Interlocken Parkway
Broomfield, Colorado 80021

TRUSTEE, REGISTRAR AND CONVERSION AGENT

Bankers Trust Company
Four Albany Street, 4th Floor
New York, New York 10006

PAYING AGENT, CONVERSION AGENT AND TRANSFER AGENT

Bankers Trust Company
1 Appold Street, Broadgate
London, EC2A 2HE
England

LISTING AGENT, PAYING AGENT, CONVERSION AGENT AND TRANSFER AGENT

Bankers Trust Luxembourg
14 Boulevard Franklin D. Roosevelt
2450 Luxembourg City
Luxembourg

No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular, and, if given or made, such information or representations must not be relied upon as having been authorized. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

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U.S. \$325,000,000

CORPORATE EXPRESS, INC.

4½% CONVERTIBLE NOTES
DUE JULY 1, 2000

OFFERING CIRCULAR

ALEX. BROWN & SONS
INCORPORATED

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

MONTGOMERY SECURITIES

J.P. MORGAN & Co.

June 19, 1996

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 1996

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 0-24642

CORPORATE EXPRESS, INC.

(Exact name of registrant as specified in its charter)

Colorado
(State of incorporation or
organization)

84-0978360
(I.R.S. Employer
Identification No.)

325 Interlocken Parkway
Broomfield, Colorado
(Address of principal executive offices)

80021
(Zip Code)

Registrant's telephone number, including area code: (303) 373-2800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

The number of shares of the registrant's common stock, par value \$.0002 per share, outstanding as of October 9, 1996 was 71,510,293.

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

CORPORATE EXPRESS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS

	August 31, 1996 <u>(Unaudited)</u>	March 2, 1996 <u></u>
Current assets:		
Cash and cash equivalents	\$ 89,027	\$ 28,664
Trade accounts receivable, net of allowance of \$6,796 and \$5,380, respectively	344,337	266,360
Notes and other receivables	42,865	27,060
Inventories	141,895	101,995
Deferred income taxes	17,213	18,157
Other current assets	<u>21,852</u>	<u>17,234</u>
Total current assets	657,189	459,470
Property and equipment:		
Land	12,578	8,384
Buildings and leasehold improvements	70,942	32,935
Furniture and equipment	<u>162,120</u>	<u>117,655</u>
	245,640	158,974
Less accumulated depreciation	<u>(61,815)</u>	<u>(49,475)</u>
	183,825	109,499
Goodwill, net	530,049	324,603
Other assets, net	<u>38,713</u>	<u>16,951</u>
Total assets	<u>\$ 1,409,776</u>	<u>\$ 910,523</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED BALANCE SHEETS, Continued
(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	August 31, 1996	March 2, 1996
	(Unaudited)	
Current liabilities:		
Accounts payable - trade	\$ 209,298	\$ 135,069
Payable for acquisitions	2,109	2,063
Accrued payroll and benefits	30,275	23,019
Accrued purchase costs	7,941	3,049
Accrued merger and related costs	16,397	24,880
Other accrued liabilities	44,504	33,996
Current portion of long-term debt and capital leases	16,895	20,151
Total current liabilities	327,419	242,227
Capital lease obligations	11,185	9,568
Long-term debt	480,120	127,900
Deferred income taxes	15,922	7,374
Minority interest in subsidiaries	25,740	24,843
Other non-current liabilities	5,497	2,097
Total liabilities	865,883	414,009
Contingencies (Note 8)		
Shareholders' equity:		
Common stock, \$.0002 par value, 100,000,000 shares authorized, 70,865,000 and 69,088,000 shares issued and outstanding, respectively	15	14
Additional paid-in capital	527,205	502,559
Retained earnings (accumulated deficit)	14,444	(6,712)
Foreign currency translation adjustments	2,229	653
Total shareholders' equity	543,893	496,514
Total liabilities and shareholders' equity	\$ 1,409,776	\$ 910,523

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	August 31, 1996	August 26, 1995	August 31, 1996	August 26, 1995
	(Unaudited)		(Unaudited)	
Net sales	\$ 602,382	\$ 371,058	\$ 1,103,005	\$ 701,452
Cost of sales	<u>451,380</u>	<u>274,923</u>	<u>820,558</u>	<u>518,509</u>
Gross profit	151,002	96,135	282,447	182,943
Warehouse operating and selling expense	108,496	70,309	203,805	132,920
Corporate general and administrative expenses	<u>19,684</u>	<u>10,515</u>	<u>35,617</u>	<u>19,758</u>
Operating profit	22,822	15,311	43,025	30,265
Interest expense, net	<u>4,045</u>	<u>4,979</u>	<u>7,324</u>	<u>9,015</u>
Income before income taxes	18,777	10,332	35,701	21,250
Income tax expense	<u>7,942</u>	<u>4,128</u>	<u>15,021</u>	<u>8,425</u>
Income before minority interest	10,835	6,204	20,680	12,825
Minority interest	<u>(330)</u>	<u>449</u>	<u>(101)</u>	<u>564</u>
Net income	<u>\$ 11,165</u>	<u>\$ 5,755</u>	<u>\$ 20,781</u>	<u>\$ 12,261</u>
Net income per share	<u>\$.15</u>	<u>\$.09</u>	<u>\$.27</u>	<u>\$.19</u>
Weighted average common shares outstanding	<u>76,205</u>	<u>64,510</u>	<u>75,742</u>	<u>63,717</u>

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended	
	August 31, 1996	August 26, 1995
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 20,781	\$ 12,261
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	11,166	6,887
Amortization	7,458	3,858
Minority interest	(101)	564
Other	198	1,257
Changes in assets and liabilities, excluding acquisitions:		
Increase in accounts receivable	(9,742)	(21,393)
Increase in inventory	(8,312)	(10,742)
Increase in other current assets	(4,822)	(1,637)
Increase in other assets	(992)	(1,035)
Increase (decrease) in accounts payable	6,156	(4,846)
Increase (decrease) in accrued liabilities	(1,510)	420
Net cash provided by (used in) operating activities	20,280	(14,406)
Cash flows from investing activities:		
Proceeds from sale of assets	625	4,821
Capital expenditures	(55,649)	(15,887)
Payment for acquisitions, net of cash acquired	(192,107)	(50,731)
Purchase of marketable securities	(11,575)	-
Other, net	(8,436)	(4,522)
Net cash used in investing activities	(267,142)	(66,319)
Cash flows from financing activities:		
Issuance of common stock	5,585	53,211
Debt issuance costs	(7,198)	(2,967)
Proceeds from long-term borrowings	339,007	15,062
Repayments of long-term borrowings	(8,087)	(7,325)
Proceeds from short-term borrowings	513	-
Repayments of short-term borrowings	(7,986)	(5,893)
Net proceeds from (payments on) line of credit	(13,686)	31,400
Other	(403)	(477)
Net cash provided by financing activities	307,745	83,011
Net cash used by discontinued operations	(194)	(211)
Effect of foreign currency exchange rate changes on cash	(326)	(402)
Increase in cash and cash equivalents	60,363	1,673
Cash and cash equivalents, beginning of period	28,664	15,392
Cash and cash equivalents, end of period	\$ 89,027	\$ 17,065

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued

Supplemental schedule of noncash investing and financing activities:

Capital lease obligations in the amount of \$4,732,000 and \$1,695,000 were incurred during the six months ended August 31, 1996 and August 26, 1995, respectively, for equipment and software.

During the six months ended August 31, 1996, the Company acquired, for a net cash purchase price of \$185,799,000 and 899,000 shares of common stock, 41 office products distributors and 11 delivery companies of which 43 were accounted for as purchases and nine were accounted for as immaterial poolings of interests. During the six months ended August 26, 1995, the Company acquired substantially all of the assets and assumed certain liabilities of 12 office products distributors and ten delivery companies for a net cash outlay of \$44,268,000. In conjunction with these acquisitions, liabilities were assumed as follows:

	<u>Six Months Ended</u>	
	<u>August 31,</u>	<u>August 26,</u>
	<u>1996</u>	<u>1995</u>
	(In thousands)	
	(Unaudited)	
Fair value of assets acquired	\$340,333	\$97,819
Cash paid, net of cash acquired	185,799	44,268
Issuance of notes payable	-	1,000
Issuance of stock	19,523	-
Minority interest in subsidiary	-	11,138
Purchase price payable, included in current liabilities	<u>1,666</u>	<u>54</u>
Liabilities assumed	<u>\$133,345</u>	<u>\$ 41,359</u>

In addition to the amounts set forth above, during the six month periods ended August 31, 1996 and August 26, 1995, the Company paid \$6,308,000 and \$6,463,000, respectively, for prior period acquisitions and prepaid acquisition costs.

The accompanying notes are an integral part of the consolidated financial statements.

CORPORATE EXPRESS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

The consolidated financial statements include the accounts of Corporate Express, Inc. ("Corporate Express" or the "Company") and its majority owned subsidiaries. U.S. Delivery Systems, Inc. ("Delivery") was merged with and into DSU Acquisition Corp., a wholly-owned subsidiary of the Company, on March 1, 1996, and Richard Young Journal, Inc. ("Young") was merged with and into CEX Acquisition Corp., a wholly-owned subsidiary of the Company, on February 27, 1996. The mergers were accounted for as poolings of interests and, accordingly, the accompanying financial statements have been restated to include the accounts and operations of Delivery and Young for all periods prior to the mergers. Acquisitions accounted for as purchases are included in the accounts and operations as of the effective date of the transaction and immaterial acquisitions accounted for as poolings of interests are included in the accounts and operations as of the beginning of the fiscal period in which the transaction is effective. The Company accounts for its investments in less than 50% owned entities using the equity or cost methods. All intercompany balances and transactions have been eliminated.

These financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, such interim statements reflect all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. The results of operations for these interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended March 2, 1996.

The goodwill balance shown on the Consolidated Balance Sheet is net of accumulated amortization of \$22,314,000 as of August 31, 1996 and \$16,046,000 as of March 2, 1996.

Certain of the Company's locations calculate cost of sales using an estimated gross profit method for interim periods. Cost of sales at these locations are adjusted based on physical inventories which are performed no less than once a year.

Certain reclassifications from new warehouse assimilation expenses to warehouse operating and selling expense and corporate general and administrative expense have been made to the August 26, 1995 statement of operations to conform to the August 31, 1996 presentation.

2. Accrued Purchase Costs

In conjunction with purchase acquisitions, the Company accrues the direct external costs incurred to consummate the acquisition, external costs associated with closing redundant facilities of acquired companies, and severance and relocation payments to the acquired company's employees. Prior to the adoption of EITF 95-3 in May 1995, the Company also accrued the external incremental costs of converting acquired company computer systems to the Company's systems.

The following tables set forth activity in the Company's accrued purchase liabilities for the period ended August 31, 1996.

Prior to EITF 95-3:

	<u>Total</u>	<u>Warehouse & System Integrations</u>	<u>Redundant Facilities</u> (In thousands)	<u>Severance</u>	<u>Disposition of Assets & Other</u>
Balance, March 2, 1996	\$1,264	\$ 750	\$ 403	\$ 41	\$ 70
Payments	<u>(499)</u>	<u>(351)</u>	<u>(107)</u>	<u>(41)</u>	<u>--</u>
Balance, August 31, 1996 (1)	<u>\$ 765</u>	<u>\$ 399</u>	<u>\$ 296</u>	<u>\$ 0</u>	<u>\$ 70</u>

(1) Remaining balances relate primarily to current consolidation projects in Florida and Canada and reflect the estimated remaining costs to be incurred in conjunction with these projects.

After adoption of EITF 95-3:

	<u>Total</u>	<u>Facility Exit Costs</u>	<u>Redundant Facilities</u> (In thousands)	<u>Severance</u>	<u>Disposition of Assets & Other</u>
Balance, March 2, 1996	\$ 1,785	\$514	\$ 198	\$ 772	\$ 301
Additions	6,478	256	1,570	4,015	637
Payments	<u>(1,087)</u>	<u>(61)</u>	<u>(327)</u>	<u>(699)</u>	<u>--</u>
Balance, August 31, 1996	<u>\$ 7,176</u>	<u>\$709</u>	<u>\$1,441</u>	<u>\$4,088</u>	<u>\$ 938</u>

Accrued purchase costs, after adoption of EITF 95-3, primarily represent the liabilities incurred to consolidate acquired operations into existing Company facilities. Approximately \$2,170,000 of the \$4,015,000 of severance represent the liabilities incurred to consolidate the recent acquisitions in Australia and Canada.

3. Merger and Other Nonrecurring Charges

During the fourth quarter of fiscal 1995, the Company recorded \$36,838,000 in merger and other nonrecurring charges primarily in conjunction with the acquisitions of Delivery and Young, of which \$24,880,000 was unpaid at the end of the fiscal year. Total expenditures for the six months ended August 31, 1996 of \$8,483,000 include \$6,803,000 of merger transaction costs. The remaining merger transaction costs of \$2,358,000 include employment contract buy-outs for certain former USD employees which are being negotiated. The additional costs associated with a plan to integrate the combined companies' operations is expected to be completed within the next two years. The charge includes the closure of 88 facilities and the reduction of approximately 760 employees. As of August 31, 1996, 13 facilities were closed and 46 employees have been terminated.

	<u>Accrued Merger and Related Costs</u>		
	Balance	Cash	Balance
	<u>March 2, 1996</u>	<u>Payments</u>	<u>August 31, 1996</u>
Merger transaction costs	\$ 9,161	\$(6,803)	\$ 2,358
Severance and terminations	7,165	(934)	6,231
Facility closure and consolidation	<u>8,554</u>	<u>(746)</u>	<u>7,808</u>
	<u>\$24,880</u>	<u>\$(8,483)</u>	<u>\$16,397</u>

4. Acquisitions

On May 15, 1996, the Company acquired all of the outstanding capital stock of ASAP Software Express, Inc. ("ASAP"), a leading distributor of software to large corporations, for a purchase price of \$97,611,000 offset by cash acquired of \$13,792,000. In addition, the Company purchased all of the outstanding capital stock of Boulevard Produits De Bureau, Inc. ("Boulevard"), a seller of office supplies, furniture and equipment, for a net cash purchase price of \$16,102,000. The Company also repaid \$9,498,000 of Boulevard promissory notes with cash of \$731,900 and 237,888 shares of the Company's common stock. The excess of the purchase price over the fair market value of the net tangible assets acquired in both acquisitions was allocated to goodwill.

The operating results of ASAP and Boulevard are included in the Company's consolidated statement of operations from the effective date of each acquisition. The following pro forma financial information assumes the ASAP and Boulevard acquisitions occurred on February 26, 1995. The pro forma financial information also gives effect to the sale of the Company's 4 1/2% Convertible Notes due July 1, 2000 (the "Notes") in June 1996 as if such sales occurred on February 26, 1995. These results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the transaction occurred at the beginning of the period, or of results which may occur in the future. The pro forma results listed below are unaudited.

	<u>Six Months Ended</u>	
	<u>August 31, 1996</u>	<u>August 26, 1995</u>
	(In thousands, except per share amounts)	
Net sales	\$1,153,998	\$799,415
Net income	22,818	14,148
Net income per share	0.30	0.22

In addition to the ASAP and Boulevard acquisitions, the Company acquired 50 contract stationers and delivery operations. Of the 50 acquisitions, 41 were accounted for as purchases for a net cash purchase price of \$85,878,000 and 309,000 shares of common stock, and nine were accounted for as immaterial poolings of interests for 590,000 shares of common stock.

5. Computation of Net Income Per Share and Restatement of Common Shares Outstanding

Net income per share is calculated by dividing net income by the weighted average shares of common stock and common stock equivalents outstanding. The weighted average shares outstanding for the six months ended August 26, 1995 have been restated to reflect a 50% stock dividend distributed in June 1995.

6. Issuance of Convertible Notes

On June 24, 1996, the Company issued \$325 million principal amount of Notes. The Notes are convertible into shares of Common Stock of the Company at a conversion price of \$50 per share, subject to certain adjustments. A portion of the proceeds from the sale of the Notes was used to repay the Company's revolving credit facility and an acquisition note payable with the remaining proceeds being used to fund acquisitions and for other general corporate purposes.

7. Subsequent Events

Subsequent to August 31, 1996, the Company purchased six contract stationers, of which four were in the United States, one was in the United Kingdom, and one was in Canada for a combined cash purchase price of approximately \$11,715,000 and 272,000 shares of common stock.

On September 11, 1996, the Company announced that it had signed a definitive agreement providing for the merger of the Company with United TransNet, Inc., a same-day local delivery service company based in Roswell, Georgia and having operations in 39 states. The agreement provides that each share of United TransNet's common stock will be exchanged for 0.45 of a share of the Company's common stock. The consummation of the merger is subject to approval by United TransNet stockholders, receipt of all necessary regulatory approvals, satisfactory confirmation that the merger will be treated as a tax-free reorganization and accounted for as a pooling of interests, and other customary conditions.

8. Contingencies

The Company is a party to certain legal proceedings in the normal course of business. In the opinion of management, the outcome of such litigation will not have a material adverse effect on the Company's financial position or operating results.

CORPORATE EXPRESS, INC.

Item 2 -- Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net Sales. Consolidated net sales increased 62.3% to \$602,382,000 in the three months ended August 31, 1996 from \$371,058,000 in the three months ended August 26, 1995, and 57.2% to \$1,103,005,000 from \$701,452,000 for the respective six-month periods. Net sales for the Company's product distribution business increased 71.4% to \$495,334,000 in the three months ended August 31, 1996, from \$289,021,000 in the three months ended August 26, 1995 while the service business increased 30.5% to \$107,048,000 from \$82,038,000 in the respective three-month periods. For the six-month period ends, the product distribution business increased 67.0% to \$900,580,000 in the six months ended August 31, 1996, from \$539,172,000 in the six months ended August 26, 1995, while the service business increased 24.7% to \$202,425,000 from \$162,280,000 in the respective six-month periods. These increases are primarily attributable to 81 acquisitions since August 26, 1995, of which 64 were product distribution companies and 17 were service companies.

International operations accounted for 17.9% of total sales, or \$107,763,000, for the three months ended August 31, 1996 compared to 11.1% of total sales, or \$41,120,000, for the three months ended August 26, 1995, and 16.7%, or \$183,888,000, for the six months ended August 31, 1996 up from 7.6% or \$53,612,000 for the six months ended August 26, 1995. Since August 26, 1995, the Company has purchased 25 companies outside of the United States, including 11 through Corporate Express Australia (eight in Australia and three in New Zealand), seven through Corporate Express United Kingdom, six in Canada and one in Germany.

Gross Profit. Cost of sales includes merchandise, occupancy and delivery costs (including fees paid to drivers and transportation and delivery agents). Gross profit as a percentage of sales was 25.1% and 25.6% for the three and six month periods ended August 31, 1996, respectively, compared to 25.9% and 26.1% for the same periods in the prior year. Decreases in the gross profit percentage are primarily a result of the newly acquired software distribution business which has lower merchandise margins.

Warehouse Operating and Selling Expenses. Warehouse operating and selling expenses primarily include labor and administrative costs associated with operating regional warehouses and sales offices, selling expenses and commissions related to the Company's direct sales force, and warehouse assimilation costs. Consolidated warehouse operating and selling expenses as a percentage of sales were 18.0% and 18.5% for the three and six month periods ended August 31, 1996, respectively, compared to 18.9% for both periods in the prior year. These decreases as a percentage of sales reflect the continuing efforts to reduce regional operating expenses. Consolidated warehouse operating and selling expenses increased by \$38,187,000, or 54.3%, to \$108,496,000 in the three months ended August 31, 1996 from \$70,309,000 in the three months ended August 26, 1995; and by \$70,885,000, or 53.3%, to \$203,805,000 in the six months ended August 31, 1996 from \$132,920,000 in the six months ended August 26, 1995. These increases are primarily attributable to the 81 acquisitions completed since August 26, 1995.

Warehouse operating and selling expenses for international operations increased to 22.6% of international sales for the three months ended August 31, 1996 from 19.3% of international sales in the three months ended August 26, 1995; and to 22.3% from 19.6% of international sales for the respective six-month periods, primarily as a result of Australian warehouse assimilation expenses.

Corporate General and Administrative Expenses. Corporate general and administrative expenses include central expenses incurred to provide corporate oversight and support for regional operations and goodwill amortization. Corporate general and administrative expenses increased by \$9,169,000 to \$19,684,000 for the three months ended August 31, 1996 from \$10,515,000 for the three months ended August 26, 1995; and increased by \$15,859,000 to

\$35,617,000 from \$19,758,000 for the respective six month periods. As a percentage of net sales, corporate general and administrative expenses increased to 3.3% and 3.2% for the three and six month periods ended August 31, 1996 from 2.8% for both the three and six month periods ended August 26, 1995. These increases reflect the costs associated with developing a larger corporate staff to support acquisition efforts, international expansion and the development and implementation of the Company's proprietary distribution system, and increased goodwill amortization resulting from purchase acquisitions since August 1995.

Operating Profit. Consolidated operating profit of \$22,822,000 for the three months ended August 31, 1996 increased 49.1% compared to operating profit of \$15,311,000 for the three months ended August 26, 1995; and 42.2% for the respective six-month period ends to \$43,025,000 from \$30,265,000. Consolidated operating profit as a percentage of net sales decreased to 3.8% for the three months ended August 31, 1996 from 4.1% for the three months ended August 26, 1995 and to 3.9% from 4.3% for the respective six-month periods primarily as a result of consolidation projects in international operations. International operating profit as a percentage of international sales decreased to an operating loss of .5% for the three months ended August 31, 1996 from an operating profit of 4.0% for the three months ended August 26, 1995 and decreased to .4% from 3.9% for the six month periods ended August 31, 1996 and August 26, 1995, respectively. These decreases are primarily the result of warehouse assimilation costs in Australia related to the consolidation of acquisitions.

Operating profit as a percentage of sales for the domestic product distribution segment increased to 4.2% from 3.5% for the three month periods ended August 31, 1996 and August 26, 1995, respectively; and to 4.0% from 3.6% for the six month periods ended August 31, 1996 and August 26, 1995, respectively. These increases reflect the lower warehouse operating and selling expenses as a percentage of net sales. Operating profit as a percentage of sales for the delivery segment increased to 6.7% from 6.2% for the three months ended August 31, 1996 and August 26, 1995, respectively; and to 6.7% from 6.6% for the six month periods ended August 31, 1996 and August 26, 1995, respectively.

Interest Expense. Net interest expense of \$4,045,000 and \$7,324,000 for the three and six month periods ended August 31, 1996 decreased by 18.8% for both periods from \$4,979,000 and \$9,015,000 for the three and six month periods ended August 26, 1995, respectively. The decrease in net interest expense is a result of the repayment of higher yield Young debt with borrowings from the Company's lower yield senior credit facility, and the issuance of \$325,000,000 principal amount of Notes in June 1996. The Company used a portion of the proceeds from the Notes to repay debt which was at a higher interest rate, and invested the unused proceeds.

Minority Interest. Minority interest expense decreased by \$779,000 to income of \$330,000 for the three month period ended August 31, 1996 from an expense of \$449,000 for the three months ended August 26, 1995; and by \$665,000 to income of \$101,000 for the six month period ended August 31, 1996 from an expense of \$564,000 for the six months ended August 26, 1995, reflecting the operating losses in Australia. The Company currently owns 52.5% of Corporate Express Australia and 51% of Corporate Express United Kingdom.

Net Income. Net income of \$11,165,000 and \$20,781,000 for the three and six month periods ended August 31, 1996 compared to net income of \$5,755,000 and \$12,261,000 for the three and six month periods ended August 26, 1995. The after-tax profitability is reduced by an increase in the effective tax rate to 42.3% and 42.1% in the three and six months ended August 31, 1996 from 40.0% and 39.6% in the three and six months ended August 26, 1995 due to the impact of international consolidation projects in fiscal 1996 and the utilization of net operating losses in the fiscal 1995 periods.

Other. The net accounts receivable balance at August 31, 1996 of \$344,337,000 increased from \$266,360,000 at March 2, 1996, primarily as a result of acquired receivables. The allowance for doubtful accounts as a percentage of consolidated accounts receivable was 1.9% and 2.0% at August 31, 1996 and March 2, 1996, respectively, remaining relatively unchanged.

The inventory balance at August 31, 1996 of \$141,895,000 increased from \$101,995,000 at March 2, 1996 primarily as a result of acquired inventories.

Goodwill at August 31, 1996 of \$530,049,000 increased from \$324,603,000 at March 2, 1996, reflecting net additions from acquisitions of \$211,714,000, offset by current year amortization of \$6,268,000.

The trade accounts payable balance at August 31, 1996 of \$209,298,000 increased from \$135,069,000 at March 2, 1996, primarily as a result of acquired trade payables of \$62,378,000.

Accrued purchase costs at August 31, 1996 of \$7,941,000 increased from the March 2, 1996 balance of \$3,049,000. This increase reflects acquisition additions of \$6,478,000 and usage of \$1,586,000. The remaining balance represents the current estimate for costs to be incurred in conjunction with current consolidation projects and certain newly acquired operations. (See Note 2 in the Consolidated Financial Statements.)

The accrued merger and related costs balance at August 31, 1996 of \$16,397,000 decreased by \$8,483,000 from the March 2, 1996 balance of \$24,880,000, primarily as a result of payments of the Delivery and Young merger transaction costs. (See Note 3 in the Consolidated Financial Statements.)

Liquidity and Capital Resources

The Company has historically financed its operations through internally generated funds and borrowings from commercial banks, and has financed its acquisitions through the use of such funds and the issuance of equity and debt securities.

On June 24, 1996, the Company issued \$325,000,000 principal amount of Notes. The Notes are convertible into the Company's Common Stock at a conversion price of \$50 per share, subject to adjustments under certain conditions. A portion of the proceeds from the sale of the Notes was used to repay the Company's revolving credit facility and an acquisition note payable with the remaining proceeds being used to fund acquisitions and for other general corporate purposes.

The Company's revolving credit facility (the "Senior Credit Facility") was amended on May 10, 1996 to increase the Company's borrowing capacity from \$90,000,000 to \$250,000,000, subject to borrowing base and other restrictions and to lower the cost of its borrowings to LIBOR plus 1.25%. The indebtedness under the Senior Credit Facility is secured by substantially all of the assets, including accounts receivable and inventory of the Company and its United States subsidiaries. On May 31, 1996, the Company borrowed on its Senior Credit Facility and repaid in full the \$33,270,000 outstanding Delivery revolving credit facility. On June 24, 1996, the outstanding amounts under the Senior Credit Facility were paid in full from funds generated from the issuance of the Notes. Upon this repayment, the borrowing capacity of the Senior Credit Facility was reduced from the amended capacity of \$250,000,000 to \$90,000,000, subject to borrowing base and other restrictions. The Company is currently replacing the existing Senior Credit Facility with a multiple currency revolving credit facility with an estimated borrowing capacity of \$350,000,000 and lower interest rates. In connection with this change in facility, the Company expects to write-off approximately \$1,200,000 in prepaid bank fees in the third fiscal quarter.

During the first six months of fiscal 1996, the Company acquired 52 companies, of which 43 were accounted for as purchases and nine were accounted for as poolings of interests not requiring prior period restatement due to immateriality. The 43 companies were acquired for a net cash purchase price of \$185,799,000 and 309,000 shares of common stock. Of the nine poolings of interests acquisitions, one was a contract stationer and eight were delivery operations and were acquired for 590,000 shares of common stock. Total liabilities assumed in connection with these acquisitions were \$133,345,000. In addition, the Company made payments of approximately \$6,308,000 related to acquisitions completed in fiscal 1995 and 1994 and prepaid acquisition costs.

The Company had capital expenditures of \$55,649,000 in the first six months of fiscal 1996 for the corporate headquarters facility, the purchase and development of the Miami warehouse, the development of the Company's proprietary distribution system, warehouse reconfigurations, telecommunications equipment, delivery vehicles, and leasehold improvements.

Cash and cash equivalents increased by \$60,363,000 in the first six months of fiscal 1996. This increase reflects net proceeds from the sale of the Notes and other net long-term borrowings of \$323,722,000, primarily offset by cash paid for acquisitions of \$192,107,000 and net repayments on the line of credit.

The Company believes the borrowing capacity under the Senior Credit Facility, together with proceeds from the sale of the Notes, coupled with its cash on hand, capital resources and cash flows, will be sufficient to fund its ongoing operations, anticipated capital expenditures and acquisition activity for the next twelve months. However, actual capital needs may change, particularly in connection with acquisitions which the Company may consummate in the future.

Inflation

Certain of the Company's product offerings, particularly paper products, have been and are expected to continue to be subject to significant price fluctuations due to inflationary and other market conditions. The Company generally is able to pass such increased costs on to its customers through price increases, although it may not be able to adjust its prices immediately. Significant increases in fuel costs in the future could affect the Company's profitability if these costs cannot be passed on to customers. In general, the Company does not believe that inflation has had a material effect on its results of operations in recent years. However, there can be no assurance that the Company's business will not be affected by inflation in the future.

Accounting Standards

In fiscal 1996, the Company will adopt SFAS No. 123, "Accounting for Stock-Based Compensation." This standard establishes a fair value method for accounting for stock-based compensation plans either through recognition or disclosure. The Company will adopt this standard through compliance with the disclosure requirements set forth in SFAS No. 123. Adoption of this standard will have no impact on the financial position or results of operations of the Company.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders of the Company was held on August 8, 1996. Of the 69,132,672 shares of the Company's common stock issued and outstanding and entitled to vote at the meeting, there were present, in person or by proxy, 54,367,561 shares, or 78.64% of those shares eligible to vote, such percentage representing a quorum.

The matters voted upon at the annual meeting and the votes cast for, against and abstaining as to each matter, were as follows:

- (1) The election of directors of the Company to serve until the next meeting of shareholders or until their successors are duly elected and qualified.

<u>Name</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Jirka Rysavy	<u>54,009,510</u>	<u>358,051</u>
Robert L. King	<u>54,011,670</u>	<u>355,891</u>
Janet A. Hickey	<u>53,966,858</u>	<u>400,703</u>
Clayton K. Trier	<u>54,035,555</u>	<u>332,006</u>
Mo Siegel	<u>54,018,839</u>	<u>348,722</u>

- (2) To approve an amendment to the Articles of Incorporation to increase the number of Common Stock authorized from 100,000,000 to 300,000,000:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
<u>41,499,622</u>	<u>12,426,043</u>	<u>17,547</u>	<u>424,349</u>

- (3) To approve an amendment to the 1994 Stock Option and Incentive Plan to increase the number of shares authorized for grant from 1,875,000 to 6,375,000:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
<u>36,106,873</u>	<u>13,413,772</u>	<u>49,474</u>	<u>4,797,442</u>

- (4) To approve an amendment to the 1994 Executive Stock Option Plan to increase the number of shares authorized for grant from 2,250,000 to 3,750,000:

For	Against	Abstain	Broker Non-Votes
<u>37,516,000</u>	<u>12,122,029</u>	<u>189,541</u>	<u>4,539,991</u>

- (5) To approve the 1996 Stock Option Plan for Outside Directors:

For	Against	Abstain	Broker Non-Votes
<u>48,392,996</u>	<u>1,685,414</u>	<u>42,512</u>	<u>4,246,639</u>

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Computation of Earnings Per Share

(b) Reports on Form 8-K

Report on Form 8-K/A filed on June 19, 1996.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORPORATE EXPRESS, INC.

By:  _____

Sam R. Leno
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Date: October 15, 1996

Exhibit 11.1

Corporate Express, Inc. Statement Regarding Computation of Net Income Per Share

Primary Earnings Per Share

	Three Months Ended		Six Months Ended	
	August 31, 1996	August 26, 1995	August 31, 1996	August 26, 1995
Net income	<u>\$ 11,165</u>	<u>\$ 5,755</u>	<u>\$ 20,781</u>	<u>\$ 12,261</u>
Net income per share	<u>\$ 0.15</u>	<u>\$ 0.09</u>	<u>\$ 0.27</u>	<u>\$ 0.19</u>
Weighted average shares outstanding	70,031	60,264	69,631	59,689
Common Stock Equivalents:				
Stock options and warrants	<u>6,174</u>	<u>4,246</u>	<u>6,111</u>	<u>4,028</u>
Total weighted average shares outstanding	<u>76,205</u>	<u>64,510</u>	<u>75,742</u>	<u>63,717</u>

Fully Diluted Earnings Per Share

Fully diluted earnings per share differs from primary earnings per share by less than 3%.

\$35,617,000 from \$19,758,000 for the respective six month periods. As a percentage of net sales, corporate general and administrative expenses increased to 3.3% and 3.2% for the three and six month periods ended August 31, 1996 from 2.8% for both the three and six month periods ended August 26, 1995. These increases reflect the costs associated with developing a larger corporate staff to support acquisition efforts, international expansion and the development and implementation of the Company's proprietary distribution system, and increased goodwill amortization resulting from purchase acquisitions since August 1995.

Operating Profit. Consolidated operating profit of \$22,822,000 for the three months ended August 31, 1996 increased 49.1% compared to operating profit of \$15,311,000 for the three months ended August 26, 1995; and 42.2% for the respective six-month period ends to \$43,025,000 from \$30,265,000. Consolidated operating profit as a percentage of net sales decreased to 3.8% for the three months ended August 31, 1996 from 4.1% for the three months ended August 26, 1995 and to 3.9% from 4.3% for the respective six-month periods primarily as a result of consolidation projects in international operations. International operating profit as a percentage of international sales decreased to an operating loss of .5% for the three months ended August 31, 1996 from an operating profit of 4.0% for the three months ended August 26, 1995 and decreased to .4% from 3.9% for the six month periods ended August 31, 1996 and August 26, 1995, respectively. These decreases are primarily the result of warehouse assimilation costs in Australia related to the consolidation of acquisitions.

Operating profit as a percentage of sales for the domestic product distribution segment increased to 4.2% from 3.5% for the three month periods ended August 31, 1996 and August 26, 1995, respectively; and to 4.0% from 3.6% for the six month periods ended August 31, 1996 and August 26, 1995, respectively. These increases reflect the lower warehouse operating and selling expenses as a percentage of net sales. Operating profit as a percentage of sales for the delivery segment increased to 6.7% from 6.2% for the three months ended August 31, 1996 and August 26, 1995, respectively; and to 6.7% from 6.6% for the six month periods ended August 31, 1996 and August 26, 1995, respectively.

Interest Expense. Net interest expense of \$4,045,000 and \$7,324,000 for the three and six month periods ended August 31, 1996 decreased by 18.8% for both periods from \$4,979,000 and \$9,015,000 for the three and six month periods ended August 26, 1995, respectively. The decrease in net interest expense is a result of the repayment of higher yield Young debt with borrowings from the Company's lower yield senior credit facility, and the issuance of \$325,000,000 principal amount of Notes in June 1996. The Company used a portion of the proceeds from the Notes to repay debt which was at a higher interest rate, and invested the unused proceeds.

Minority Interest. Minority interest expense decreased by \$779,000 to income of \$330,000 for the three month period ended August 31, 1996 from an expense of \$449,000 for the three months ended August 26, 1995; and by \$665,000 to income of \$101,000 for the six month period ended August 31, 1996 from an expense of \$564,000 for the six months ended August 26, 1995, reflecting the operating losses in Australia. The Company currently owns 52.5% of Corporate Express Australia and 51% of Corporate Express United Kingdom.

Net Income. Net income of \$11,165,000 and \$20,781,000 for the three and six month periods ended August 31, 1996 compared to net income of \$5,755,000 and \$12,261,000 for the three and six month periods ended August 26, 1995. The after-tax profitability is reduced by an increase in the effective tax rate to 42.3% and 42.1% in the three and six months ended August 31, 1996 from 40.0% and 39.6% in the three and six months ended August 26, 1995 due to the impact of international consolidation projects in fiscal 1996 and the utilization of net operating losses in the fiscal 1995 periods.

Other. The net accounts receivable balance at August 31, 1996 of \$344,337,000 increased from \$266,360,000 at March 2, 1996, primarily as a result of acquired receivables. The allowance for doubtful accounts as a percentage of consolidated accounts receivable was 1.9% and 2.0% at August 31, 1996 and March 2, 1996, respectively, remaining relatively unchanged.

The inventory balance at August 31, 1996 of \$141,895,000 increased from \$101,995,000 at March 2, 1996 primarily as a result of acquired inventories.

Goodwill at August 31, 1996 of \$530,049,000 increased from \$324,603,000 at March 2, 1996, reflecting net additions from acquisitions of \$211,714,000, offset by current year amortization of \$6,268,000.

The trade accounts payable balance at August 31, 1996 of \$209,298,000 increased from \$135,069,000 at March 2, 1996, primarily as a result of acquired trade payables of \$62,378,000.

Accrued purchase costs at August 31, 1996 of \$7,941,000 increased from the March 2, 1996 balance of \$3,049,000. This increase reflects acquisition additions of \$6,478,000 and usage of \$1,586,000. The remaining balance represents the current estimate for costs to be incurred in conjunction with current consolidation projects and certain newly acquired operations. (See Note 2 in the Consolidated Financial Statements.)

The accrued merger and related costs balance at August 31, 1996 of \$16,397,000 decreased by \$8,483,000 from the March 2, 1996 balance of \$24,880,000, primarily as a result of payments of the Delivery and Young merger transaction costs. (See Note 3 in the Consolidated Financial Statements.)

Liquidity and Capital Resources

The Company has historically financed its operations through internally generated funds and borrowings from commercial banks, and has financed its acquisitions through the use of such funds and the issuance of equity and debt securities.

On June 24, 1996, the Company issued \$325,000,000 principal amount of Notes. The Notes are convertible into the Company's Common Stock at a conversion price of \$50 per share, subject to adjustments under certain conditions. A portion of the proceeds from the sale of the Notes was used to repay the Company's revolving credit facility and an acquisition note payable with the remaining proceeds being used to fund acquisitions and for other general corporate purposes.

The Company's revolving credit facility (the "Senior Credit Facility") was amended on May 10, 1996 to increase the Company's borrowing capacity from \$90,000,000 to \$250,000,000, subject to borrowing base and other restrictions and to lower the cost of its borrowings to LIBOR plus 1.25%. The indebtedness under the Senior Credit Facility is secured by substantially all of the assets, including accounts receivable and inventory of the Company and its United States subsidiaries. On May 31, 1996, the Company borrowed on its Senior Credit Facility and repaid in full the \$33,270,000 outstanding Delivery revolving credit facility. On June 24, 1996, the outstanding amounts under the Senior Credit Facility were paid in full from funds generated from the issuance of the Notes. Upon this repayment, the borrowing capacity of the Senior Credit Facility was reduced from the amended capacity of \$250,000,000 to \$90,000,000, subject to borrowing base and other restrictions. The Company is currently replacing the existing Senior Credit Facility with a multiple currency revolving credit facility with an estimated borrowing capacity of \$350,000,000 and lower interest rates. In connection with this change in facility, the Company expects to write-off approximately \$1,200,000 in prepaid bank fees in the third fiscal quarter.

During the first six months of fiscal 1996, the Company acquired 52 companies, of which 43 were accounted for as purchases and nine were accounted for as poolings of interests not requiring prior period restatement due to immateriality. The 43 companies were acquired for a net cash purchase price of \$185,799,000 and 309,000 shares of common stock. Of the nine poolings of interests acquisitions, one was a contract stationer and eight were delivery operations and were acquired for 590,000 shares of common stock. Total liabilities assumed in connection with these acquisitions were \$133,345,000. In addition, the Company made payments of approximately \$6,308,000 related to acquisitions completed in fiscal 1995 and 1994 and prepaid acquisition costs.

The Company had capital expenditures of \$55,649,000 in the first six months of fiscal 1996 for the corporate headquarters facility, the purchase and development of the Miami warehouse, the development of the Company's proprietary distribution system, warehouse reconfigurations, telecommunications equipment, delivery vehicles, and leasehold improvements.

Cash and cash equivalents increased by \$60,363,000 in the first six months of fiscal 1996. This increase reflects net proceeds from the sale of the Notes and other net long-term borrowings of \$323,722,000, primarily offset by cash paid for acquisitions of \$192,107,000 and net repayments on the line of credit.

The Company believes the borrowing capacity under the Senior Credit Facility, together with proceeds from the sale of the Notes, coupled with its cash on hand, capital resources and cash flows, will be sufficient to fund its ongoing operations, anticipated capital expenditures and acquisition activity for the next twelve months. However, actual capital needs may change, particularly in connection with acquisitions which the Company may consummate in the future.

Inflation

Certain of the Company's product offerings, particularly paper products, have been and are expected to continue to be subject to significant price fluctuations due to inflationary and other market conditions. The Company generally is able to pass such increased costs on to its customers through price increases, although it may not be able to adjust its prices immediately. Significant increases in fuel costs in the future could affect the Company's profitability if these costs cannot be passed on to customers. In general, the Company does not believe that inflation has had a material effect on its results of operations in recent years. However, there can be no assurance that the Company's business will not be affected by inflation in the future.

Accounting Standards

In fiscal 1996, the Company will adopt SFAS No. 123, "Accounting for Stock-Based Compensation." This standard establishes a fair value method for accounting for stock-based compensation plans either through recognition or disclosure. The Company will adopt this standard through compliance with the disclosure requirements set forth in SFAS No. 123. Adoption of this standard will have no impact on the financial position or results of operations of the Company.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders of the Company was held on August 8, 1996. Of the 69,132,672 shares of the Company's common stock issued and outstanding and entitled to vote at the meeting, there were present, in person or by proxy, 54,367,561 shares, or 78.64% of those shares eligible to vote, such percentage representing a quorum.

The matters voted upon at the annual meeting and the votes cast for, against and abstaining as to each matter, were as follows:

- (1) The election of directors of the Company to serve until the next meeting of shareholders or until their successors are duly elected and qualified.

<u>Name</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Jirka Rysavy	<u>54,009,510</u>	<u>358,051</u>
Robert L. King	<u>54,011,670</u>	<u>355,891</u>
Janet A. Hickey	<u>53,966,858</u>	<u>400,703</u>
Clayton K. Trier	<u>54,035,555</u>	<u>332,006</u>
Mo Siegel	<u>54,018,839</u>	<u>348,722</u>

- (2) To approve an amendment to the Articles of Incorporation to increase the number of Common Stock authorized from 100,000,000 to 300,000,000:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
<u>41,499,622</u>	<u>12,426,043</u>	<u>17,547</u>	<u>424,349</u>

- (3) To approve an amendment to the 1994 Stock Option and Incentive Plan to increase the number of shares authorized for grant from 1,875,000 to 6,375,000:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
<u>36,106,873</u>	<u>13,413,772</u>	<u>49,474</u>	<u>4,797,442</u>

- (4) To approve an amendment to the 1994 Executive Stock Option Plan to increase the number of shares authorized for grant from 2,250,000 to 3,750,000:

For	Against	Abstain	Broker Non-Votes
<u>37,516,000</u>	<u>12,122,029</u>	<u>189,541</u>	<u>4,539,991</u>

- (5) To approve the 1996 Stock Option Plan for Outside Directors:

For	Against	Abstain	Broker Non-Votes
<u>48,392,996</u>	<u>1,685,414</u>	<u>42,512</u>	<u>4,246,639</u>

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Computation of Earnings Per Share

(b) Reports on Form 8-K

Report on Form 8-K/A filed on June 19, 1996.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORPORATE EXPRESS, INC.

By:  _____

Sam R. Leno
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Date: October 15, 1996

Exhibit 11.1

Corporate Express, Inc. Statement Regarding Computation of Net Income Per Share

Primary Earnings Per Share

	Three Months Ended		Six Months Ended	
	August 31, 1996	August 26, 1995	August 31, 1996	August 26, 1995
Net income	<u>\$ 11,165</u>	<u>\$ 5,755</u>	<u>\$ 20,781</u>	<u>\$ 12,261</u>
Net income per share	<u>\$ 0.15</u>	<u>\$ 0.09</u>	<u>\$ 0.27</u>	<u>\$ 0.19</u>
Weighted average shares outstanding	70,031	60,264	69,631	59,689
Common Stock Equivalents:				
Stock options and warrants	<u>6,174</u>	<u>4,246</u>	<u>6,111</u>	<u>4,028</u>
Total weighted average shares outstanding	<u>76,205</u>	<u>64,510</u>	<u>75,742</u>	<u>63,717</u>

Fully Diluted Earnings Per Share

Fully diluted earnings per share differs from primary earnings per share by less than 3%.