
ERICSSON NIKOLA TESLA D.D.

Report on the Company's business situation and comments on the financial results for H1 2012

Highlights:

- Sales revenue: MHRK **853.4**
- Gross margin: **12%**
- Operating profit: MHRK **61.2**
- Net profit: MHRK **80.1**
- Cash flow from operating activities: MHRK **172.3**

Gordana Kovačević, the President of Ericsson Nikola Tesla commented on the Company's performance:

“The Company's focus on strategic projects, leadership in technology and partnership with customers has opened new business opportunities, primarily in export markets. The total sales revenue increased by 44.4% year-over-year as a result of the revenue growth in both the CIS and Ericsson markets. Sales in the domestic and regional markets witnessed a decrease, mainly due to the unfavorable economic trends, political instability in the markets of the region, but also due to cautious approach of customers to capital investments.

As of the CIS market, we signed contracts with the leading telecom operator in the Russian market, Rostelecom. The contracts cover a supply of the equipment for new mobile networks of the state-of-the-art technology and the network for various contents delivery to end users. These contracts are of the utmost importance for the Company and prove that the permanent market presence and listening to customer needs, in combination with leadership in technology and competent expert resources give positive results. This is the largest business achievement that Ericsson Nikola Tesla has made in the last several years. The contracts will be realized by the end of the year, thus enabling Rostelecom to become a converged operator being able to offer its users a wide range of converged services in the area of information and telecommunications in mobile and fixed networks throughout the Russian Federation.

Owing to investments into competencies and the advanced technological infrastructure, Ericsson Nikola Tesla's Research and Development Center continuously expands its product portfolio and

responsibilities at the global level. The revenues from research and development activities in the segment of advanced radio networks, platforms and fixed network servers, have witnessed continuous growth and represent a significant part of the total revenues.

In addition, I would like to underline that experts from the Service Delivery Center have been awarded new and comprehensive global responsibilities. The launching of the Global Competence Hub in Ericsson Nikola Tesla is a great credit to our employees, active in the segment of radio access networks (RAN). Their work and results through a regional service delivery center enabled them to be recognized as a team of exceptional competencies and professionalism.

Furthermore, we have achieved a considerable improvement in almost all key financial indicators. The operating profit has almost doubled year-over-year, and the net profit has increased by 116.8%. The strong cash flow from operating activities amounted to MHRK 172.3 and is a result of Company's focus on maintaining a high level of liquid assets. Thus, the total financial assets, including short-term financial assets, amounted to MHRK 543.5 at the end of H1.

Simultaneously, in compliance with the Corporation and the Company strategy, we stick to the planned activities regarding the organizational and process transformation. We are especially focused on the market analysis, following up the impact of macroeconomic development and political uncertainty on customer investments. Taking into account the increased data traffic due to the increased number of smartphone subscribers, operators' investments into hardware, software and services are necessary in order to ensure high network performance. Therefore, we develop new models of cooperation with partners and customers and continue to invest into competence development and encourage innovativeness".

Financial Summary:

- Sales revenue increased by 44.4% year-over-year, primarily due to the revenue growth in the Russian market, and total MHRK 853.4. The domestic market accounts for 15% and export accounts for 85% (export to Ericsson market accounts for 31%, and export to other countries accounts for 54%) of sales revenue.
- Sales revenue can be further analyzed by business segments as follows: Network infrastructure including network rollout services MHRK 494.8 (58% of the total sales revenue), Professional Services MHRK 236.9 (27.8% of the total sales revenue), and Multimedia solutions MHRK 121.7 (14.2% of the total sales revenue).

- Gross margin declined to 12% (H1 2011:12.6%). Despite the gross profit increase, the slight gross margin drop year-over-year reflected the product/service mix, and the continuous pressure on product/services prices.
- Distribution and administrative expenses decreased by 4% year-over-year, totaling MHRK 47.3. The Company seeks to optimize costs, and will continue with further activities during the next quarter.
- The operating profit amounts to MHRK 61.2 and is higher by MHRK 30 (97%) year-over-year, primarily reflecting the increased business volume.
- Net finance income totaled MHRK 18.9 (H1 2011: MHRK 5.9). A significantly higher level of finance income year-over-year primarily reflects the positive currency deviations and higher interest income while release of impairment reserves into finance income (discount amortization) was only slightly higher year-over-year.
- Net profit increased by 116.8% year-over-year amounting to MHRK 80.1. Return on sales (ROS) totaled 9.4% (H1 2011: 6.2%).
- Cash flow from operating activities totaled MHRK 172.3 (H1 2011: MHRK 70), resulting from intensive activities focused on collection of receivables. As at June 30, 2012, after the dividend payment totaling MHRK 225.7, total cash, including financial assets, amounted to MHRK 543.5 (32.3% of the total assets).
- The total assets increased by 41% compared to the end of 2011 and totaled MHRK 1,680.5 resulting from the increase of trade receivables and inventories due to ongoing Russian contracts. The equity ratio decreased to 42.1%, being the result of higher trade payables due to the increased business activities in the Russian market.
- As regards major transactions with related parties, sales of products and services totaled MHRK 277.7 (H1 2011: MHRK 245.5) while purchase of products and services totaled MHRK 736.5 (H1 2011: MHRK 214.5), being also the result of the ongoing Russian contracts.
- As at June 30, 2012, receivable balances outstanding with related parties amounted to MHRK 66.2 (end of 2011: MHRK 87.5) and payable balances outstanding was MHRK 577.5 (end of 2011: MHRK 50.7).
- Disclosure on credit risk exposure:

As at June 30, 2012, Ericsson Nikola Tesla's receivable balances outstanding totaled MHRK 698.5 (end of 2011: MHRK 461). The Company will continue to monitor the credit risk and try to

secure that all future credit arrangements with customers are managed with as low credit exposure as possible.

Business situation in major markets

In the domestic market, sales totaled MHRK 128, a year-over-year drop by 26% reflecting the lower operators' investments, primarily due to mobile service tax. Also, there was no significant commercial expansion of 4G networks. Furthermore, government investments into strategic ICT projects are being continuously postponed.

Vipnet and Ericsson Nikola Tesla jointly launched the first LTE network in Croatia that will bring further increase in data traffic rates and enhancement in users' experience of Internet use (i.e. the users will be able to experience data transfer at speeds up to ten times higher than they did by now on their laptops or mobile phones). During the Q2, a cooperation continued in the segment of expansion and modernization of 2G and 3G infrastructures, in the area of core network modernization where the new functionalities have been introduced and tested as well as in the segment of transmission system modernization.

The cooperation with Hrvatski Telekom (HT) continued on projects concerning the network transformation into the next generation network and the expansion of the broadband Internet access. In addition, the cooperation was agreed and the negotiations ended regarding a long-term contract on introduction of IP/MPLS backbone, which represents the basis of future HT operations as the converged operator and the way towards an all-IP environment. Furthermore, Ericsson was selected a partner in continuing activities on PSTN network modernization with an aim to migrate to a new architecture with more than 200,000 users already in 2012. As one step in an overall network modernization, we are just about to sign IAD agreement (Integrated Access Devices) for the distribution of the users' terminal equipment.

The situation concerning the tax to mobile services slowed down the investment of the mobile operator Tele2. Despite the mentioned circumstances, the cooperation with this operator continued both in further 2G and 3G infrastructure development and implementation of new technologies and functionalities, with the special attention given to increase of transmission rates and coverage by the mobile broadband Internet access service. The contract was signed for Serving General Packet Radio Services Support Node (SGSN) swap.

The major focus in ICT for industry and society segment was on upgrading the national ICT primary healthcare system and the realization of Cadastre and Land Database joint information system (JIS).

With HEP, the national electricity company, a two-year frame agreement was signed concerning modernization and expansion of communications network.

[In export markets \(except for Ericsson market\)](#), sales totaled MHRK 460.9, an increase by 134% year-over-year.

In the regional markets (Bosnia and Herzegovina, Montenegro and Kosovo), sales revenue totaled MHRK 65.8, a 43% decrease year-over-year, reflecting postponement of operators' investments in the region but also a different starting position concerning the orders booked (significantly lower orders backlog from 2011 compared to the previous year).

With HT Mostar, a contract was signed on the expansion of the current mobile network in its 2G and 3G part. Under this contract, Ericsson Nikola Tesla will deliver the latest generation equipment, as well as installation and integration services into HT Mostar network. The contract implementation will make the better coverage of Bosnia and Herzegovina territory, and the users will be enabled access to the current services with new functionalities in the shortest possible time.

In CIS market, sales revenue amounting to MHRK 386 increased by 5.8 times year-over-year, reflecting new business contracted in the Russian market.

Regarding large contracts made with Rostelecom, the leading Russian operator, Ericsson Nikola Tesla will deliver equipment of 2G and 3G mobile network generation, including also multi-standard radio base stations of RBS 6000 type for the channel and packet switched networks. The equipment to be delivered refers to the new Evolved Packet Core (EPC) network architecture and Operation Support Systems (OSS). The new Rostelecom network will cover more than 60% of the total of 143 million inhabitants of Russia, including also the largest Russian cities - Moscow, Sankt Peterburg, Novosibirsk, Yekaterinburg, etc. Rostelecom has also started the implementation of solutions based on Ericsson content distribution network (MDN). With that, Ericsson Nikola Tesla will deliver the equipment based on the latest generation of platforms for program support and equipment aimed for the content delivery both in mobile and fixed networks.

As of ICT solutions for the industry and society segment in export markets, Ericsson Nikola Tesla's product EMH (Ericsson Mobile Health) has been used in a number of trial operations worldwide with positive feedback.

[In Ericsson market](#), the sales revenue totaled MHRK 264.6, an increase of 19% year-over-year.

The Research and Development Center continued with its activities on development of new functionalities by continuously expanding its line of products and responsibilities at the global level.

Within the fixed network segment, activities covering delivery of services to Telenor Norway, BH Telekom, Telecom Italia as well as to numerous operators in Great Britain are to be mentioned. As of broadband access segment, the cooperation has continued with Hrvatski Telekom (T-Com products and services in fixed network and broadband segment), Turk Telekom and Vodafone Portugal as well as with certain Russian customers.

In the core network segment, development of new functionalities for the latest MSS product (Mobile Softswitch) is at its final stage. Among them, there is a very advanced High Density Voice segment. Furthermore, there are several interesting functions at their initial stage, referring to Vo-LTE segment for the next MSC product.

The importance of platform development of radio network elements has increased. Special focus is on the development of hardware and software solution for LTE generation of EVO ET networks.

Along with the development of sophisticated functionalities, the R&D Center is at the forefront in implementation of advanced ways of working such as *Lean&Agile* method, both in Croatia and Ericsson community, as well as in the number and quality of innovative ideas.

Service Delivery Center experts have been engaged in numerous projects such as: GGSN activities for O2 Great Britain, LTE OMC/NMC activities for Vfe Germany, IPTV project for Telekom Austria, MSS consulting services and support services for KPN Switzerland, consulting services for KPN Belgium and KPN Netherlands, implementation of services for A1 Austria, radio access network optimization for Orange Austria, dimensioning and network optimization for TMO Slovakia, Maroc Telecom, ePlus Germany, Vivacell South Sudan, MTN IranCell and services related to LTE and WCDMA 900 software for Softbank Japan. In addition, we are engaged in projects covering network modernization for Vodafone Spain, MTN Nigeria, Etisalat group, Mobility Saudi Arabia, Orange France, Bouygues France, WIND Italy, TIM Italy, H3G Italy, Partner Israel and many others.

Within the company, a Global Competence Hub for radio access networks is to be launched. Thus, Ericsson Nikola Tesla experts have been awarded wider responsibilities within the given segment. This organization will support all 10 regions by delivering strategic competencies, thus adding the maximum value to strategic contracts with Ericsson customers. The global support to the new services development and introduction of new services will also be of great importance.

Other information

The Annual Shareholders' Meeting was held on June 5, 2012, where the decision was made on the ordinary dividend payment totaling HRK 20 per share, as well the extraordinary dividend payment totaling HRK 150 per share.

The dividend was paid on June 28, 2012 to all shareholders who on May 29, 2012 had Company's shares registered on their securities accounts in the Central Depository&Clearing Company.

The annual non-taxable portion of dividend income amounting to HRK 12,000 will be recognized in an annual income tax calculation, based on the annual income tax return form (Personal Tax Act, Art. 30, paragraph 11).

Ericsson Nikola Tesla's major shareholders (as at June 30, 2012)

	<i>No. of shares</i>	<i>% of share capital</i>
Telefonaktiebolaget LM Ericsson	653,473	49.07
Hypo Alpe-Adria-Bank d.d. / Raiffeisen Mandatory Pension Fund	121,486	9.12
Societe Generale-Splitska banka d.d. / Erste Plavi Mandatory Pension Fund	32.961	2.48
Zagrebačka banka d.d. / custodian client account for Unicredit Bank Austria AG	31.398	2.36
Hypo Alpe-Adria-Bank d.d. / PBZ Croatia osiguranje Mandatory Pension Fund	30,615	2.30
PBZ d.d. / State Street client account	25.325	1.90
PBZ d.d. / The Bank of New York as custodian	17,317	1.30
Societe Generale-Splitska banka d.d. / AZ Mandatory Pension Fund	15.376	1.15
PBZ d.d. / Custodian client account	10.733	0.81
Societe Generale-Splitska banka d.d.	8,062	0.61
Other shareholders	384.904	28.90

Q2 2012 share price information:

<i>Highest (HRK)</i>	<i>Lowest (HRK)</i>	<i>Closing (HRK)</i>	<i>Market cap. (in MHRK)</i>
1,290	870.01	984	1,310.3

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Zagreb

OIB: 84214771175
Tax No.: 03272699

Pursuant to the Articles 407 to 410 of the Capital Market Law (Official Gazette 88/08 and 146/08) the Managing Director of the joint stock company Ericsson Nikola Tesla d.d. Zagreb, Krapinska 45 gives the following:

Statement of the Management Board responsibility

The accompanying financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS). The financial statements also comply with the provisions of the Croatian Financial Accounting Law valid as of the date of these financial statements.

Unaudited financial statements for the period 1 Jan 2012 to 30 June 2012 present a true and fair view of the financial position of the Company and of its financial performance and its cash flows in compliance with applicable accounting standards.

Managing Director:

Gordana Kovačević, MSc



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For more information about Ericsson Nikola Tesla's business performance, please visit:

<http://www.ericsson.com/hr>

Communication

Ericsson Nikola Tesla

Balance Sheet
as at 30 June 2012

Ericsson Nikola Tesla d.d.			
Item	AOP	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR REGISTERED UNPAID CAPITAL	001		
B) NON CURRENT ASSETS (003+010+020+029+033)	002	196.754.611	177.010.002
I. INTANGIBLE ASSETS (004 do 009)	003	3.423.938	2.628.157
1. Research & Development expenditure	004		
2. Patents, licences, royalties, trade marks, software&similar rights	005	3.423.938	2.628.157
3. Goodwill	006		
4. Prepayments for intangible assets	007		
5. Intangible assets under construction	008		
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	134.114.441	124.317.506
1. Land	011	15.605.344	15.605.344
2. Property	012	36.936.834	35.287.556
3. Plants and equipment	013	64.752.080	60.379.331
4. Tools, plants&vehicles	014	9.226.991	8.139.314
5. Biological asset	015		
6. Prepayments for tangible assets	016		
7. Assets under construction	017	7.470.514	4.787.173
8. Other tangible assets	018	122.679	118.788
9. Investments property	019		
III. FINANCIAL ASSETS (021 do 028)	020	8.886.999	8.829.928
1. Investments in subsidiaries	021	52.655	52.655
2. Loans to subsidiaries	022		
3. Participating interests (stakes)	023		
4. Loans to participating interest	024		
5. Investments in securities	025		
6. Loans & deposits	026	8.834.344	8.777.272
7. Other non-current financial assets	027		
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	36.337.219	27.242.400
1. Receivables from subsidiaries	030		
2. Receivables from credit sales	031	32.462.970	23.654.282
3. Other receivables	032	3.874.249	3.588.118
V. DEFERRED TAX ASSETS	033	13.992.013	13.992.013
C) CURENT ASSETS (035+043+050+058)	034	989.434.547	1.493.557.941
I. INVENTORIES (036 do 042)	035	22.704.666	327.534.007
1. Raw materials & consumables	036	2.542.310	19.964.767
2. Work in progress	037	20.140.949	307.550.742
3. Products	038		
4. Merchandise	039		
5. Prepayments for inventories	040	21.408	18.498
6. Other available-for-sale assets	041		
7. Biological asset	042		
II. RECEIVABLES (044 do 049)	043	373.262.162	622.508.911
1. Receivables for trade debt of subsidiaries	044		
2. Trade receivables	045	360.956.101	488.963.825
3. Receivables for trade debts of participating entities	046		
4. Amounts receivable from employees	047		
5. Receivables from government agencies	048	8.727.037	127.136.631
6. Other receivables	049	3.579.023	6.408.455
III. FINANCIAL ASSETS (051 do 057)	050	68.249.239	57.328.026
1. Investments in subsidiaries	051		
2. Loans to subsidiaries	052		
3. Participating interests (stakes)	053		
4. Loans to participating interest	054		
5. Investments in securities	055	68.249.239	57.328.026
6. Loans & deposits	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	525.218.480	486.186.996
D) PREPAYMENTS AND ACCRUED INCOME	059	4.808.317	9.939.894
E) TOTAL ASSETS (001+002+034+059)	060	1.190.997.475	1.680.507.837
F) OFF-BALANCE SHEET ITEMS	061	191.829.422	191.812.713

EQUITY AND LIABILITIES			
A) EQUITY (063+064+065+071+072+075+078)	062	850.906.529	708.211.685
I. SHARE CAPITAL	063	133.165.000	133.165.000
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	37.379.327	37.379.327
1. Legal reserves	066	20.109.780	20.109.780
2. Reserves for treasury shares	067	25.711.955	25.711.955
3. Treasury shares and stakes (less)	068	8.442.409	8.442.409
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS (073-074)	072	652.385.719	457.603.130
1. Retained earnings	073	652.385.719	457.603.130
2. Loss brought forward	074		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	27.976.483	80.064.229
1. Profit for the financial year	076	27.976.483	80.064.229
2. Loss for the financial year	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	0	0
1. Provisions for redundancy costs	080		
2. Provisions for tax obligations	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 do 092)	083	5.964.747	5.380.393
1. Amounts payable to subsidiaries	084		
2. Liabilities for loans, deposits and other	085		
3. Liabilities towards banks and other financial institutions	086	1.434.722	850.607
4. Amounts payable for prepayment	087		
5. Trade payables	088		
6. Amounts payable for securities	089		
7. Liabilities toward participating interests	090		
8. Other non-current liabilities	091	4.530.024	4.529.785
9. Deferred tax	092		
D) CURRENT LIABILITIES (094 do 105)	093	163.020.719	695.925.626
1. Amounts payable to subsidiaries	094		
2. Liabilities for loans, deposits and other	095		
3. Liabilities towards banks and other financial institutions	096	2.047.129	1.748.145
4. Amounts payable for prepayment	097		
5. Trade payables	098	109.700.705	643.396.958
6. Amounts payable for securities	099		
7. Liabilities toward participating interests	100		
8. Amounts payable to employees	101	38.231.098	36.691.498
9. Liabilities for taxes and contributions	102	13.041.788	14.089.025
10. Dividend payables	103		
11. Liabilities directly associated with the assets classified as held for sale	104		
12. Other current liabilities	105		
E) ACCRUED CHARGES AND DEFERRED REVENUE	106	171.105.480	270.990.133
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.190.997.475	1.680.507.837
G) OFF-BALANCE SHEET ITEMS	108	191.829.422	191.812.713
ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)			
A) CAPITAL AND RESERVES			
1. Attributable to equity holders of the parent company's capital	109		
2. Attributable to minority interest	110		

Note 1.: APPENDIX TO THE BALANCE SHEET (to be filled in by entities who submitting consolidated financial statements).

INCOME STATEMENT
for the period 01 January 2012 to 30 June 2012

Ericsson Nikola Tesla d.d.					
Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112+113)	111	598.438.627	287.307.848	861.361.181	611.917.224
1. Sales revenue	112	591.015.510	283.403.344	853.371.871	607.962.023
2. Other operating income	113	7.423.117	3.904.504	7.989.310	3.955.201
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	567.395.423	286.182.643	800.191.620	580.646.392
1. Changes in inventories of finished products and work in progress	115	-15.968.509	-91.323	-286.173.800	-278.685.173
2. Raw material and consumables used (117 do 119)	116	344.255.513	166.238.616	832.538.640	726.463.142
a) Cost of raw materials & consumables	117	201.341.247	92.818.115	717.175.561	662.994.655
b) Cost of goods sold	118				
c) Other costs	119	142.914.267	73.420.501	115.363.079	63.468.487
3. Staff costs (121 do 123)	120	200.333.832	99.857.834	206.452.543	98.466.526
a) Net salaries	121	101.363.108	48.349.316	107.505.672	51.184.433
b) Employee income tax and contributions	122	65.407.389	31.198.752	69.371.050	33.028.191
c) Employer's contributions	123	33.563.335	20.309.766	29.575.821	14.253.901
4. Depreciation and amortisation expense	124	24.762.295	12.239.283	22.356.949	10.735.739
5. Other costs	125	12.124.372	7.089.820	23.156.865	19.408.352
6. Impairment losses (127+128)	126	1.727.907	508.069		2.802.052
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	1.727.907	508.069		2.802.052
7. Provisions	129				
8. Other operating expenses	130	160.013	340.345	1.860.423	1.455.754
III. FINANCIAL INCOME (132 do 136)	131	12.113.812	5.863.032	18.963.426	13.582.801
1. Interest, foreign exchange gains, dividends and other income from related parties	132				
2. Interest, foreign exchange gains, dividends and other income from non-related and other entities	133	9.269.041	4.848.071	14.935.997	8.677.600
3. Income from associates and ownership interests	134				
4. Unrealized gains	135				
5. Other financial income	136	2.844.771	1.014.961	4.027.429	4.905.201
IV. FINANCIAL EXPENSES (138 do 141)	137	6.219.936	1.946.598	68.757	446.184
1. Interest, foreign exchange losses and other expenses with related parties	138				
2. Interest, foreign exchange differences and other expenses with non-related and other entities	139	6.219.936	1.946.598	68.757	446.184
3. Unrealized losses	140				
4. Other financial expenses	141				
V. SHARE OF INCOME OF ASSOCIATES	142				
VI. SHARE OF LOSS OF ASSOCIATES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	610.552.439	293.170.880	880.324.606	625.500.024
X. TOTAL EXPENSES (114+137+143 + 145)	147	573.615.359	288.129.241	800.260.377	581.092.577
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	36.937.080	5.041.639	80.064.229	44.407.448
1. Profit before tax (146-147)	149	36.937.080	5.041.639	80.064.229	44.407.448
2. Loss before tax (147-146)	150				
XII. INCOME TAX EXPENSE	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	36.937.080	5.041.639	80.064.229	44.407.448
1. Profit for the period (149-151)	153	36.937.080	5.041.639	80.064.229	44.407.448
2. Loss for the period (151-148)	154	0	0	0	0
ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to owners of the company	155				
2. Attributable to non-controlling interests	156				
STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	36.937.080	5.041.639	80.064.229	44.407.448
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158				
1. Exchange differences arising from foreign operations	159				
2. Revaluation of non-current assets and intangible assets	160				
3. Gains or loss available for sale investments	161				
4. Gains or loss on net movement on cash flow hedges	162				
5. Gains or loss on net investments hedge	163				
6. Share of the other comprehensive income/loss of associates	164				
7. Actuarial gain / loss on post employment benefit obligations	165				
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167				
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	36.937.080	5.041.639	80.064.229	44.407.448
APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)					
VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD					
1. Attributable to owners of the company	169				
2. Attributable to non-controlling interests	170				

CASH FLOW STATEMENT - Indirect method
in the period 01 January 2012 to 30 June 2012

Ericsson Nikola Tesla d.d.			
Item	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	36.937.080	80.064.229
2. Depreciation and amortisation	002	24.762.295	22.356.949
3. Increase in liabilities	003		622.373.510
4. Decrease in receivables	004	103.895.821	
5. Decrease in inventories	005		
6. Other increase in cash flow	006		
I. Total increase in operating cash flow (001 do 006)	007	165.595.196	724.794.687
1. Decrease in liabilities	008	79.586.628	
2. Increase in receivables	009		244.241.084
3. Increase in inventories	010	14.243.767	304.829.341
4. Other decrease in cash flow	011	1.808.656	3.441.026
II. Total decrease in operating cash flow (008 do 011)	012	95.639.052	552.511.451
A1) NET INCREASE IN OPERATING CASH FLOW (007-012)	013	69.956.144	172.283.237
A2) NET DECREASE IN OPERATING CASH FLOW (012-007)	014		
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of property, plant and equipment	015	7.650	68.500
2. Net disposal of financial assets	016	0	12.420.000
3. Interest received	017	9.354.999	14.465.780
4. Dividend received	018		
5. Other cash from investing activities	019		57.072
III. Total cash flow from investing activities (015 do 019)	020	9.362.649	27.011.352
1. Purchase of property, plant and equipment and intangible assets	021	21.996.467	11.765.346
2. Purchase of financial instruments	022	35.966.090	
3. Other cash flow used in investing activities	023	65.565	
IV. Total cash flow from investing activities (021 do 023)	024	58.028.121	11.765.346
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025		15.246.005
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	48.665.473	
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from issuance of financial instruments	027		
2. Proceeds from loans	028		
3. Other cash flow from financial activities	029		
V. Total cash flow from financial activities (027 do 029)	030		
1. Repayment of interest-bearing borrowings	031	744.609	855.127
2. Dividend paid	032	251.289.250	225.695.060
3. Repayment of finance lease	033		
4. Repurchase of treasury shares	034		
5. Other cash flow used in financial activities	035	1.084.042	10.539
VI. Total cash flow used in financial activities (031 do 035)	036	253.117.901	226.560.726
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037		
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	253.117.901	226.560.726
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039		
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	231.827.229	39.031.484
Cash and cash equivalents at the beginning of the period	041	673.925.517	525.218.480
Increase in cash and cash equivalents	042		
Decrease in cash and cash equivalents	043	231.827.229	39.031.484
Cash and cash equivalents at the end of the period	044	442.098.288	486.186.996

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2012 to 30.6.2012

Ericsson Nikola Tesla d.d.			
Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	001	133.165.000	133.165.000
2. Capital reserves	002		
3. Reserves from profit	003	37.379.327	37.379.327
4. Retained earnings	004	652.385.719	457.603.130
5. Profit or loss for the period	005	27.976.483	80.064.229
6. Revaluation of property, plant and equipment	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial financial assets available for sale	008		
9. Other revaluations	009		
10. Total capital and reserves (AOP 001 do 009)	010	850.906.529	708.211.685
11. Foreign exchange differences from investments in foreign operations	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Changes in accounting policies	014		
15. Prior year adjustment	015		
16. Other changes in equity	016		
17. Total increase/decrease in equity (AOP 011 do 016)	017	0	0
17 a. Parent company share in subsidiary	018		
17 b. Minority interest	019		

Items that decrease equity have negative sign

Items from 001 to 009 are state of balance sheet date