
ERICSSON NIKOLA TESLA D.D.

Report on the Company's business situation and comments on the financial results for Q1 2012

Highlights:

- Sales revenues: MHRK **245.4**
- Gross margin: **19.2%**
- Operating profit: MHRK **29.9**
- Net profit: MHRK **35.7**
- Cash flow from operating activities: MHRK **130.1**

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

“During Q1 the Company was strongly focused on several strategic projects and activities, bearing in mind all business challenges, and opportunities, as well as the need for fast adjustment to business environment. New business opportunities appeared, both in the domestic and foreign markets, primarily in the Commonwealth of Independent States (CIS). The number of innovative ideas during 2012 grew considerably, resulting in a few valuable innovations that were recognized at the global level and proposed to be patented.

As concerns the domestic market, we launched with our long-term partner Vipnet the first commercial LTE network in Croatia. I am very glad that Vipnet has recognized the strength of Ericsson Nikola Tesla, which as a part of Ericsson Corporation, is always being the first one to bring the world-class achievements to Croatia. By number of commercial contracts, Ericsson is the world market leader with the share of more than 60 percent. The most recent data show that Ericsson concluded 45 LTE/EPC (Evolved Packet Core) contracts in 23 countries on 5 continents, thus achieving the Ericsson LTE network coverage of 215 million users.

Furthermore, we successfully responded to challenges put before us within the demanding and complex tender process by HT, thus ensuring further cooperation with this operator. Ericsson Nikola Tesla was selected as the preferred partner for implementation of IP/MPLS backbone network and the modernization of PSTN network (by implementing xDSL technology) as a continuation of the already started project of modernization of the entire HT telecommunications network.

Currently, in the CIS market, intensive marketing and sales activities are going on, as well as arrangements covering the modernization of mobile network and the latest multimedia solutions. We expect the sales revenue to grow significantly in the period to come, especially as concerns the Russian market.

During Q1 2012, we continued to witness unfavorable economic trends and careful approach of customers to capital investments. Accordingly, the sales income decreased by 20% year-over-year, as the result of smaller business volume in the domestic and foreign markets. At the same time, sales to Ericsson market reported growth year-over-year. The gross margin grew to 19.2%, and the operating profit was at the last year's level, despite the smaller sales volume, while the net profit was higher by 11.8% year-over-year. The strong cash flow from operating activities amounted to MHRK 130.1. Thus, the total funds, including the current financial assets amounted to MHRK 725.5 at the end of the quarter.

In the next period, taking into account any changing business circumstances, we shall continue to deliver exceptional values to customers by focusing on what is essential and on innovations, as well as on seizing unique market opportunities. In order to remain competitive, we shall retain the top/best quality employees and provide optimum usage of all our resources.“

Financial Summary:

- Sales revenues decreased by 20% year-over-year, amounting to MHRK 245.4. Within the total sales revenue, the domestic market accounts for 26%, and export accounts for 74% (export to Ericsson market 53% and export to other countries 21%).
- Sales revenues can be further analyzed by business segments as follows: Network infrastructure including network rollout services MHRK 123.5 (50.3% of total Sales revenues), Professional services MHRK 113.2 (46.1% of total Sales revenues), and Multimedia solutions MHRK 8.7 (3.6% of total Sales revenues).
- Gross margin improved to 19.2% (1Q 2011:17.2%), reflecting the product/service mix across the markets.
- Distribution and administrative expenses decreased by 5.4% year-over-year, totaling MHRK 23.6. The Company seeks to optimize costs, and will continue with further activities during next quarters.
- Despite the decreased sales volume, the operating profit was at last year's level, totaling MHRK 29.9, primarily reflecting the impact of higher gross margin and lower distribution and administrative expenses.

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- Net finance income totaled MHRK 5.8 (Q1 2011: MHRK 2). The higher level of net finance income reflects the lower impact of currency deviations, somewhat higher release of impairment reserves into finance income (discount amortization) and significantly higher interest income.
 - Net profit increased by 11.8% year-over-year, amounting to MHRK 35.7. Return on sales (ROS) totaled 14.5% (Q1 2011: 10.4%).
 - Cash flow from operating activities totaled MHRK 130.1 (Q1 2011: MHRK 59) resulting from intensive activities focused on collection of receivables.
 - The Company has a strong balance sheet with total assets of MHRK 1,234.3 and an equity ratio of 72%. The total cash balances, including current financial assets, increased by 21.9% during Q1 totaling MHRK 725.5.
 - Major transactions with related parties were as follows: sales of products and services amounted to MHRK 106.8 (Q1 2011: MHRK 113.2), purchase of products and services totaled MHRK 63 (Q1 2011: MHRK 111.7).
 - Balances outstanding with related parties as at March 31, 2012 were as follows: receivables totaled MHRK 70 (end of 2011: MHRK 87.5), payables MHRK 40.7 (end of 2011: MHRK 50.7).
 - Disclosure on credit risk exposure:

As at March 31, 2012 receivable balances outstanding totaled MHRK 366.7 (end of 2011: MHRK 461). The Company will continue to monitor credit risk and try to secure that all future credit arrangements with the customers are managed with as low credit risk exposure as possible.

[Business situation in major markets:](#)

[In the domestic market](#), sales totaled MHRK 64.5, a year-over-year decrease by 24%.

The partnership between the Company and Vipnet resulted in launching the first LTE network in Croatia into commercial operation. LTE technology will bring further increase in speed and enhancement in user experiences of Internet use. This means the users will be able to achieve ten times higher speed in data transmission. During Q1, the cooperation also continued with regard to expansion and modernization of 2G and 3G infrastructure, core network modernization, where we also implement and test new functionalities, as well as modernization of transmission systems.

The cooperation with the Croatian telecom (T-HT) continued on projects of network transformation into the new generation network and the expansion of the broadband Internet access, despite the fact that HT slowed down its investments, year-over-year. During Q1, we arranged cooperation for the following

years related to implementation of IP/MPLS backbone network, which represents the basis of future HT operations as the convergent operator and the way towards an all-IP environment. Furthermore, Ericsson was selected as a partner in the continued process of PSTN network modernization through xDSL technology (including high rate VDSL access, as well as MSAN (IP/POTS) substitution of the legacy telephony) aiming at migration of more than 200.000 users already in 2012.

The mobile operator Tele2 slowed down investments in Q1 2012, which was primarily due to unsolved issue concerning the taxation of mobile services. 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.

During Q1, the major focus in ICT for industry and society segment was on upgrading the national ICT primary healthcare system and realization of Cadastre and Land Database joint information system (ZIS).

[In export markets \(except for Ericsson market\)](#), sales totaled MHRK 50.9, a decrease by 56% year-over-year. We expect that numerous ongoing activities will contribute to sales growth in export markets during the year.

In the regional markets (Bosnia and Herzegovina, Montenegro and Kosovo), sales revenues totaled MHRK 28.3, a 54% decrease year-over-year. This was the result of lower 2011 orders backlog realized in Q1 2012 compared to previous year.

The Company signed a contract with the largest operator in Bosnia and Herzegovina, BH Telecom, concerning the support and maintenance of the fixed and mobile networks. The implementation of the contract will enable BH Telecom to provide their users with smooth operation and top-quality services delivered on time.

Ericsson Nikola Tesla signed a contract with the Kosovo operator Ipko, covering the use of the latest software versions in Ericsson network elements, implemented into Ipko network, for the next two and a half year period. For Ipko this contract means a guarantee in using the advanced functionalities in its network and is of strategic importance to Ericsson Nikola Tesla since it confirms good relations with the Kosovo operator and paves the way to further upgrades of Ipko network with the state-of-the art technology.

Sales revenues from CIS markets have decreased by 56% year-over-year, amounting to MHRK18.4. During 2011, and Q1 2012, the Company initiated a number of activities within the strategic Company programs aimed at operations growth in the CIS market. Therefore, we expect a significant positive shift in the given segment.

As of ICT solutions for the industry and society segment in other export markets, Ericsson Nikola Tesla's product "Telemetry Node" has been inserted to the Ericsson architecture of m2m (machine-to-machine) services. This resulted from key competences and software components developed within EMH (Ericsson Mobile Health) solution.

[In Ericsson market](#), the sales revenue totaled MHRK 130, an increase by 22% year-over-year.

The Research and Development Center continued with its activities on development and integration of new functionalities in future generation radio networks, fixed networks platforms and servers. Thanks to wide competencies and valuable achievements in the development activities, the Research and Development Center was rated excellent in all categories by both Ericsson Corporation and our customers.

Within the fixed network segment, activities with Telenor Sweden and Telenor Norway, Netia Poland as well as with operators in Kuwait, Sri Lanka and Thailand were intensified. A significant step forward was made within the activities on broadband access segment, where the cooperation with operators, such as Turk Telecom, Vodafone Portugal and many customers in Russia, is to be underlined.

In the core network segment, the activities on various functionalities continued, such as HD Voice that is considered quite an advanced segment. Currently, we are engaged in projects covering network modernization for Softbank Mobile, Optimus Portugal, Vodafone Spain, Orange France, Bouygues France, Telefonica Spain, TIM Italy, H3G Italy, Etisalat, MTN and many others.

The platform development has a valuable share in the overall research and development activities. A special importance has been paid to the development of both hardware and software solutions for LTE generation of EVO ET networks. Its final testing stage proved the top design and possibilities so the implementation is to be launched soon.

Service Delivery Center experts have been engaged in numerous projects, such as IMS testing for Vfe Global Spain (used as a reference for optic systems in RWCE), LTE OMC/NMC activities for Vfe Germany, EMA delivery for O2 & Inmarsat Great Britain and Telefonica Germany, IPTV project for Telekom Austria and IMS upgrade for Telekom Austria Group. In addition, several projects on core network design in RWCE were realized.

[Other Information](#)

The Annual Shareholders' Meeting will be held on June 5, 2012. All the shareholders and their proxies respectively, who register their attendance no later than May 29, 2012, are entitled to attend the meeting.

The dividend amounting to HRK 170 per share (a regular dividend of HRK 20 per share and an extraordinary dividend of HRK 150 per share) shall be paid out to all shareholders who seven days

prior to the Annual Shareholders' Meeting (i.e. on May 29, 2012) have Company shares registered on their securities account in the Central Depository&Clearing Company. As the entire accounts settlement and shares registration procedures take three days, the last day shares need to be purchased on Zagreb Stock Exchange is Thursday, May 24, 2012, so that shareholders can be registered on the securities account of the Central Depository&Clearing Company on May 29, 2012.

Shareholders who sell their shares after May 24, 2012 will retain the right to dividend payment.

Dividend will be paid out by July 5, 2012 at the latest. Dividend income is subject to taxation in accordance with amendments to the Personal Income Tax Act and the Corporate Income Tax Act (Official Gazette No. 22/2012).

The Annual meeting agenda, including proposals for all decisions, is available on the Company internet site: http://www.ericsson.hr/investors/actual_2012/notice_assembly.shtml and in the Official Gazette No. 45/2012.

Ericsson Nikola Tesla's major shareholders (as at March 31, 2012)

	No. of shares	% of share capital
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	31.501	2.37
Hypo Alpe-Adria-Bank d.d. / PBZ Croatia osiguranje Mandatory Pension Fund	30,615	2.30
PBZ d.d. / State Street client account	25.555	1.92
Societe Generale-Splitska banka d.d. / AZ Mandatory Pension Fund	15.376	1.15
PBZ d.d. / The Bank of New York as custodian	14.255	1.07
PBZ d.d. / Custodian client account	10.833	0,81
Societe Generale-Splitska banka d.d.	8,062	0.61
Other shareholders	387.533	29.10

Q1 2012 share price information:

Highest (HRK)	Lowest (HRK)	Closing (HRK)	Market cap. (in MHRK)
1,299.77	1,057.33	1,172.94	1,561.9

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Krapinska 45
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 31 March 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 31 March 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	183.617.467
I. INTANGIBLE ASSETS (004 do 009)	003	3.423.938	3.001.400
1. Research & Development expenditure	004		
2. Patents, licences, royalties, trade marks, software&similar rights	005	3.423.938	3.001.400
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	125.701.337
1. Land	011	15.605.344	15.605.344
2. Property	012	36.936.834	36.112.195
3. Plants and equipment	013	64.752.080	63.007.639
4. Tools, plants&vehicles	014	9.226.991	8.680.729
5. Biological asset	015		
6. Prepayments for tangible assets	016		
7. Assets under construction	017	7.470.514	2.174.697
8. Other tangible assets	018	122.679	120.733
9. Investments property	019		
III. FINANCIAL ASSETS (021 do 028)	020	8.886.999	8.734.551
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	8.681.896
7. Other non-current financial assets	027		
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	36.337.219	32.188.166
1. Receivables from subsidiaries	030		
2. Receivables from credit sales	031	32.462.970	28.473.064
3. Other receivables	032	3.874.249	3.715.102
V. DEFERRED TAX ASSETS	033	13.992.013	13.992.013
C) CURENT ASSETS (035+043+050+058)	034	989.434.547	1.043.777.726
I. INVENTORIES (036 do 042)	035	22.704.666	30.184.756
1. Raw materials & consumables	036	2.542.310	2.195.913
2. Work in progress	037	20.140.949	27.970.346
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	288.192.112
1. Receivables for trade debt of subsidiaries	044		
2. Trade receivables	045	360.956.101	273.503.690
3. Receivables for trade debts of participating entities	046		
4. Amounts receivable from employees	047		
5. Receivables from government agencies	048	8.727.037	8.782.757
6. Other receivables	049	3.579.023	5.905.665
III. FINANCIAL ASSETS (051 do 057)	050	68.249.239	60.750.360
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	60.750.360
6. Loans & deposits	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	525.218.480	664.650.497
D) PREPAYMENTS AND ACCRUED INCOME	059	4.808.317	6.885.099
E) TOTAL ASSETS (001+002+034+059)	060	1.190.997.475	1.234.280.292
F) OFF-BALANCE SHEET ITEMS	061	191.829.422	173.699.466

EQUITY AND LIABILITIES			
A) EQUITY (063+064+065+071+072+075+078)	062	850.906.529	888.528.651
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	682.327.542
1. Retained earnings	073	652.385.719	682.327.542
2. Loss brought forward	074		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	27.976.483	35.656.782
1. Profit for the financial year	076	27.976.483	35.656.782
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	6.274.555
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	1.700.495
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	4.574.060
9. Deferred tax	092		
D) CURRENT LIABILITIES (094 do 105)	093	163.020.719	145.662.121
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	1.785.627
4. Amounts payable for prepayment	097		
5. Trade payables	098	109.700.705	81.172.785
6. Amounts payable for securities	099		
7. Liabilities toward participating interests	100		
8. Amounts payable to employees	101	38.231.098	49.033.007
9. Liabilities for taxes and contributions	102	13.041.788	13.670.702
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	193.814.966
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.190.997.475	1.234.280.292
G) OFF-BALANCE SHEET ITEMS	108	191.829.422	173.699.466
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 31 March 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	311.472.712	311.472.712	252.246.009	252.246.009
1. Sales revenue	112	307.612.167	307.612.167	245.409.848	245.409.848
2. Other operating income	113	3.860.545	3.860.545	6.836.161	6.836.161
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	281.553.666	281.553.666	222.347.279	222.347.279
1. Changes in inventories of finished products and work in progress	115	-15.878.209	-15.878.209	-7.488.627	-7.488.627
2. Raw material and consumables used(117 do 119)	116	178.017.921	178.017.921	106.075.498	106.075.498
a) Cost of raw materials & consumables	117	108.524.156	108.524.156	54.180.906	54.180.906
b) Cost of goods sold	118				
c) Other costs	119	69.493.765	69.493.765	51.894.592	51.894.592
3. Staff costs (121 do 123)	120	100.475.998	100.475.998	107.986.017	107.986.017
a) Net salaries	121	53.013.792	53.013.792	56.321.239	56.321.239
b) Employee income tax and contributions	122	34.208.637	34.208.637	36.342.859	36.342.859
c) Employer's contributions	123	13.253.569	13.253.569	15.321.919	15.321.919
4. Depreciation and amortisation expense	124	12.523.011	12.523.011	11.621.209	11.621.209
5. Other costs	125	5.034.553	5.034.553	3.748.513	3.748.513
6. Impairment losses (127+128)	126	1.379.851	1.379.851		
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	1.379.851	1.379.851		
7. Provisions	129				
8. Other operating expenses	130	542	542	404.669	404.669
III. FINANCIAL INCOME (132 do 136)	131	6.249.733	6.249.733	9.184.693	9.184.693
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	4.420.970	4.420.970	6.258.397	6.258.397
3. Income from associates and ownership interests	134				
4. Unrealized gains	135				
5. Other financial income	136	1.828.763	1.828.763	2.926.295	2.926.295
IV. FINANCIAL EXPENSES (138 do 141)	137	4.273.338	4.273.338	3.426.640	3.426.640
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	4.273.338	4.273.338	3.426.640	3.426.640
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	317.722.445	317.722.445	261.430.701	261.430.701
X. TOTAL EXPENSES (114+137+143 + 145)	147	285.827.005	285.827.005	225.773.920	225.773.920
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	31.895.441	31.895.441	35.656.782	35.656.782
1. Profit before tax (146-147)	149	31.895.441	31.895.441	35.656.782	35.656.782
2. Loss before tax (147-146)	150				
XII. INCOME TAX EXPENSE	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	31.895.441	31.895.441	35.656.782	35.656.782
1. Profit for the period (149-151)	153	31.895.441	31.895.441	35.656.782	35.656.782
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	31.895.441	31.895.441	35.656.782	35.656.782
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	31.895.441	31.895.441	35.656.782	35.656.782
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 31 March 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	31.895.441	35.656.782
2. Depreciation and amortisation	002	12.523.011	11.621.209
3. Increase in liabilities	003		5.541.111
4. Decrease in receivables	004	90.799.319	91.413.364
5. Decrease in inventories	005		
6. Other increase in cash flow	006	1.554.923	
I. Total increase in operating cash flow (001 do 006)	007	136.772.694	144.232.465
1. Decrease in liabilities	008	65.479.084	
2. Increase in receivables	009		
3. Increase in inventories	010	12.312.969	7.139.320
4. Other decrease in cash flow	011		6.962.187
II. Total decrease in operating cash flow (008 do 011)	012	77.792.053	14.101.507
A1) NET INCREASE IN OPERATING CASH FLOW (007-012)	013	58.980.641	130.130.959
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	2.900	13.950
2. Net disposal of financial assets	016		9.420.000
3. Interest received	017	4.731.928	5.512.690
4. Dividend received	018		
5. Other cash from investing activities	019		152.448
III. Total cash flow from investing activities (015 do 019)	020	4.734.828	15.099.088
1. Purchase of property, plant and equipment and intangible assets	021	9.366.475	2.786.226
2. Purchase of financial instruments	022	78.000.000	
3. Other cash flow used in investing activities	023	74.146	
IV. Total cash flow from investing activities (021 do 023)	024	87.440.620	2.786.226
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025		12.312.862
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	82.705.792	
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	434.459	
V. Total cash flow from financial activities (027 do 029)	030	434.459	
1. Repayment of interest-bearing borrowings	031		
2. Dividend paid	032		
3. Repayment of finance lease	033		
4. Repurchase of treasury shares	034		
5. Other cash flow used in financial activities	035		3.011.804
VI. Total cash flow used in financial activities (031 do 035)	036		3.011.804
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	434.459	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038		3.011.804
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039		139.432.016
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	23.290.692	
Cash and cash equivalents at the beginning of the period	041	673.925.517	525.218.480
Increase in cash and cash equivalents	042		139.432.016
Decrease in cash and cash equivalents	043	23.290.692	
Cash and cash equivalents at the end of the period	044	650.634.825	664.650.497

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2012 to 31.3.2012

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	682.327.542
5. Profit or loss for the period	005	27.976.483	35.656.782
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	888.528.651
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