

## Ericsson Nikola Tesla *balance sheet*

As at 30 June 2007

|  | (HRK '000)       |                  |
|--|------------------|------------------|
|  | 31/12/2006       | 30/6/2007        |
| <b>ASSETS</b>                                      |                  |                  |
| <b>Non-current assets</b>                          | <b>607,587</b>   | <b>596,531</b>   |
| Intangible assets                                  | 3,888            | 4,735            |
| Tangible assets                                    | 200,333          | 187,058          |
| Financial assets                                   | 21,275           | 22,080           |
| Receivables  | 382,091          | 382,658          |
| <b>Current assets</b>                              | <b>1,333,994</b> | <b>952,968</b>   |
| Inventories  | 30,608           | 186,350          |
| Trade receivables                                  | 560,526          | 484,351          |
| Other receivables                                  | 25,141           | 28,302           |
| Financial assets                                   | 436,952          | 97,245           |
| Cash and cash equivalents                          | 280,767          | 156,720          |
| <b>Prepayments and accrued income</b>              | <b>1,249</b>     | <b>3,306</b>     |
| <b>TOTAL ASSETS</b>                                | <b>1,942,830</b> | <b>1,552,805</b> |
| <b>EQUITY AND LIABILITIES</b>                      |                  |                  |
| <b>Equity and reserves</b>                         | <b>1,572,493</b> | <b>1,194,362</b> |
| Subscribed capital                                 | 133,165          | 133,165          |
| Reserves   | 1,205,555        | 995,864          |
| Profit/loss for current year                       | 233,773          | 65,333           |
| <b>Long term provisions for risks and expenses</b> | <b>14,734</b>    | <b>13,326</b>    |
| <b>Non-current liabilities</b>                     | <b>5,746</b>     | <b>5,598</b>     |
| <b>Current liabilities</b>                         | <b>203,183</b>   | <b>190,490</b>   |
| Trade and other payables                           | 133,979          | 105,112          |
| Current financial liabilities                      | 59,444           | 51,048           |
| Other current liabilities                          | 9,760            | 34,330           |
| <b>Accruals and deferred income</b>                | <b>146,674</b>   | <b>149,029</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <b>1,942,830</b> | <b>1,552,805</b> |
| <b>Off-balance items</b>                           | <b>112,098</b>   | <b>154,398</b>   |

## Ericsson Nikola Tesla *income statement*

|  | (HRK '000)     |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | Previous year  |                | Current year   |                |
|  | Jan-June '06   | Second quarter | Jan-June '07   | Second quarter |
| <b>INCOME</b>  |                |                |                |                |
| <b>Operating Income</b>  | <b>664,452</b> | <b>312,527</b> | <b>712,292</b> | <b>420,753</b> |
| Domestic sale income   | 238,769        | 133,984        | 255,334        | 139,119        |
| Foreign sale income  | 378,253        | 171,257        | 445,301        | 276,805        |
| Other income   | 47,430         | 7,286          | 11,657         | 4,829          |
| <b>Financial income</b>  | <b>58,812</b>  | <b>50,022</b>  | <b>31,638</b>  | <b>12,412</b>  |
| Foreign exchange gains   | 0              | 0              | 0              | -1,559         |
| Interests and other financial income                             | 58,812         | 50,022         | 31,638         | 13,971         |
| <b>TOTAL INCOME</b>  | <b>723,264</b> | <b>362,549</b> | <b>743,930</b> | <b>433,165</b> |
| <b>EXPENSES</b>  |                |                |                |                |
| <b>Change in stock of finished goods and in work in progress</b> | <b>17,390</b>  | <b>17,285</b>  | <b>28,477</b>  | <b>23,486</b>  |
| <b>Operating Expenses</b>  | <b>592,761</b> | <b>274,476</b> | <b>622,228</b> | <b>360,492</b> |
| Material costs   | 371,342        | 180,257        | 399,659        | 242,902        |
| Staff costs  | 159,245        | 82,718         | 175,804        | 91,654         |
| Depreciation   | 35,131         | 18,000         | 40,391         | 20,675         |
| Value adjustments and provisions                                 | 23,670         | -3,562         | 3,666          | 2,943          |
| Other expenses   | 3,373          | -2,937         | 2,708          | 2,318          |
| <b>Financial expenses</b>  | <b>25,958</b>  | <b>14,139</b>  | <b>11,559</b>  | <b>11,548</b>  |
| Foreign exchange losses  | 21,160         | 12,239         | 11,548         | 11,548         |
| Interest and other financial expenses                            | 4,798          | 1,900          | 11             | 0              |
| <b>TOTAL EXPENSES</b>  | <b>636,109</b> | <b>305,900</b> | <b>662,264</b> | <b>395,526</b> |
| <b>PROFIT OR LOSS</b>  |                |                |                |                |
| Profit before tax  | 87,155         | 56,649         | 81,666         | 37,639         |
| Profit tax   | 17,431         | 10,285         | 16,333         | 7,528          |
| <b>Net profit</b>  | <b>69,724</b>  | <b>46,364</b>  | <b>65,333</b>  | <b>30,111</b>  |

## Ericsson Nikola Tesla *statement of cash flows*

|   | (HRK '000)      |                 |
|---|-----------------|-----------------|
|   | 30/6/2006       | 30/6/2007       |
| <b>Cash flow from operating activities</b>                      | <b>77,152</b>   | <b>-18,661</b>  |
| Profit/loss after taxes   | 69,724          | 65,333          |
| Depreciation  | 35,131          | 40,391          |
| Increase/decrease in inventories                                | -26,522         | -155,742        |
| Increase/decrease in receivables                                | 122,648         | 76,175          |
| Increase/decrease in other current receivables                  | -38,518         | -3,161          |
| Increase/decrease in prepayments and accrued income             | -2,923          | -2,057          |
| Increase/decrease in trade payables                             | -66,075         | -28,867         |
| Increase/decrease in long term provisions                       | 520             | -1,408          |
| Increase/decrease in accruals and deferred income               | 11,308          | 2,355           |
| Increase/decrease in long term receivables                      | -71,606         | -32,205         |
| Increase/decrease in current financial assets                   | -21,160         | 0               |
| Increase/decrease in other long term liabilities                | 0               | 0               |
| Increase/decrease in other items                                | 64,625          | 20,525          |
| <b>Cash flow from investing activities</b>                      | <b>31,228</b>   | <b>-105,238</b> |
| Purchase of fixed tangible and intangible assets                | -35,296         | -27,963         |
| Acquisition of subsidiaries                                     | 0               | 0               |
| Acquisition of minority interests                               | 0               | 0               |
| Increase/decrease in long-term financial assets                 | 24,523          | 342,947         |
| Revenue from the sale of tangible and intangible assets         | 0               | 0               |
| Dividends paid  | 0               | -423,664        |
| Increase/decrease in other items                                | 42,001          | 3,442           |
| <b>Cash from financial activities</b>                           | <b>-132,731</b> | <b>-148</b>     |
| Increase of capital by the new issue of shares                  | -131,403        | 0               |
| Increase/decrease in long-term loans                            | 0               | 0               |
| Increase/decrease in other long-term liabilities                | -1,328          | -148            |
| Increase/decrease in current loans                              | 0               | 0               |
| Increase/decrease in other items                                | 0               | 0               |
| <b>Net increase/decrease in cash and cash equivalents</b>       | <b>-24,351</b>  | <b>-124,047</b> |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>192,320</b>  | <b>280,767</b>  |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>167,969</b>  | <b>156,720</b>  |