

# Ericsson Nikola Tesla balance sheet

As at 30 June 2008

(HRK '000)

|   | 31/12/2007       | 30/6/2008        |
|---|------------------|------------------|
| <b>ASSETS</b>                               |                  |                  |
| <b>Non-current assets</b>                   | <b>572,987</b>   | <b>538,173</b>   |
| Intangible assets                           | 4,421            | 5,131            |
| Tangible assets                             | 174,688          | 171,790          |
| Financial assets                            | 18,177           | 17,047           |
| Receivables                                 | 375,701          | 344,205          |
| <b>Current assets</b>                       | <b>1,151,241</b> | <b>890,454</b>   |
| Inventories                                 | 55,509           | 46,479           |
| Trade receivables                           | 647,589          | 537,896          |
| Other receivables                           | 52,126           | 28,328           |
| Financial assets                            | 57,741           | 45,988           |
| Cash and cash equivalents                   | 338,276          | 231,763          |
| Prepayments and accrued income              | 9,890            | 6,019            |
| <b>TOTAL ASSETS</b>                         | <b>1,734,118</b> | <b>1,434,646</b> |
| <b>EQUITY AND LIABILITIES</b>               |                  |                  |
| <b>Equity and reserves</b>                  | <b>1,315,634</b> | <b>1,034,545</b> |
| Subscribed capital                          | 133,165          | 133,165          |
| Reserves                                    | 982,674          | 827,164          |
| Profit/loss for current year                | 199,795          | 74,216           |
| Long term provisions for risks and expenses | 16,662           | 11,024           |
| <b>Non-current liabilities</b>              | <b>5,470</b>     | <b>5,231</b>     |
| <b>Current liabilities</b>                  | <b>255,921</b>   | <b>254,033</b>   |
| Trade and other payables                    | 137,640          | 154,188          |
| Current financial liabilities               | 62,387           | 51,307           |
| Other current liabilities                   | 55,894           | 48,538           |
| Accruals and deferred income                | 140,431          | 129,813          |
| <b>TOTAL EQUITY AND LIABILITIES</b>         | <b>1,734,118</b> | <b>1,434,646</b> |
| Off-balance items                           | 349,870          | 214,857          |

# Ericsson Nikola Tesla income statement

(HRK '000)

|   | Jan-June<br>2007 | Second<br>quarter | Jan-June<br>2008 | Second<br>quarter |
|---|------------------|-------------------|------------------|-------------------|
| <b>INCOME</b>   |                  |                   |                  |                   |
| <b>Operating Income</b>                                   | <b>712,292</b>   | <b>420,753</b>    | <b>807,510</b>   | <b>426,681</b>    |
| Domestic sale income                                      | 255,334          | 139,119           | 284,344          | 142,477           |
| Foreign sale income                                       | 445,301          | 276,805           | 511,021          | 278,586           |
| Other income  | 11,657           | 4,829             | 12,145           | 5,618             |
| <b>Financial income</b>                                   | <b>31,638</b>    | <b>12,412</b>     | <b>35,985</b>    | <b>17,181</b>     |
| Foreign exchange gains                                    | 0                | -1,559            | 0                |                   |
| Interests and other financial income                      | 31,638           | 13,971            | 35,985           | 17,181            |
| <b>TOTAL INCOME</b>                                       | <b>743,930</b>   | <b>433,165</b>    | <b>843,495</b>   | <b>443,862</b>    |
| <b>EXPENSES</b>   |                  |                   |                  |                   |
| Change in stock of finished goods and in work in progress | 28,477           | 23,486            | -11,121          | -5,299            |
| <b>Operating Expenses</b>                                 | <b>622,228</b>   | <b>360,492</b>    | <b>741,778</b>   | <b>386,352</b>    |
| Material costs  | 399,659          | 242,902           | 496,388          | 258,125           |
| Staff costs   | 175,804          | 91,654            | 204,446          | 108,732           |
| Depreciation  | 40,391           | 20,675            | 37,987           | 18,033            |
| Value adjustments and provisions                          | 3,666            | 2,943             | 1,053            | 251               |
| Other expenses  | 2,708            | 2,318             | 1,904            | 1,211             |
| <b>Financial expenses</b>                                 | <b>11,559</b>    | <b>11,548</b>     | <b>20,068</b>    | <b>-1,412</b>     |
| Foreign exchange losses                                   | 11,548           | 11,548            | 20,068           | -1,412            |
| Interest and other financial expenses                     | 11               | 0                 | 0                | 0                 |
| <b>TOTAL EXPENSES</b>                                     | <b>662,264</b>   | <b>395,526</b>    | <b>750,725</b>   | <b>379,641</b>    |
| <b>PROFIT OR LOSS</b>                                     |                  |                   |                  |                   |
| Profit before tax   | 81,666           | 37,639            | 92,770           | 64,221            |
| Profit tax  | 16,333           | 7,528             | 18,554           | 12,844            |
| Net profit  | 65,333           | 30,111            | 74,216           | 51,377            |

## Ericsson Nikola Tesla statement of cash flows

|   | (HRK '000)      |                 |
|---|-----------------|-----------------|
|   | 30/6/2007       | 30/6/2008       |
| <b>Cash flow from operating activities</b>                      | <b>-18,661</b>  | <b>237,462</b>  |
| Profit/loss after taxes   | 65,333          | 74,216          |
| Depreciation  | 40,391          | 37,987          |
| Increase/decrease in inventories                                | -155,742        | 9,030           |
| Increase/decrease in receivables                                | 76,175          | 84,196          |
| Increase/decrease in other current receivables                  | -3,161          | 23,798          |
| Increase/decrease in prepayments and accrued income             | -2,057          | 3,871           |
| Increase/decrease in trade payables                             | -28,867         | 9,192           |
| Increase/decrease in long term provisions                       | -1,408          | -5,638          |
| Increase/decrease in accruals and deferred income               | 2,355           | -10,618         |
| Increase/decrease in long term receivables                      | -32,205         | 11,428          |
| Increase/decrease in current financial assets                   | 0               | 0               |
| Increase/decrease in other long term liabilities                | 0               | 0               |
| Increase/decrease in other items                                | 20,525          | 0               |
| <b>Cash flow from investing activities</b>                      | <b>-105,238</b> | <b>-343,643</b> |
| Purchase of fixed tangible and intangible assets                | -27,963         | -35,799         |
| Acquisition of subsidiaries                                     | 0               | 0               |
| Acquisition of minority interests                               | 0               | 0               |
| Increase/decrease in long-term financial assets                 | 342,947         | 36,381          |
| Revenue from the sale of tangible and intangible assets         | 0               | 0               |
| Dividends paid  | -423,664        | -355,305        |
| Increase/decrease in other items                                | 3,442           | 11,080          |
| <b>Cash from financial activities</b>                           | <b>-148</b>     | <b>-332</b>     |
| Increase of capital by the new issue of shares                  | 0               | 0               |
| Increase/decrease in long-term loans liabilities                | 0               | 0               |
| Increase/decrease in other long-term liabilities                | -148            | -332            |
| Increase/decrease in current loans liabilities                  | 0               | 0               |
| Increase/decrease in other items                                | 0               | 0               |
| <b>Net increase/decrease in cash and cash equivalents</b>       | <b>-124,047</b> | <b>-106,513</b> |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>280,767</b>  | <b>338,276</b>  |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>156,720</b>  | <b>231,763</b>  |