
ERICSSON NIKOLA TESLA D.D.

Management Report on Company's business situation and comments on the financial statements for H1 2011

Highlights

- Orders booked: MHRK **536.1**
- Sales revenues: MHRK **591.0**
- Gross margin: **13.0%**
- Operating profit: MHRK **31.0**
- Net profit: MHRK **36.9**
- Cash flow from operating activities: MHRK **70.2**

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

"Ericsson Nikola Tesla operated in a very complex and challenging environment characterized by reduced capital investments by telecom operators, permanent pressure on prices and fierce competition. In certain markets, we have witnessed unfavorable political and economic trends. As of Industry and Society segment budget cuts and postponement of investments are still present.

Sales revenue and orders booked decreased by 4% and 24% respectively, year-over-year, mainly due to the decreased business volume in the CIS markets. However, the domestic and Ericsson markets recorded a slight revenue increase year-over-year. Although the regional markets reported a considerable sales revenue growth, the orders booked level in H1 was, due to postponement of customer investments, lower year-over-year.

Decrease in the gross margin year-over-year was due to investments into regional markets aiming at securing new business and strengthening market share. In addition, the gross margin was impacted by the product mix and by lower margins on certain projects in the Industry and Society segment. We maintained a stable financial position and achieved net income of MHRK 36.9 while, compared to the same period of the prior year, the write-off of Kazakhstan receivables contributed to a loss of MHRK 42.4. The Company has a strong balance sheet with total cash balances, including short-term financial assets, of MHRK 542.4 and equity ratio of 75.8%.

In compliance with the Company strategy, the focus on export markets has been further strengthened. The strategic programs for revenue growth have been aimed to increase the business volume with the existing customers to whom we have offered network transformation and further development in multimedia and broadband access through mobile and fixed networks. Furthermore, with the extension of business activities with our current customers, the strategic aim and focus are on being awarded new responsibilities, and winning new customers. At the same time, we continue with a strong discipline regarding risk management. We also invest into competence development in order to be aligned with Ericsson's global and regional business plans for the period until 2015, thus gaining competences on the state-of-the-art IP-based products and platforms, such as LTE, IMS, IPTV, etc. This enabled us to improve our employees' skills in the most attractive technologies, enhance the project management and facilitate the cooperation and mobility of our specialists within the corporation.

Our final goal is that, by understanding our customer needs and by partnering with them, the value and quality of our offer is increased through creative and advanced solutions, thus minimizing the price erosion."

Financial Summary:

- Orders booked decreased by 24% year-over-year, and totaled MHRK 536.1, while sales revenue decreased by 4%, and totaled MHRK 591.0.
- Domestic market accounts for 29.1%, exports to other countries 33.2%, and export to Ericsson market 37.7% of total sales revenue.
- Sales revenue can be further analyzed by business segments as follows: Network infrastructure including network rollout services MHRK 321.7 (54.5% of the total sales revenue), Professional services MHRK 252 (42.6% of the total sales revenue), and Multimedia solutions MHRK 17.3 (2.9% of the total sales revenue).
- The gross margin amounts to 13% (H1 2010: 19%). Decrease in the gross margin was due to investments into regional markets aiming at securing new business and strengthening market share. In addition, the gross margin was impacted by the product mix and by lower margins on certain projects in the Industry and Society segment during Q2.
- Distribution and administrative expenses have been under control and maintained the low level of MHRK 49.7. The mild increase in expenses year-over-year has been mainly due to intensive pre-sales activities.

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- Operating profit totaled MHRK 31.0 (H1 2010: MHRK -53.9, including the write-off of Kazakhstan receivables amounting to MHRK 126.5). Excluding the write-off of receivables, the operating profit is lower year-over-year due to the already mentioned investments and product mix.
 - Net finance income totaled MHRK 5.9 (H1 2010: MHRK 11.5). The lower level of finance income year-over-year primarily reflects lower interest income and lower release of impairment reserves into finance income (discount amortization). The net finance income was also impacted by negative currency deviations, as it was the case in H1 2010.
 - The Company achieved a net profit of MHRK 36.9 while in H1 2010 it reported a loss of MHRK 42.4 due to write-off of Kazakhstan receivables.
 - The Company maintained strong liquidity. Cash flow from operating activities totaled MHRK 70.2. Upon the 2010 dividend payout amounting to MHRK 251.3, total cash balances including financial assets as at 30 June 2011 amounted to MHRK 542.4, which is 48% of total assets.
 - The Company has a strong balance sheet with total assets of MHRK 1,132.2 and equity ratio of 75.8%.
 - Major transactions with related parties were as follows: sales of products and services totaled MHRK 245.5 (H1 2010: MHRK 233.8) and purchase of products and services totaled MHRK 214.5 (H1 2010: MHRK 187.5).
 - Balances outstanding with related parties as at 30 June 2011 were as follows: receivables totaled MHRK 70 (end of 2010: MHRK 75.4), and payables totaled MHRK 36.5 (end of 2010: MHRK 94.8).
 - Disclosure on customer financing risks:

As at 30 June 2011, balances outstanding in respect of customer loans and receivables totaled MHRK 349.8 (end of 2010: MHRK 452.7). Included in customer receivables were balances in respect of withholding tax, the recoverability of which to the full extent depends on the amount of the future taxable profit. The non-recoverability of the given amount may result in reduction of ROS.

Business Situation in major markets

Domestic market sales totaled MHRK 171.9 showing a year-over-year growth by 1%. The good cooperation has continued with telecom operators Vipnet, HT and Tele2 on the further modernization and building of telecom networks.

Ericsson Nikola Tesla has been an important partner to HT in the implementation of a group Fix-Transform-Innovate strategy. Already for some time, HT has been transforming into an all-IP service provider based on Ericsson softswitch solution in the fixed telephony as the technology architecture. In addition, HT has gone far in implementing IMS architecture as a sophisticated and open architecture designed for new services providing, as well as a generator of considerable operating cost reduction. Ericsson Nikola Tesla, being the center of excellence for IMS competences, has been an important factor in HT success in the network transformation segment.

The partnership with Vipnet has also continued in the segment of extension and modernization of 2G and 3G infrastructure, with a special attention paid to the introduction of a broadband wireless data transmission at the rate of 42 Mbit/s. The cooperation was also continued in the segment of a core network modernization, as well as on the transmission systems and testing and implementation of new technology solutions.

As of the mobile operator Tele2, we have been considerably engaged in further building of 2G and 3G infrastructure, and in implementing of new functionalities, especially focusing on transmission rate increase and the service of mobile broadband Internet access coverage.

The major focus in ICT for industry and Society Segment was the upgrading the national ICT primary healthcare system, realization of Cadastre and Land Database joint information system, and the project for modernization of Croatian Railways (HŽ) infrastructure.

In June 2011, the contract was made with the General Hospital in Gospić, on the implementation of the hospital information system Care4U-HIS (Care for You - Hospital Information System). Thus, this hospital will join several others, such as the Children's Hospital Srebrnjak, Zadar General Hospital and the University Clinical Hospital in Mostar, where the given system has already been successfully implemented.

The advantages of Ericsson Mobile Health, the solution for patient remote monitoring, have been recognized, among other countries, in the United Arab Emirates (UAE), and Armenia. Under the auspices of the UAE Ministry of Health, the program "Your health is in your hands" has been launched, with EMH as an integral part of it.

[In export markets \(except for Ericsson market\)](#) sales totaled MHRK 196.5, a decrease by 14% compared to the prior year.

In the regional markets (Bosnia and Herzegovina, Montenegro and Kosovo) sales revenues increased by 49% totaling MHRK 113.8, primarily due to the realization of deals arranged with BH Telecom, HT Mostar and Montenegro Telecom.

Ericsson Nikola Tesla made a contract with HT Mostar on an extension and modernization of the current mobile network in 2G and 3G part. This contract is of special importance since it made Ericsson Nikola Tesla the single provider for the radio part of HT Mostar network. The contract is also the basis for introduction of attractive 3G functionalities to this operator end-users, as well as better quality, higher rate and availability of services in the whole territory of Bosnia and Herzegovina. In addition, the contract on delivery and implementation of the service „Transferability of Numbers in the Fixed Network“, and the contract on “Support Service Providing for Fixed and Mobile Network” have been signed.

Concerning Montenegro Telecom, numerous new projects have been initiated. A Letter of Intent was signed for new contracts on modernization and extension of the existing mobile and fixed networks. The contract is expected to be signed in Q3 2011.

Sales revenues from CIS market totaled MHRK 66.1, a decrease by 55% compared to the prior year. During Q2, the Company signed several small contracts with customers from Belarus, Moldova, Russia and Georgia. Currently, the Company is engaged in a number of intensive marketing and pre-sales activities focused on new business on modernization and extension of networks with the current and new customers.

[In the Ericsson market](#), the sales revenues totaled MHRK 222.6, an increase by 2% year-over-year.

The Research and Development Center continued with the activities on the development and integration of new functionalities in future generation radio networks. In the area of server development for mobile networks, this Center teams delivered several functions to the global market. Within the activities on the fixed networks server line, deliveries of new software were successfully completed for operators from Great Britain - British Telecom and Gamma. Furthermore, in the same segment a considerable technical support has been provided to operators in Great Britain, Andora, Morocco, Poland, India, Croatia and to the global operator Tele2. In addition, activities on the product development in the broadband access segment of the fixed network have continued, as well as the activities on supporting operators in Croatia and Turkey.



Experts from the Service Providing Center have been engaged in numerous projects, such as : IMS Deutsche Telekom for Slovakia, Telekom Austria IPTV project, Service management for Mobistar Belgium transport network, delivery of the project Messaging in One for Vodafone Great Britain, LTE project for Vodafone Germany and Vodafone Great Britain (integration, realization optimizing, operation and maintenance center). Currently, the activities related to the pay toll system for Airtel Bangladesh and Copaco Paraguay are going on.

Ericsson Nikola Tesla was awarded the responsibility for Vodafone Application Support Office (RWCE RAN Competence Centre @ Zagreb). It was about the advanced testing of RAN OSS functionalities prior to FOA (First Office Application).

Ericsson Nikola Tesla team, from IP segment and broadband access, was awarded the total responsibility for Deep Dive Project. This project will assist the corporation in better understanding of requirements set to mobile network by new applications and smart phones. Deep Dive Project covers some 20 largest mobile operators worldwide, such as: Verizon US, China Mobile, Vodafone UK, Claro Brasil, Softcom Japan, Vempelcom Russia.

Other information

At the Shareholders' Annual Meeting held on 31 May 2011, a decision was made on the ordinary dividend payout in the amount of HRK 20 per share, and an extraordinary dividend payout in the amount of HRK 170 per share. The dividend was paid out on 29 June 2011.

Ericsson Nikola Tesla major shareholders (as at June 30, 2011)

	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
Zagrebačka banka d.d. / custodian client account for Unicredit Bank Austria AG	38,648	2.90
Societe Generale-Splitska banka d.d. / Erste Plavi Mandatory Pension Fund	34,812	2.61
Hypo Alpe-Adria-Bank d.d. / PBZ Croatia osiguranje Mandatory Pension Fund	30,615	2.30
PBZ d.d. / custodian client account	15,623	1.17
Societe Generale-Splitska banka d.d. / AZ Mandatory Pension Fund	15,376	1.15
PBZ d.d. / State Street client account	14,380	1.08
Ericsson Nikola Tesla d.d.	9,075	0.68
Societe Generale-Splitska banka d.d.	8,062	0.61
Other shareholders	390,100	29.31

Q2 2011 share price information:

Highest (HRK)	Lowest (HRK)	Closing (HRK)	Market cap. (in MHRK)
1,649.96	1,410.00	1,426.99	1,900.3

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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 2011 to 30 June 2011 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 2011

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	153.025.109	164.727.527
I. INTANGIBLE ASSETS (004 do 009)	003	4.813.753	4.237.548
1. Research & Development expenditure	004		
2. Patents, licences, royalties, trade marks, software&similar rights	005	4.813.753	4.237.548
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	128.643.277	126.444.797
1. Land	011	15.605.344	15.605.344
2. Property	012	40.243.702	38.586.112
3. Plants and equipment	013	58.452.186	61.425.360
4. Tools, plants&vehicles	014	8.361.181	7.600.050
5. Biological asset	015		
6. Prepayments for tangible assets	016		
7. Assets under construction	017	5.850.402	3.101.362
8. Other tangible assets	018	130.460	126.569
9. Investments property	019		
III. FINANCIAL ASSETS (021 do 028)	020	7.121.093	7.186.658
1. Investments in subsidiaries	021	45.001	45.001
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	7.076.092	7.141.657
7. Other non-current financial assets	027		
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	3.282.193	17.693.730
1. Receivables from subsidiaries	030		
2. Receivables from credit sales	031		13.709.638
3. Other receivables	032	3.282.193	3.984.091
V. DEFERRED TAX ASSETS	033	9.164.793	9.164.793
C) CURENT ASSETS (035+043+050+058)	034	1.265.628.347	961.317.095
I. INVENTORIES (036 do 042)	035	44.773.808	58.857.563
1. Raw materials & consumables	036	5.032.638	3.396.911
2. Work in progress	037	39.473.645	55.442.154
3. Products	038		
4. Merchandise	039		
5. Prepayments for inventories	040	267.526	18.498
6. Other available-for-sale assets	041		
7. Biological asset	042		
II. RECEIVABLES (044 do 049)	043	483.674.671	360.044.536
1. Receivables for trade debt of subsidiaries	044		
2. Trade receivables	045	422.387.287	305.280.611
3. Receivables for trade debts of participating entities	046		
4. Amounts receivable from employees	047		
5. Receivables from government agencies	048	49.975.661	44.458.971
6. Other receivables	049	11.311.723	10.304.954
III. FINANCIAL ASSETS (051 do 057)	050	63.254.351	100.316.708
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	63.254.351	100.316.708
6. Loans & deposits	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	673.925.517	442.098.288
D) PREPAYMENTS AND ACCRUED INCOME	059	6.507.627	6.172.822
E) TOTAL ASSETS (001+002+034+059)	060	1.425.161.083	1.132.217.444
F) OFF-BALANCE SHEET ITEMS	061	221.374.495	225.807.177

EQUITY AND LIABILITIES			
A) EQUITY (063+064+065+071+072+075+078)	062	1.071.024.009	857.987.014
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	33.520.443	33.520.443
3. Treasury shares and stakes (less)	068	16.250.897	16.250.897
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS (073-074)	072	876.418.064	650.505.608
1. Retained earnings	073	876.418.064	650.505.608
2. Loss brought forward	074		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	24.061.618	36.937.080
1. Profit for the financial year	076	24.061.618	36.937.080
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	8.237.487	7.226.478
1. Amounts payable to subsidiaries	084		
2. Liabilities for loans, deposits and other	085		
3. Liabilities towards banks and other financial institutions	086	3.345.829	2.505.561
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	4.891.658	4.720.917
9. Deferred tax	092		
D) CURRENT LIABILITIES (094 do 105)	093	207.995.873	130.839.180
1. Amounts payable to subsidiaries	094		
2. Liabilities for loans, deposits and other	095		
3. Liabilities towards banks and other financial institutions	096	1.672.916	1.771.260
4. Amounts payable for prepayment	097		
5. Trade payables	098	150.437.350	80.725.675
6. Amounts payable for securities	099		
7. Liabilities toward participating interests	100		
8. Amounts payable to employees	101	42.612.348	33.349.268
9. Liabilities for taxes and contributions	102	13.273.260	14.992.977
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	137.903.714	136.164.772
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.425.161.083	1.132.217.444
G) OFF-BALANCE SHEET ITEMS	108	221.374.495	225.807.177
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		

INCOME STATEMENT
for the period 01 January 2011 to 30 June 2011

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	626.898.926	320.474.374	598.438.627	287.307.848
1. Sales revenue	112	617.072.113	314.176.674	591.015.510	283.403.344
2. Other operating income	113	9.826.813	6.297.700	7.423.117	3.904.504
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	680.757.321	402.335.409	567.395.423	286.182.643
1. Changes in inventories of finished products and work in progress	115	-3.612.404	4.085.655	-15.968.509	-91.323
2. Raw material and consumables used (117 do 119)	116	308.501.205	145.296.241	344.255.513	166.238.616
a) Cost of raw materials & consumables	117	147.424.733	65.691.899	201.341.247	92.818.115
b) Cost of goods sold	118				
c) Other costs	119	161.076.472	79.604.341	142.914.267	73.420.501
3. Staff costs (121 do 123)	120	205.638.350	102.996.260	200.333.832	99.857.834
a) Net salaries	121	106.808.823	53.473.891	101.363.108	48.349.316
b) Employee income tax and contributions	122	68.921.389	34.505.528	65.407.389	31.198.752
c) Employer's contributions	123	29.908.137	15.016.840	33.563.335	20.309.766
4. Depreciation and amortisation expense	124	28.744.418	13.993.303	24.762.295	12.239.283
5. Other costs	125	10.220.273	5.847.676	12.124.372	7.089.820
6. Impairment losses (127+128)	126	131.038.708	129.889.503	1.727.907	508.069
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	131.038.708	129.889.503	1.727.907	508.069
7. Provisions	129				
8. Other operating expenses	130	226.771	226.771	160.013	340.345
III. FINANCIAL INCOME (132 do 136)	131	18.392.923	9.343.784	12.113.812	5.863.032
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	12.617.552	6.419.210	9.269.041	4.848.071
3. Income from associates and ownership interests	134				
4. Unrealized gains	135				
5. Other financial income	136	5.775.371	2.924.574	2.844.771	1.014.961
IV. FINANCIAL EXPENSES (138 do 141)	137	6.898.089	3.352.556	6.219.936	1.946.598
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	6.898.089	3.352.556	6.219.936	1.946.598
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	645.291.849	329.818.158	610.552.439	293.170.880
X. TOTAL EXPENSES (114+137+143 + 145)	147	687.655.410	405.687.965	573.615.359	288.129.241
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	-42.363.561	-75.869.807	36.937.080	5.041.639
1. Profit before tax (146-147)	149	0	0	36.937.080	5.041.639
2. Loss before tax (147-146)	150	42.363.561	75.869.807	0	0
XII. INCOME TAX EXPENSE	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-42.363.561	-75.869.807	36.937.080	5.041.639
1. Profit for the period (149-151)	153	0	0	36.937.080	5.041.639
2. Loss for the period (151-148)	154	42.363.561	75.869.807	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				
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				
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 2011 to 30 June 2011

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	-42.363.561	36.937.080
2. Depreciation and amortisation	002	28.744.418	24.762.295
3. Increase in liabilities	003		
4. Decrease in receivables	004	184.718.541	100.284.361
5. Decrease in inventories	005		
6. Other increase in cash flow	006	2.121.190	1.316.381
I. Total increase in operating cash flow (001 do 006)	007	173.220.589	163.300.117
1. Decrease in liabilities	008	70.348.760	79.063.692
2. Increase in receivables	009		
3. Increase in inventories	010	1.990.300	14.083.754
4. Other decrease in cash flow	011	15.484	
II. Total decrease in operating cash flow (008 do 011)	012	72.354.543	93.147.446
A1) NET INCREASE IN OPERATING CASH FLOW	013	100.866.045	70.152.671
A2) NET DECREASE IN OPERATING CASH FLOW	014	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of property, plant and equipment	015	27.500	7.650
2. Net disposal of financial assets	016	30.000.000	
3. Interest received	017	12.617.552	9.269.041
4. Dividend received	018		
5. Other cash from investing activities	019		
III. Total cash flow from investing activities (015 do 019)	020	42.645.052	9.276.691
1. Purchase of property, plant and equipment and intangible assets	021	19.853.292	21.996.467
2. Purchase of financial instruments	022	71.939.904	37.062.357
3. Other cash flow used in investing activities	023	14.723	65.565
IV. Total cash flow from investing activities (021 do 023)	024	91.807.919	59.124.388
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES	026	49.162.866	49.847.697
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	0	0
1. Repayment of interest-bearing borrowings	031	822.993	842.953
2. Dividend paid	032	158.160.000	251.289.250
3. Repayment of finance lease	033	16.215	
4. Repurchase of treasury shares	034		
5. Other cash flow used in financial activities	035		
VI. Total cash flow used in financial activities (031 do 035)	036	158.999.208	252.132.203
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	037	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	038	158.999.208	252.132.203
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	107.296.029	231.827.229
Cash and cash equivalents at the beginning of the period	041	414.934.971	673.925.517
Increase in cash and cash equivalents	042		0
Decrease in cash and cash equivalents	043	107.296.029	231.827.229
Cash and cash equivalents at the end of the period	044	307.638.942	442.098.288

STATEMENT OF CHANGES IN EQUITY
for the period from 1.1.2011 to 30.6.2011

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	876.418.064	650.505.608
5. Profit or loss for the period	005	24.061.618	36.937.080
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	1.071.024.009	857.987.014
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		
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