

**Balance Sheet**  
as at 31 December 2011

<b>Ericsson Nikola Tesla d.d.</b>			
Item	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR REGISTERED UNPAID CAPITAL</b>	<b>001</b>		
<b>B) NON CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	<b>153.025.109</b>	<b>196.754.611</b>
I. INTANGIBLE ASSETS (004 do 009)	<b>003</b>	4.813.753	3.423.938
1. Research & Development expenditure	<b>004</b>		
2. Patents, licences, royalties, trade marks, software&similar rights	<b>005</b>	4.813.753	3.423.938
3. Goodwill	<b>006</b>		
4. Prepayments for intangible assets	<b>007</b>		
5. Intangible assets under construction	<b>008</b>		
6. Other intangible assets	<b>009</b>		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	<b>010</b>	128.643.277	134.114.441
1. Land	<b>011</b>	15.605.344	15.605.344
2. Property	<b>012</b>	40.243.702	36.936.834
3. Plants and equipment	<b>013</b>	58.452.186	64.752.080
4. Tools, plants&vehicles	<b>014</b>	8.361.181	9.226.991
5. Biological asset	<b>015</b>		
6. Prepayments for tangible assets	<b>016</b>		
7. Assets under construction	<b>017</b>	5.850.402	7.470.514
8. Other tangible assets	<b>018</b>	130.460	122.679
9. Investments property	<b>019</b>		
III. FINANCIAL ASSETS (021 do 028)	<b>020</b>	7.121.093	8.886.999
1. Investments in subsidiaries	<b>021</b>	45.001	52.655
2. Loans to subsidiaries	<b>022</b>		
3. Participating interests (stakes)	<b>023</b>		
4. Loans to participating interest	<b>024</b>		
5. Investments in securities	<b>025</b>		
6. Loans & deposits	<b>026</b>	7.076.092	8.834.344
7. Other non-current financial assets	<b>027</b>		
8. Investment accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 do 032)	<b>029</b>	3.282.193	36.337.219
1. Receivables from subsidiaries	<b>030</b>		
2. Receivables from credit sales	<b>031</b>		32.462.970
3. Other receivables	<b>032</b>	3.282.193	3.874.249
V. DEFERRED TAX ASSETS	<b>033</b>	9.164.793	13.992.013
<b>C) CURENT ASSETS (035+043+050+058)</b>	<b>034</b>	<b>1.265.628.347</b>	<b>989.434.547</b>
I. INVENTORIES (036 do 042)	<b>035</b>	44.773.808	22.704.666
1. Raw materials & consumables	<b>036</b>	5.032.638	2.542.310
2. Work in progress	<b>037</b>	39.473.645	20.140.949
3. Products	<b>038</b>		
4. Merchandise	<b>039</b>		
5. Prepayments for inventories	<b>040</b>	267.526	21.408
6. Other available-for-sale assets	<b>041</b>		
7. Biological asset	<b>042</b>		
II. RECEIVABLES (044 do 049)	<b>043</b>	483.674.671	373.262.162
1. Receivables for trade debt of subsidiaries	<b>044</b>		
2. Trade receivables	<b>045</b>	422.387.287	360.956.101
3. Receivables for trade debts of participating entities	<b>046</b>		
4. Amounts receivable from employees	<b>047</b>		
5. Receivables from government agencies	<b>048</b>	49.975.661	8.727.037
6. Other receivables	<b>049</b>	11.311.723	3.579.023
III. FINANCIAL ASSETS (051 do 057)	<b>050</b>	63.254.351	68.249.239
1. Investments in subsidiaries	<b>051</b>		
2. Loans to subsidiaries	<b>052</b>		
3. Participating interests (stakes)	<b>053</b>		
4. Loans to participating interest	<b>054</b>		
5. Investments in securities	<b>055</b>	63.254.351	68.249.239
6. Loans & deposits	<b>056</b>		
7. Other financial assets	<b>057</b>		
IV. CASH AND CASH EQUIVALENTS	<b>058</b>	673.925.517	525.218.480
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	<b>6.507.627</b>	<b>4.808.317</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>1.425.161.083</b>	<b>1.190.997.475</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>061</b>	<b>221.374.495</b>	<b>191.829.422</b>

<b>EQUITY AND LIABILITIES</b>			
<b>A) EQUITY (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>1.071.024.009</b>	<b>850.906.529</b>
I. SHARE CAPITAL	<b>063</b>	133.165.000	133.165.000
II. CAPITAL RESERVES	<b>064</b>		
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	37.379.327	37.379.327
1. Legal reserves	<b>066</b>	20.109.780	20.109.780
2. Reserves for treasury shares	<b>067</b>	33.520.443	25.711.955
3. Treasury shares and stakes (less)	<b>068</b>	16.250.897	8.442.409
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>		
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED EARNINGS (073-074)	<b>072</b>	876.418.064	652.385.719
1. Retained earnings	<b>073</b>	876.418.064	652.385.719
2. Loss brought forward	<b>074</b>		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	<b>075</b>	24.061.618	27.976.483
1. Profit for the financial year	<b>076</b>	24.061.618	27.976.483
2. Loss for the financial year	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	0	0
1. Provisions for redundancy costs	<b>080</b>		
2. Provisions for tax obligations	<b>081</b>		
3. Other provisions	<b>082</b>		
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	<b>8.237.487</b>	<b>5.964.747</b>
1. Amounts payable to subsidiaries	<b>084</b>		
2. Liabilities for loans, deposits and other	<b>085</b>		
3. Liabilities towards banks and other financial institutions	<b>086</b>	3.345.829	1.434.722
4. Amounts payable for prepayment	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Amounts payable for securities	<b>089</b>		
7. Liabilities toward participating interests	<b>090</b>		
8. Other non-current liabilities	<b>091</b>	4.891.658	4.530.024
9. Deferred tax	<b>092</b>		
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	<b>207.995.873</b>	<b>163.020.719</b>
1. Amounts payable to subsidiaries	<b>094</b>		
2. Liabilities for loans, deposits and other	<b>095</b>		
3. Liabilities towards banks and other financial institutions	<b>096</b>	1.672.916	2.047.129
4. Amounts payable for prepayment	<b>097</b>		
5. Trade payables	<b>098</b>	150.437.350	109.700.705
6. Amounts payable for securities	<b>099</b>		
7. Liabilities toward participating interests	<b>100</b>		
8. Amounts payable to employees	<b>101</b>	42.612.348	38.231.098
9. Liabilities for taxes and contributions	<b>102</b>	13.273.260	13.041.788
10. Dividend payables	<b>103</b>		
11. Liabilities directly associated with the assets classified as held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>		
<b>E) ACCRUED CHARGES AND DEFERRED REVENUE</b>	<b>106</b>	<b>137.903.714</b>	<b>171.105.480</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>1.425.161.083</b>	<b>1.190.997.475</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>108</b>	<b>221.374.495</b>	<b>191.829.422</b>

**INCOME STATEMENT**  
for the period 01 January 2011 to 31 December 2011

Ericsson Nikola Tesla d.d.

Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	<b>1.234.273.637</b>	<b>378.053.730</b>	<b>1.180.324.642</b>	<b>330.809.610</b>
1. Sales revenue	112	1.218.862.863	373.893.554	1.165.660.154	327.532.597
2. Other operating income	113	15.410.774	4.160.176	14.664.488	3.277.013
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>1.249.522.585</b>	<b>352.201.481</b>	<b>1.192.276.235</b>	<b>345.706.369</b>
1. Changes in inventories of finished products and work in progress	115	-21.817.303	-22.640.179	10.146.457	16.058.332
2. Raw material and consumables used(117 do 119)	116	636.144.426	252.519.398	637.461.057	162.797.542
a) Cost of raw materials & consumables	117	365.722.586	170.141.233	341.199.504	88.800.027
b) Cost of goods sold	118				
c) Other costs	119	270.421.840	82.378.165	296.261.553	73.997.516
3. Staff costs (121 do 123)	120	401.858.746	96.112.644	396.979.376	99.054.078
a) Net salaries	121	210.572.408	53.128.369	207.741.660	52.758.220
b) Employee income tax and contributions	122	132.713.225	32.725.409	127.962.349	32.497.409
c) Employer's contributions	123	58.573.113	10.258.866	61.275.367	13.798.450
4. Depreciation and amortisation expense	124	56.831.071	14.235.924	48.440.768	11.768.530
5. Other costs	125	30.559.882	7.622.298	22.510.850	7.074.204
6. Impairment losses (127+128)	126	139.849.426	4.149.102	68.275.382	42.175.735
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	139.849.426	4.149.102	68.275.382	42.175.735
7. Provisions	129				
8. Other operating expenses	130	6.096.337	202.294	8.462.346	6.777.948
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	<b>41.407.843</b>	<b>22.873.012</b>	<b>34.480.149</b>	<b>12.100.573</b>
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	31.127.537	20.693.872	29.806.330	10.845.043
3. Income from associates and ownership interests	134				
4. Unrealized gains	135				
5. Other financial income	136	10.280.306	2.179.140	4.673.819	1.255.530
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	<b>191.793</b>	<b>38.108</b>	<b>178.115</b>	<b>39.753</b>
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	191.793	38.108	178.115	39.753
3. Unrealized losses	140				
4. Other financial expenses	141				
<b>V. SHARE OF INCOME OF ASSOCIATES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS OF ASSOCIATES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>1.275.681.480</b>	<b>400.926.741</b>	<b>1.214.804.791</b>	<b>342.910.183</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>1.249.714.378</b>	<b>352.239.588</b>	<b>1.192.454.350</b>	<b>345.746.121</b>
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	<b>25.967.102</b>	<b>48.687.153</b>	<b>22.350.442</b>	<b>-2.835.938</b>
1. Profit before tax (146-147)	149	25.967.102	48.687.153	22.350.442	0
2. Loss before tax (147-146)	150	0	0	0	2.835.938
<b>XII. INCOME TAX EXPENSE</b>	<b>151</b>	<b>1.905.484</b>	<b>1.905.484</b>	<b>-5.626.041</b>	<b>-5.626.041</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>24.061.618</b>	<b>46.781.669</b>	<b>27.976.483</b>	<b>2.790.103</b>
1. Profit for the period (149-151)	153	24.061.618	46.781.669	27.976.483	2.790.103
2. Loss for the period (151-148)	154	0	0	0	0

**CASH FLOW STATEMENT - Indirect method**  
in the period 01 January 2011 to 31 December 2011

Ericsson Nikola Tesla d.d.			
Item	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	25.967.102	22.350.442
2. Depreciation and amortisation	002	56.831.071	48.440.768
3. Increase in liabilities	003		
4. Decrease in receivables	004	189.204.000	22.583.210
5. Decrease in inventories	005		12.722.301
6. Other increase in cash flow	006	126.424.000	50.885.483
<b>I. Total increase in operating cash flow (001 do 006)</b>	<b>007</b>	<b>398.426.173</b>	<b>156.982.203</b>
1. Decrease in liabilities	008	11.048.000	21.983.956
2. Increase in receivables	009		
3. Increase in inventories	010	21.022.000	0
4. Other decrease in cash flow	011		
<b>II. Total decrease in operating cash flow (008 do 011)</b>	<b>012</b>	<b>32.070.000</b>	<b>21.983.956</b>
<b>A1) NET INCREASE IN OPERATING CASH FLOW (007-012)</b>	<b>013</b>	<b>366.356.173</b>	<b>134.998.247</b>
<b>A2) NET DECREASE IN OPERATING CASH FLOW (012-007)</b>	<b>014</b>		<b>0</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Proceeds from sale of property, plant and equipment	015	43.300	89.271
2. Net disposal of financial assets	016	61.645.000	
3. Interest received	017	25.369.000	18.643.957
4. Dividend received	018		
5. Other cash from investing activities	019	0	
<b>III. Total cash flow from investing activities (015 do 019)</b>	<b>020</b>	<b>87.057.300</b>	<b>18.733.228</b>
1. Purchase of property, plant and equipment and intangible assets	021	39.735.969	54.249.800
2. Purchase of financial instruments	022	0	3.873.744
3. Other cash flow used in investing activities	023	198.000	1.758.251
<b>IV. Total cash flow from investing activities (021 do 023)</b>	<b>024</b>	<b>39.933.969</b>	<b>59.881.796</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>47.123.331</b>	<b>0</b>
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>0</b>	<b>41.148.568</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Proceeds from issuance of financial instruments	027		
2. Proceeds from loans	028		
3. Other cash flow from financial activities	029	5.272.042	10.047.859
<b>V. Total cash flow from financial activities (027 do 029)</b>	<b>030</b>	<b>5.272.042</b>	<b>10.047.859</b>
1. Repayment of interest-bearing borrowings	031	1.601.000	1.315.324
2. Dividend paid	032	158.160.000	251.289.250
3. Repayment of finance lease	033		
4. Repurchase of treasury shares	034	0	
5. Other cash flow used in financial activities	035		
<b>VI. Total cash flow used in financial activities (031 do 035)</b>	<b>036</b>	<b>159.761.000</b>	<b>252.604.574</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)</b>	<b>037</b>		<b>0</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)</b>	<b>038</b>	<b>154.488.958</b>	<b>242.556.716</b>
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	258.990.546	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040		148.707.037
Cash and cash equivalents at the beginning of the period	041	414.934.971	673.925.517
Increase in cash and cash equivalents	042	258.990.546	0
Decrease in cash and cash equivalents	043		148.707.037
Cash and cash equivalents at the end of the period	044	673.925.517	525.218.480

**STATEMENT OF CHANGES IN EQUITY**  
in the period 01 January 2011 to 31 December 2011

<b>Ericsson Nikola Tesla d.d.</b>			
Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	<b>001</b>	133.165.000	133.165.000
2. Capital reserves	<b>002</b>		
3. Reserves from profit	<b>003</b>	37.379.326	37.379.327
4. Retained earnings	<b>004</b>	876.418.064	652.385.719
5. Profit or loss for the period	<b>005</b>	24.061.618	27.976.483
6. Revaluation of property, plant and equipment	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
8. Revaluation of financial financial assets available for sale	<b>008</b>		
9. Other revaluations	<b>009</b>		
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	<b>1.071.024.008</b>	<b>850.906.529</b>
11. Foreign exchange differences from investments in foreign operations	<b>011</b>		
12. Current and deferred taxes	<b>012</b>		
13. Cash flow hedge	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Prior year adjustment	<b>015</b>		
16. Other changes in equity	<b>016</b>		
<b>17. Total increase/decrease in equity (AOP 011 do 016)</b>	<b>017</b>	0	0
17 a. Parent company share in subsidiary	<b>018</b>		
17 b. Minority interest	<b>019</b>		