
ERICSSON NIKOLA TESLA D.D.

The Management Report on the Company's business situation and comments on the financial results for nine months in 2012.

Highlights:

- Sales revenue: MHRK **1,564.7**
- Gross margin: **8.8%**
- Operating profit: MHRK **74**
- Net profit: MHRK **93**
- Cash flow from operating activities: MHRK **110.9**

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

"The total sales revenue increased by 87% year-over-year as a result of the revenue growth in both the CIS and Ericsson markets. Sales in the domestic and regional markets witnessed a decrease, mainly due to the unfavorable economic trends, political instability in the markets of the region, but also due to postponed customer investments.

I would like to underline the successful realization of the demanding 2G and 3G mobile network project for Rostelecom. The extent of this business can be best illustrated by the fact that the new Rostelecom network, based on Ericsson's equipment, will cover more than 60% of the total population of the Russian Federation (143 million) and will provide a wide range of convergent information and telecommunications services in mobile and fixed networks across the Russian Federation. This project set the high requirements on our experts and was also an opportunity to show knowledge and teamwork spirit.

Owing to investments into competencies and the advanced technological infrastructure, Ericsson Nikola Tesla's Research and Development (R&D) Center continuously expands its product portfolio and responsibilities and is engaged in complex and demanding global projects. The R&D performance, based on quality and value indicator analyses, was highly ranked by Ericsson's R&D Operational Steering Group (OSG). The received recognitions are commitments for further dedicated engagement regarding product development and improved ways of working as well as an opportunity

PRESS INFO

October 30, 2012



to participate in new technological challenges. We also marked the 30th anniversary of Ericsson Nikola Tesla's R&D Center in Split.

As of the domestic market, Ericsson Nikola Tesla became the sole vendor of the state-of-the-art radio access network (Single RAN) to Vipnet. The contracted business is a part of the five-year strategic contract between Ericsson and A1 Telekom Austria group, concerning the modernization and upgrade of Austrian and Croatian mobile networks to LTE technology. Thus, the position of our Company has been further strengthened as a leading vendor of the state-of-the-art solutions with a 100% share in the radio part of Vipnet network.

According to EuroHealth Consumer Index (EHCI) 2012, Croatia was ranked high among countries like Germany and United Kingdom, an improvement by 6 positions. This was primarily due to successful informatization of the primary healthcare system in Croatia, the project in which Ericsson Nikola Tesla plays an active role.

Almost all key financial indicators were improved year-over-year. The net profit increased 3.7 times year-over-year and amounts to MHRK 93. The strong cash flow from operating activities amounts to MHRK 110.9 and is a result of Company's focus on cash conversion. Thus, at the end of Q3 2012, the total cash and cash equivalents, including current financial assets, amounted to MHRK 472.2.

The strategy of Ericsson Nikola Tesla is focused on further strengthening of Company's position in the domestic, Ericsson and export markets, extension of the customer base, acquiring new responsibilities as well as providing state-of-the-art solutions, products and services. The key factors to achieve this are technology leadership, development of new models of knowledge acquisition as well as development of innovative solutions because this is the only way to ensure customer satisfaction and market competitiveness. I believe that ICT industry will continue to play a very important role in business and society as a whole. Introduction of new devices and applications results in greater users' expectations regarding network quality and performance, what drives demand for our technological solutions and services and creates the space for innovation."

Financial Summary:

- Sales of MHRK 1,564.7 increased by 87% year-over-year, primarily due to the revenue growth in the Russian market. The revenue structure per markets has been significantly changed in favor of export markets. The domestic market accounts for 12% and export accounts for 88% (export to Ericsson market accounts for 25%, and export to other countries accounts for 63%) of sales.

PRESS INFO

October 30, 2012



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- Network infrastructure including network rollout services amounts to MHRK 1,076.2 (69% of the total sales), Professional services MHRK 352.9 (22% of the total sales revenue) and Multimedia solutions MHRK 135.6 (9% of the total sales revenue).
 - Gross margin declined to 8.8% (first nine months 2011:10.4%), due to product/service mix and the continuous price pressure.
 - Distribution and administrative expenses amount to MHRK 72, which is a 7% increase year-over-year, resulting from intensive sales activities.
 - The operating profit amounts to MHRK 74 (first nine months 2011: MHRK 2.9). Growth resulted from the increased business volume, increased efficiency and focus on risk management.
 - Net finance income amounts to MHRK 19 (first nine months 2011: MHRK 22). The lower finance income reflects the negative net currency deviations while the interest income is higher year-over-year.
 - Net profit increased by 3.7 times year-over-year to MHRK 93. Return on sales (ROS) increased to 5.9% (first nine months 2011: 3%).
 - Cash flow from operating activities is MHRK 110.9 (first nine months 2011: MHRK 90.5). Total cash and cash equivalents including current financial assets amounted to MHRK 472.2 (33.7% of the total assets) as at Sep 30, 2012.
 - The total assets increased by 17.7%, as related to the end of 2011 and amounted to MHRK 1,401.3 resulting from the increase of trade receivables and inventories due to ongoing Russian contracts. The equity ratio decreased to 51.4%, as related to the end of 2011, being the result of higher trade payables due to the increased business activities in the Russian market.
 - As regards major transactions with related parties, sales of products and services amounted to MHRK 403.5 (first nine months 2011: MHRK 355.9), while purchase of products and services almost tripled to MHRK 966.3 (first nine months 2011: MHRK 286.6), also as a result of the realization of the Russian contracts.
 - As at Sep 30, 2012, receivables outstanding with related parties amounted to MHRK 66.9 (end of 2011: MHRK 87.5), and payables outstanding were MHRK 408.6 (end of 2011: MHRK 50.7).
 - As at Sep 30, 2012 Ericsson Nikola Tesla receivables outstanding totaled MHRK 786.5 (end of 2011: MHRK 461). As a result of developed business cooperation with the Croatian Bank for Reconstruction and Development (HBOR), market and customer risks were mitigated on majority of foreign receivables.

PRESS INFO

October 30, 2012



Business situation in major markets:

In the domestic market, sales totaled MHRK 189.8, a year-over-year drop by 9%, reflecting the lower operators' investments, primarily due to lower customer investments. Negative economic trends, regulatory measures and permanently growing competition among telecom service providers influence the Croatian telecom market (end-user behavior and operators' profit). Furthermore, the government investments into strategic ICT projects in Croatia are being continually postponed.

Vipnet has chosen Ericsson Nikola Tesla as a strategic partner for upgrading its network to latest 4G technology, LTE. With this contract, Ericsson Nikola Tesla became a sole vendor of the state-of-the-art Single Radio Access Network (Single RAN) for this domestic operator. During Q3 a cooperation continued in the segment of expansion and modernization of 2G and 3G infrastructure, in the area of core network modernization where the new functionalities have been introduced and tested as well as in the segment of transmission system modernization.

The cooperation with Hrvatski Telekom (T-HT) continued on projects concerning the network transformation into the next generation network and the expansion of the broadband Internet access. The implementation of IP/MPLS backbone has been launched, thus paving the way to future HT business operations, as a convergent operator, and heading towards all-IP environment. Furthermore, the IAD (Integrated Access Devices) agreement was signed for the distribution of the users' terminal equipment. Ericsson Nikola Tesla is also an active participant in the modernization of the mobile network through extension of capacities in the microwave radio-relay systems because of the increased data transmission volume. In addition, Ericsson was selected to supply new generation solutions for automated optimization and capacity management as well as network mobile resource management. This Ericsson solution will provide additional increase of mobile network quality and services offered to HT end users.

Despite the economic crisis, which has a negative impact on Tele2 investments, the cooperation with this mobile operator continues. A special attention has been paid to the implementation of new technologies and functionalities, with further increase of transmission rates and coverage by the mobile broadband Internet access service.

The major focus in ICT for industry and society segment was on upgrading the national ICT healthcare system, the realization of Cadastre and Land Database joint information system (JIS) and modernization and expansion of the national electricity company (HEP) communications network. There have been difficulties in the business segment due to tender delays and cancellations.

PRESS INFO

October 30, 2012



In Q3 implementation of e-List/e-Booking solutions started in some ten healthcare institutions. By implementing this web-based information solution in hospitals, the process of healthcare system informatization, in addition to primary healthcare, will cover also the secondary and tertiary health care levels.

[In export market \(except for Ericsson market\)](#), sales totaled MHRK 992.1, which is a 229% increase, year-over-year.

In the regional markets (Bosnia and Herzegovina, Montenegro and Kosovo), sales revenue totaled MHRK 126.4, a 31% decrease year-over-year, due to postponement of operators' investments. However, intensive presales activities are ongoing, which in Q4 should result in new contracts covering modernization and extension of radio and fixed networks.

In CIS market, sales revenue amounted to MHRK 851.9, an increase by 7.5 times year-over-year, primarily due to the realization of contracts in the Russian market.

The leading Russian telecom service provider, Rostelecom, was delivered equipment for 2G and 3G mobile network, including multi-standard radio base stations of RBS 6000 type for the channel and packet switching networks, as well as the architecture for the Evolved Packet Core and Operating Support Systems (OSS). The activities on the implementation of solutions based on Ericsson media content delivery network (MDN) are ongoing.

As of ICT solution for business and industry segment in the export markets, Ericsson Nikola Tesla product EMH (Ericsson Mobile Health) has been used in several pilot projects.

[In Ericsson market](#), the sales revenue amounted to MHRK 382.9, an increase by 17% year-over-year.

Ericsson Nikola Tesla R&D Center has successfully continued with its activities on the development of new functionalities and has been continually expanding its products portfolio and responsibilities at the global level.

Within the fixed network and AXE platforms segment, as a part of WSO (Wireline Switching Operations) organization, the Center has responsibility for delivery and maintenance of software packages and services. The majority of deliveries cover Europe, Northern Africa, Middle East, America and Asia, the major operators being British Telecom, France Telecom, Verizon US, Telefonica Spain & Latin America and many others.

In the core network segment, development of new functionalities for the next generation of MSS (Mobile Softswitch) products are ongoing. With that, the development of new functions in SIP (Session Initiation Protocol) and Vo-LTE (Voice over LTE) segments is intensified. During Q3 very good

PRESS INFO

October 30, 2012



cooperation has been established with Orange France and Softbank Japan. Furthermore, hardware and software solutions for LTE generation of EVO ET networks will be soon delivered to the market.

The Research and Development Center continually applies advanced ways of working such as Lean& Agile method, both in Croatia and Ericsson group, and is ranked high in the number and quality of innovative ideas.

Service Delivery Center experts have been engaged in numerous projects/markets. One of the most important project in Q3 was the support provided during Olympic Games in London and the optimization of mobile network for Vodafone, Great Britain. Furthermore, other important activities are support services and modernization of networks for O2 Great Britain, Vodafone Ireland, KPN the Netherlands, Vodafone the Netherlands, Telekom Austria, Swiscomm Switzerland and Polkomtel Poland. During Q3, works on expansion of LTE network for Vodafone Germany were continued.

The experts have been also providing consulting and dimensioning services to A1 Austria, T-Mobile Austria, Mobitel Slovenia, Slovak Telekom, Orange Romania, Monaco Telecom, Vodafone Spain, MTN IranCell, Magticom Georgia and services related to LTE and WCDMA 900 as well as network optimization and management for Softbank Japan.

The Global Competence Center experts for radio access networks were engaged in LTE optimization and HetNet (Heterogeneous network) strategic projects.

PRESS INFO

October 30, 2012



Other information

Ericsson Nikola Tesla's major shareholders (as at Sep 30, 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
Hypo Alpe-Adria-Bank d.d. / PBZ Croatia osiguranje Mandatory Pension Fund	30,615	2.30
Zagrebačka banka d.d. / custodian client account for Unicredit Bank Austria AG	30,030	2.26
PBZ d.d. / State Street client account	25,450	1.91
PBZ d.d. / The Bank of New York as custodian	17,266	1.30
Societe Generale-Splitska banka d.d. / AZ Mandatory Pension Fund	15,376	1.15
PBZ d.d. / Custodian client account	9,981	0.75
Societe Generale-Splitska banka d.d.	8,062	0.61
Other shareholders	386.950	29.05

Q3 2012 share price information:

Highest (HRK)	Lowest (HRK)	Closing (HRK)	Market cap. (in MHRK)
1,190	980.05	1.170	1,558.0

PRESS INFO

October 30, 2012



Ericsson Nikola Tesla d.d.
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 30 Sep 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



PRESS INFO

October 30, 2012



For additional information, please contact:

Snježana Bahtijari

Company Communication Director

Ericsson Nikola Tesla d.d.

Krapinska 45

HR-10 002 Zagreb

Phone: + 385 1 365 4556

Mobile: +385 91 365 4556

Fax: +385 1 365 3156

E-mail: snjezana.bahtijari@ericsson.com

Orhideja Gjenero

Investor Relations Manager

Ericsson Nikola Tesla d.d.

Krapinska 45

HR-10 002 Zagreb

Phone: +385 1 365 4431

Mobile: +385 91 365 4431

Fax: +385 1 365 3156

E-mail: orhideja.gjenero@ericsson.com

E-mail: odnosi.investitori@ericsson.com

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 September 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	171.964.838
I. INTANGIBLE ASSETS (004 do 009)	003	3.423.938	2.208.683
1. Research & Development expenditure	004		
2. Patents, licences, royalties, trade marks, software&similar rights	005	3.423.938	2.208.683
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	121.941.157
1. Land	011	15.605.344	15.605.344
2. Property	012	36.936.834	34.462.917
3. Plants and equipment	013	64.752.080	62.040.550
4. Tools, plants&vehicles	014	9.226.991	7.930.897
5. Biological asset	015		
6. Prepayments for tangible assets	016		
7. Assets under construction	017	7.470.514	1.784.607
8. Other tangible assets	018	122.679	116.842
9. Investments property	019		
III. FINANCIAL ASSETS (021 do 028)	020	8.886.999	8.206.790
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	8.154.134
7. Other non-current financial assets	027		
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	36.337.219	25.616.195
1. Receivables from subsidiaries	030		
2. Receivables from credit sales	031	32.462.970	22.215.218
3. Other receivables	032	3.874.249	3.400.976
V. DEFERRED TAX ASSETS	033	13.992.013	13.992.013
C) CURENT ASSETS (035+043+050+058)	034	989.434.547	1.221.058.093
I. INVENTORIES (036 do 042)	035	22.704.666	36.310.383
1. Raw materials & consumables	036	2.542.310	1.715.143
2. Work in progress	037	20.140.949	34.576.742
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	712.582.032
1. Receivables for trade debt of subsidiaries	044		
2. Trade receivables	045	360.956.101	631.416.841
3. Receivables for trade debts of participating entities	046		
4. Amounts receivable from employees	047		
5. Receivables from government agencies	048	8.727.037	78.624.750
6. Other receivables	049	3.579.023	2.540.440
III. FINANCIAL ASSETS (051 do 057)	050	68.249.239	74.728.962
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	74.728.962
6. Loans & deposits	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	525.218.480	397.436.717
D) PREPAYMENTS AND ACCRUED INCOME	059	4.808.317	8.227.385
E) TOTAL ASSETS (001+002+034+059)	060	1.190.997.475	1.401.250.316
F) OFF-BALANCE SHEET ITEMS	061	191.829.422	167.008.254

EQUITY AND LIABILITIES			
A) EQUITY (063+064+065+071+072+075+078)	062	850.906.529	719.615.408
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	34.916.456
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	10.905.279
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS (073-074)	072	652.385.719	458.573.777
1. Retained earnings	073	652.385.719	458.573.777
2. Loss brought forward	074		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	27.976.483	92.960.174
1. Profit for the financial year	076	27.976.483	92.960.174
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	5.332.394
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	843.773
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	4.488.622
9. Deferred tax	092		
D) CURRENT LIABILITIES (094 do 105)	093	163.020.719	531.785.446
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	1.706.275
4. Amounts payable for prepayment	097		
5. Trade payables	098	109.700.705	457.549.819
6. Amounts payable for securities	099		
7. Liabilities toward participating interests	100		
8. Amounts payable to employees	101	38.231.098	58.691.736
9. Liabilities for taxes and contributions	102	13.041.788	13.837.615
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	144.517.068
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.190.997.475	1.401.250.316
G) OFF-BALANCE SHEET ITEMS	108	191.829.422	167.008.254
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 2012 to 30 September 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	849.568.860	251.106.190	1.576.846.677	714.964.002
1. Sales revenue	112	838.127.557	247.112.047	1.564.713.381	711.341.510
2. Other operating income	113	11.441.303	3.994.143	12.133.297	3.622.492
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	846.623.694	279.227.065	1.502.847.220	702.134.105
1. Changes in inventories of finished products and work in progress	115	-5.910.851	10.058.811	-14.435.793	272.974.000
2. Raw material and consumables used(117 do 119)	116	474.662.491	130.405.825	1.131.258.528	297.483.894
a) Cost of raw materials & consumables	117	252.398.454	51.056.054	941.282.333	222.870.779
b) Cost of goods sold	118				
c) Other costs	119	222.264.037	79.349.771	189.976.195	74.613.115
3. Staff costs (121 do 123)	120	297.925.297	97.591.466	323.980.394	117.527.851
a) Net salaries	121	152.222.526	50.859.418	169.901.918	62.396.247
b) Employee income tax and contributions	122	98.225.855	32.818.466	109.633.979	40.262.929
c) Employer's contributions	123	47.476.917	13.913.582	44.444.496	14.868.676
4. Depreciation and amortisation expense	124	36.672.238	11.909.943	32.412.321	10.055.373
5. Other costs	125	15.436.646	3.312.274	26.077.649	2.920.783
6. Impairment losses (127+128)	126	25.939.635	24.211.727	1.178.474	656.979
a) non-current assets (except financial assets)	127				0
b) current assets (except financial assets)	128	25.939.635	24.211.727	1.178.474	656.979
7. Provisions	129				0
8. Other operating expenses	130	1.898.238	1.737.019	2.375.648	515.225
III. FINANCIAL INCOME (132 do 136)	131	22.379.576	16.418.051	21.708.355	3.334.602
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	18.961.287	15.821.695	17.366.817	2.430.820
3. Income from associates and ownership interests	134				
4. Unrealized gains	135				
5. Other financial income	136	3.418.290	596.356	4.341.538	903.782
IV. FINANCIAL EXPENSES (138 do 141)	137	138.362	47.876	2.747.638	3.268.554
1. Interest, foreign exchange losses and other expenses with related parties	138			2.645.871	
2. Interest, foreign exchange differences and other expenses with non-related and other entities	139	138.362	47.876	101.767	3.268.554
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	871.948.437	267.524.241	1.598.555.032	718.298.604
X. TOTAL EXPENSES (114+137+143 + 145)	147	846.762.057	279.274.941	1.505.594.858	705.402.659
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	25.186.380	-11.750.700	92.960.174	12.895.945
1. Profit before tax (146-147)	149	25.186.380	0	92.960.174	12.895.945
2. Loss before tax (147-146)	150	0	11.750.700	0	0
XII. INCOME TAX EXPENSE	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	25.186.380	-11.750.700	92.960.174	12.895.945
1. Profit for the period (149-151)	153	25.186.380	0	92.960.174	12.895.945
2. Loss for the period (151-148)	154	0	11.750.700	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	25.186.380	-11.750.700	92.960.174	12.895.945
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158	0	0	0	0
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	0	0	0	0
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	25.186.380	-11.750.700	92.960.174	12.895.945
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 30 September 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	25.186.380	92.960.174
2. Depreciation and amortisation	002	36.672.238	32.412.321
3. Increase in liabilities	003		337.879.813
4. Decrease in receivables	004	104.201.774	
5. Decrease in inventories	005		
6. Other increase in cash flow	006	7.390.836	
I. Total increase in operating cash flow (001 do 006)	007	173.451.228	463.252.308
1. Decrease in liabilities	008	78.884.876	
2. Increase in receivables	009		338.391.038
3. Increase in inventories	010	4.017.727	13.605.716
4. Other decrease in cash flow	011		374.682
II. Total decrease in operating cash flow (008 do 011)	012	82.902.603	352.371.437
A1) NET INCREASE IN OPERATING CASH FLOW (007-012)	013	90.548.625	110.880.872
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	80.030	77.475
2. Net disposal of financial assets	016		
3. Interest received	017	13.552.997	19.363.152
4. Dividend received	018		
5. Other cash from investing activities	019		680.210
III. Total cash flow from investing activities (015 do 019)	020	13.633.027	20.120.837
1. Purchase of property, plant and equipment and intangible assets	021	40.457.755	19.025.545
2. Purchase of financial instruments	022	12.866.090	4.580.000
3. Other cash flow used in investing activities	023	179.915	
IV. Total cash flow from investing activities (021 do 023)	024	53.503.761	23.605.545
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	39.870.733	3.484.708
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	6.785.316	
V. Total cash flow from financial activities (027 do 029)	030	6.785.316	
1. Repayment of interest-bearing borrowings	031	842.953	855.127
2. Dividend paid	032	251.289.250	225.695.060
3. Repayment of finance lease	033		
4. Repurchase of treasury shares	034		2.462.870
5. Other cash flow used in financial activities	035		6.164.871
VI. Total cash flow used in financial activities (031 do 035)	036	252.132.203	235.177.927
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037		
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	245.346.887	235.177.927
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039		
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	194.668.995	127.781.764
Cash and cash equivalents at the beginning of the period	041	673.925.517	525.218.480
Increase in cash and cash equivalents	042		
Decrease in cash and cash equivalents	043	194.668.995	127.781.764
Cash and cash equivalents at the end of the period	044	479.256.522	397.436.717

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2012 to 30.9.2012

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	34.916.456
4. Retained earnings	004	652.385.719	458.573.777
5. Profit or loss for the period	005	27.976.483	92.960.174
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	719.615.408
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		