

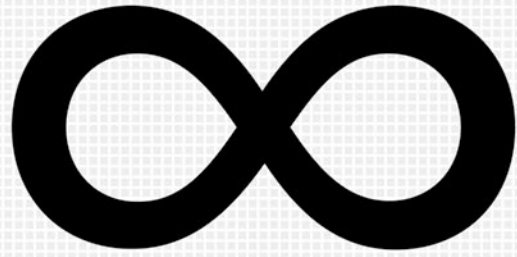
365 / one year
21246

Meaning of numbers

Numbers are the most important factors for every company as they are the best way to show the business success of the past year in a universal language. As far as Ericsson Nikola Tesla is concerned, the numbers have an even more significant meaning as they contain everything that led to that success. So, use the attached mini flashlight and find out the additional, hidden meaning of our numbers on the lacquered pages of this report. You may begin with this page...

A report on
365 out of
21246 days
of the company's
existence

Ericsson Nikola Tesla d.d. Annual Report 2007



value

Value of
communication
for the society
is endless and
immeasurable

General report

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www.ericsson.hr

Company information

Ericsson Nikola Tesla is a part of the global Ericsson Corporation which leads and supports modern communication. Within the corporate organization, Ericsson Nikola Tesla is part of Ericsson Market Unit Central Europe which comprises 8 countries: Croatia, Bosnia and Herzegovina, the Czech Republic, Hungary, Poland, Slovakia, Slovenia, and Austria.

Name:	Ericsson Nikola Tesla d.d.
Core activity:	Provider of modern information-communications products, solutions, software and services
Address:	Krapinska 45, HR-10 000 Zagreb Poljička cesta 39, HR-21 000 Split
Phone:	Zagreb / +385 1 36 53 535 Split / +385 21 43 58 00
Fax:	Zagreb / +385 1 36 53 156 Split / +385 21 43 58 34
E-mail:	etk.company@ericsson.com
Web site:	www.ericsson.hr
Company identification number (MB):	03272699
Company registration number (MBS):	080002028
Share capital:	HRK 133,165,000.00 *
Shares:	1,331,650 registered shares
Nominal share value:	HRK 100.00 *
Ownership structure:	Ericsson 49.07%, small shareholders 48.68%, Croatian Privatization Fund 0.89%, treasury shares 1.36% *
Share trading:	Shares of Ericsson Nikola Tesla (ERNT-R-A) were admitted to the quotation of Public Joint Stock Companies on the Zagreb Stock Exchange on July 17, 2003.
Giro account:	ZABA 2360000-1101235687 PBZ 2340009-1110012058 RBA 2484008-1100331673 ERSTE 2402006-1100414168 SBS 2330003-1100206134
Managing director:	Gordana Kovačević, MSc
President of the Supervisory Board:	Jan Campbell
Number of employees:	1,468 *

* as of December 31, 2007

Ericsson Nikola Tesla d.d. General report 2007

For the second
time in a row
Gordana Kovačević
has been voted the
entrepreneur
of the year

1

● entrepreneur

CEO address to shareholders:
Gordana Kovačević, MSc,
President of Ericsson Nikola Tesla



2007 – a very challenging year

2007 was a very challenging year for Ericsson Nikola Tesla. The Company's business results did, however, meet planned figures, with our volume exceeding the telecom market growth. We continued to strengthen our position in nearly all markets. Our accomplishments included continued business with existing customers, entering new markets, broadening our customer base and positioning ourselves in new business segments. We strengthened our position as a system integrator in our traditional segment but also in new ICT solutions, where we concluded significant contracts for integrated information systems in the government administration, health care and enterprise segments. The Company maintained its high ranking among the best performing companies in Croatia. Within Ericsson's market the year 2007 was characterized by the realisation of significant and complex global projects and the obtainment of new responsibilities.

In my last year's address to the shareholders I emphasized that innovativeness in everything we do is the key to our further business growth; only work aimed at creating new values may raise the stakeholders' satisfaction level and contribute to overall progress in the community.

Innovation starts with people and this is why new skills and attitudes are important. These are not just pure technical skills: successful innovation in ICT also requires cross-disciplinary, cognitive and problem-solving skills as well as an understanding of the fundamentals of business in different business segments. Accordingly, we have improved recognizing, developing and awarding innovative approaches of individuals and units with the ultimate objective of raising our competitiveness.

In such a dynamic, changing business environment even the best possible strategy does not protect against unpredictable challenges – here, in all segments and functions, is where the Company's leadership comes into play. For that reason our managers attended additional training programs for new, effective leadership, to prepare for using new business opportunities, making decisions and leading by example in order to ensure long-term prosperity for the Company.

We work in a rapidly developing industry, characterized by more and more difficult operating conditions in a global environment: All participants face the same task – to balance profitability as a prerequisite for sustainable business and the interests of all stakeholders. For that reason adaptable business strategies and their fast execution are of vital importance today. The mission and strategy of Ericsson Nikola Tesla are directed towards key stakeholders. It is all about dialog, understanding the needs, sharing knowledge and the partnership among those included in various processes and activities. We are also aware of the positive effect corporate governance has on the company's performance. Ericsson Nikola Tesla has fully implemented own corporate governance principles adopted by the Management Board and the Supervisory Board in early 2005. In operations Ericsson Nikola Tesla is headed towards achieving its objectives and wanted position, as well as helping customers move forward, build prosperity in the community and improve lives.

We achieved our plans fully and excelled in some of them, so once again we can talk about record sales and orders booked. Compared to 2006, the performance of Ericsson Nikola Tesla in 2007 is characterized by the following results:

- MHRK 1,779.9 (MHRK 1,623.6) or 9.6 % higher orders booked
- MHRK 1,781.5 (MHRK 1,634.1) or 9 % higher sales revenue
- Profit before tax amounts to MHRK 200.5 (MHRK 264.5), considerably higher than planned (in 2006 the Company had an extraordinary, non-recurring gain due to fire insurance compensation)
- Positive cash flow
- A motivational company culture according to the annual employee survey *Dialog*
- Customer satisfaction shown in our business accomplishments and in the annual customer satisfaction survey
- Shareholder satisfaction

I also wish to emphasize that a proper performance evaluation should consider the following: During 2007 we invested considerable assets into the purchase of treasury shares to be distributed within our reward program and program for increasing motivation. In addition to this, we invested into new markets, new workplaces, continuous competence development and new tools required for new products and new business segments. All together,

this forms a comprehensive picture of our real performance and responsibility.

In 2008 Ericsson Nikola Tesla will stay in tune with ICT trends and adjust to global market developments. The Company will continue positioning in strategic areas based on its action plans and activities oriented towards new generation networks and services, multimedia solutions and system integration, accompanied by cost optimization on all levels. In this way, and with our commitment to research and development, as well as to the activities of other expert centers, we shall achieve competitive advantages based on business excellence.

We are entering a new business cycle fully aware of the complex trends prevailing in the ICT industry. We are determined to maintain long-term profitability and market positions by using strategic moves, Ericsson's technology leadership and the synergy of all our resources. I trust the knowledge and innovativeness of our people, their engagement and motivation, as well as our readiness for change and lifelong learning. I am sure we are ready to face the challenges 2008 will bring us.

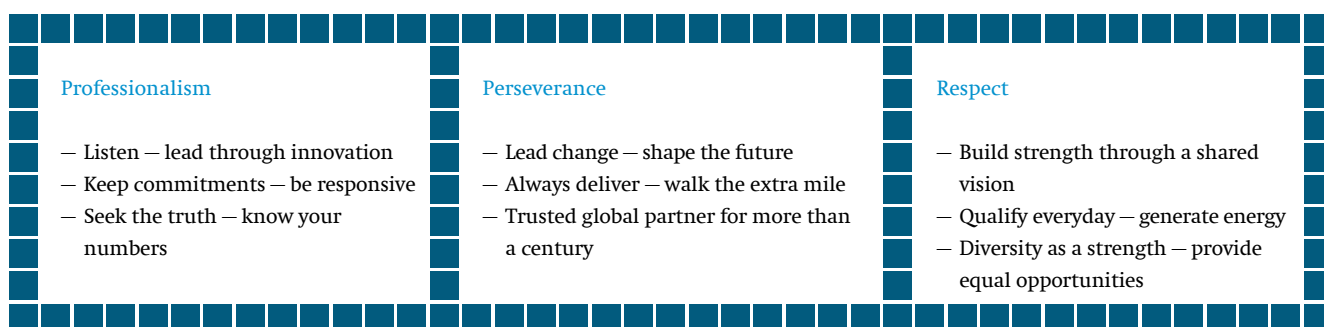


Gordana Kovačević,
President of Ericsson Nikola Tesla

Our values

Ericsson Nikola Tesla is a Croatian company and member of the global Ericsson Corporation whose main mission is to create innovative ICT solutions which continuously improve lives by creating new value.

The Company is led by its vision of being a regional leader in ICT solutions, which encourages and directs communications development basing the daily work of its employees on three core values: professionalism, respect and perseverance.



Applying strictly defined standards, including the Code of Conduct and the Code of Business Ethics, company employees are aware that only consistent observance of the aforementioned principles on a daily basis can foster secure future operations.

Strong technological leadership alongside social responsibility, continuous improvement of profitability and operational excellence create added value for the wider community. Furthermore, the Company pays special attention to economic prosperity, social development and environment protection.

One of Ericsson Nikola Tesla's greatest values is innovativeness. That is why the Company, alongside continuous advancement of its product and service portfolio, enhances its organization and operational culture with the aim of implementing the Company Strategy in the most effective way possible and making sure its employees are responsible, loyal and completely dedicated to shared benefits for the customer, the Company and indirectly, the wider community.

Strategy, focus areas and objectives

Current shifting market conditions as well as a dynamic market characterized by increased competition and the fast development of new technologies, demand continuous strategic planning which plays a very important role in the further progress and maintenance of long-term profitability and market positions. Business strategies are based on facts describing the current situation in business and technology segments on all relevant markets as well as an analysis of future trends in the ICT industry.

In order for Ericsson Nikola Tesla to continue its successful operations we have carefully reconsidered, revised and defined company objectives and strategies for the forthcoming three-year period. Since ETK is a part of the global Ericsson Corporation, its strategy has been aligned with the Ericsson Corporate Strategy and business processes. The successful realization of ETK's strategy and objectives is based on modern leadership principles, exchange of knowledge, competency development, effective teamwork, new technologies and business models, as well as proactive and innovative approaches towards all activities.

Current trends in technology development are directed at IP Protocol-based networks, the expansion of broadband access in mobile and fixed networks, and a gradual shift towards new generation network architecture. In line with these trends, a dynamic introduction of broadband services and a further increase in the number of Internet users is expected. In particular, intensive growth of the global telecommunications market is forecasted in mobile telecommunications with higher growth in data traffic. Accessibility of faster data transfer will enable the convergence of mobile and fixed networks. The use of technological concepts like IMS sub-systems, mobile TV and TriplePlay will foster further convergence of the telecommunications and multimedia industry. New market opportunities are arising in the segment of e-government and e-business. A strong emphasis is put on quality ICT solutions which increase operational efficiency and competitiveness.

ICT remains an attractive business area in the worldwide economy marked by growing competition and falling prices, the consequence of which is the repositioning of existing companies and emergence of new ones in key segments and areas with the biggest business potential.

Ericsson Nikola Tesla's desired position in the forthcoming three-year period is to be the first or a leading player in particular markets and key business segments; for every customer to consider us an innovative and reliable business partner who supports and promotes their operations. Furthermore, ETK's desired position is to have permanent competitive advantage built on business excellence which is based on the use of shared resources, best solutions and experience; and to attract, develop and retain efficient, competent and motivated people by encouraging every individual's drive to succeed in a competitive environment.

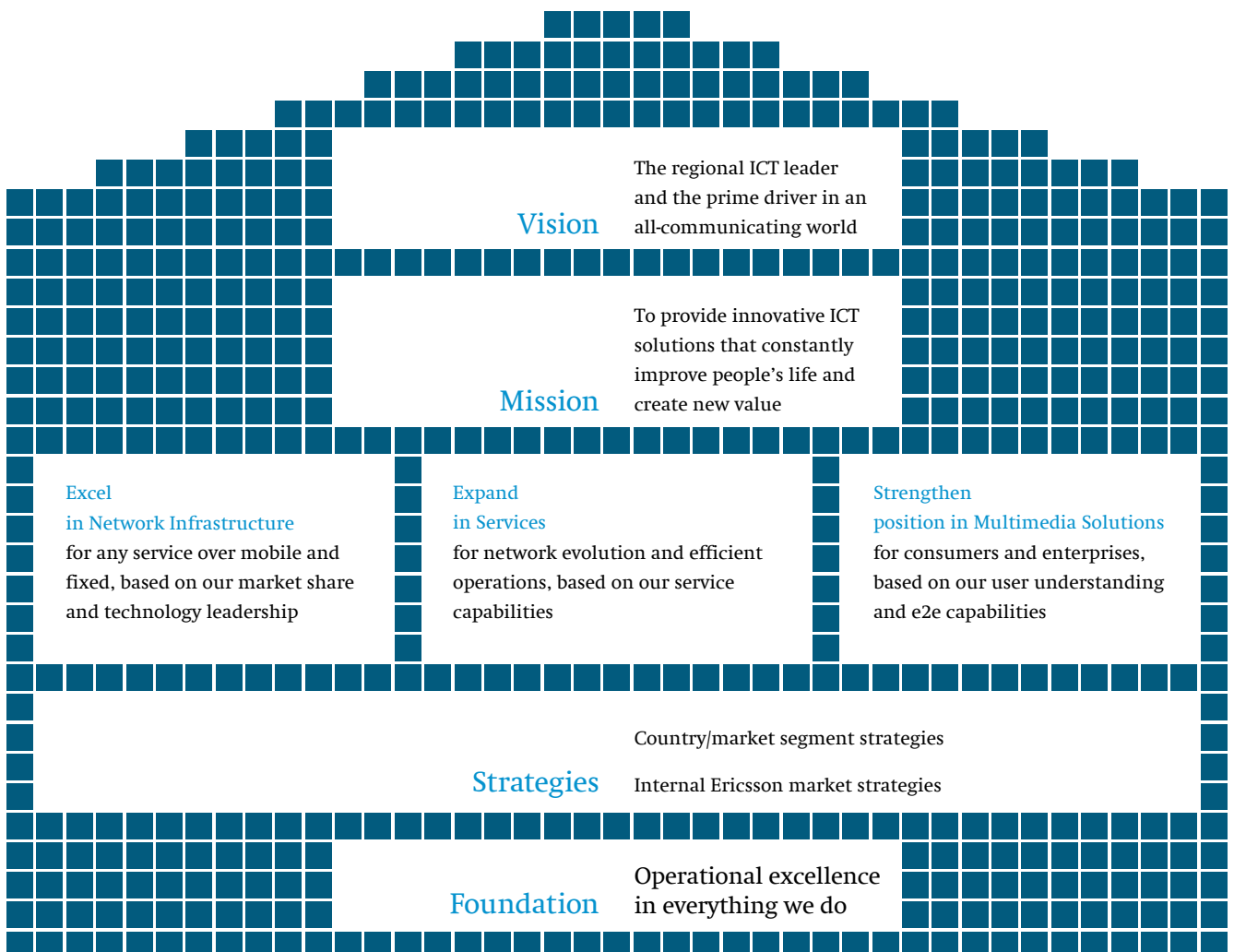
Therefore, Ericsson Nikola Tesla's Development Strategy focuses on further strengthening its position in the domestic, internal Ericsson and export markets, and further expanding the customer base and solutions, as well as products and the services portfolio. We expect to exceed current results in the network infrastructure area, expand service activities and strengthen our position in the segment of multimedia solutions. We have developed detailed strategies for particular countries, market segments, and the internal Ericsson market as key prerequisites for successful operations and entry into the new technological era. We enhance the process of recognizing, developing and awarding innovative methods of work at the employee level as well as the level of all organizational units. The Ericsson Nikola Tesla Company has built its strategic framework on the basis of business excellence, with the basic tenets of its entire operations in order to realize its vision as a regional ICT leader who encourages and directs communications development (see Image).

This year, the Company Management defined five strategic focus areas crucial for further development, which are indispensable for the implementation of defined strategies to which the entire company should contribute:

- Enhance business results by selling an expanded product portfolio and ensure necessary competitiveness
- Expand operations in system integration and multimedia solutions in the telecom segment, continue activities in the field of business systems
- Increase competency and expand operations in the service segment
- Strengthen competitiveness of the Research and Development Center
- Ensure acceptable margins and cash flow

Based on strategic focus areas, key performance indicators and objectives have been developed for the upcoming one-year period. In order to balance interest areas, objectives have been grouped into five segments: finance, customers, competitive position, internal efficiency, and employees. Key objectives defined in this way and clearly established tactical and operational action plans are a rational base for the application and implementation of this ambitiously envisaged strategy.

In the upcoming period, Ericsson Nikola Tesla will, by making strategic business moves alongside the synergic use of all of its strengths, strive at maintaining long-term profitability and market positions as its potential for the future.



Business activities

Since it is part of the Ericsson Corporation and the world of global telecommunications, Ericsson Nikola Tesla focuses on cutting-edge communication solutions. Over the last ten years the Company has gained the status of a “brain ware” provider.

The Company’s core business includes:

- Marketing and sales in Croatia, within the Ericsson Corporation and in dozens of export markets in Central and Eastern Europe, Central Asia and the Middle East
- Design of end-to-end communication solutions, especially in the segments of networks and multimedia
- System integration for complex systems in all segments of operations
- Wide range of services
- Innovativeness in the development of new products, services and business models as well as continuous advancement of existing business processes

Products and services

Ericsson Nikola Tesla provides its customers with the complete Ericsson portfolio of telecommunications products, solutions and services:

- Broad range of products for both existing and new operators, Internet Service Providers (ISP) as well as enterprise systems
- Consulting, implementation, system integration, management and customer support services
- Information systems and application solutions in e-areas (e.g. e-health)
- Special systems

Position in Croatia

Ericsson Nikola Tesla positioned itself in Croatia as a company that:

- Provides innovative ICT solutions that improve lives and create new values
- Contributes to national prosperity by ensuring access to modern information and communication systems and technologies
- Is one of the biggest exporters in the country, as well as the biggest knowledge exporter
- Creates high-value, appealing telecommunications business deals
- Employs and retains young and talented specialists
- Plays an active role in e-Croatia projects
- Initiates and leads positive social and economic changes in the countries where it operates, primarily in Croatia, being fully aware of its social responsibility

Position within the Ericsson Corporation

Due to the competence and skills of its specialists as well as its work methods and management style, Ericsson Nikola Tesla has been recognized within the Ericsson Corporation as a:

- Marketing and sales network
- Strong research and development unit
- Regional center for end-to-end communications solutions
- Regional and global service delivery center
- Regional center for system integration
- Ericsson Mobility World Center in the Market Unit Central Europe
- Mobility Data Solutions Global Expertise Center
- Major e-systems center

Sales and marketing

Within the Corporation, Ericsson Nikola Tesla is responsible for several dozens of markets in Europe, Central Asia and the Middle East. Out of the total sales in the year 2007, domestic market accounted for 31%, export of knowledge to Ericsson market accounted for 23%, while export to other markets represented 46%.

The trend of increasing sales in the **domestic market** has continued. Sales revenues in the domestic market in 2007 amounted to MHRK 560.3, which is a 16.1% increase.

In the aforementioned period, the lasting partnership between Ericsson Nikola Tesla and Vipnet in the field of latest communications technologies was reaffirmed. Apart from the further evolution of 3G infrastructure by introducing HSDPA (High Speed Downlink Packet Access) functionality, Ericsson Nikola Tesla cooperated with Vipnet in the field of the first VoIP service provision in the Croatian market. Ericsson Nikola Tesla and Vipnet have also agreed on long-term cooperation on the Core Network for 2G and 3G since Vipnet's network will shift to the latest generation of core infrastructure.

Good cooperation between T-HT and Ericsson Nikola Tesla in the construction of broadband access (xDSL) networks has continued successfully. During 2007, two of the most contemporary and technologically different IP platforms were introduced into the border and core part of T-HT's IP network. Also, for the first time in Croatia, in cooperation with a foreign partner, the latest solutions for connecting T-HT's business users based on Ericsson technology of symmetrical broadband access were introduced (AnnexM).

Strategic cooperation with the third mobile operator Tele2 has continued by building a GSM and UMTS network. With the OiV company we contracted an expansion of existing and delivery of new radio relay connections.

Good results have been yielded in the area of business systems as well. E-healthcare in Croatia was initiated – the centralized IT system for primary healthcare in Croatia started operating in early 2007. The Company contracted a total solution for a radar-communications system for naval traffic control with the Rijeka Port Authority. A contract was signed to develop and implement

a joint information system of land registry and cadastre, which should ensure the modernization and management of real estate registers in the Republic of Croatia.

In regards of Ericsson Nikola Tesla **export markets** (excluding the Ericsson market), total sales in 2007 amounted to MHRK 807.9, which is a 1.8% increase.

As far as CIS (Commonwealth of Independent States) markets are concerned, we would like to emphasize that a contract was signed in Belarus with the mobile operator JV Velcom that covers the expansion of Velcom infrastructure and the upgrading of its GSM core network and base station subsystems. A contract with our new customer, Megafon, one of the 3 largest GSM operators in Russia, was signed for the delivery of a transit network based on Ericsson's AXE system. Along with these strategically important and valuable contracts, the Company signed a whole range of smaller contracts with its traditional customers as well as some new ones regarding fixed system delivery and business user solutions. Sales revenue from CIS markets is 24% less than the previous year and amounts to HRK 418 million, primarily because of market saturation in fixed telephony, shifts in the realization of some contracts, as well as difficulties in the global financial market.

In the markets of Bosnia and Herzegovina and Montenegro, the Company has yielded traditionally good results. A particularly important success is the continued cooperation with BH Telecom, the leading telecom operator in Bosnia and Herzegovina, regarding the expansion and modernization of its GSM and fixed networks. In Montenegro, the Company contracted a delivery of 3G and 2G equipment with T-Mobile Montenegro, which is the first contract for third generation mobile telephony with a customer outside Croatia. Cooperation with T-Com Montenegro has continued, e.g., by signing a contract for broadband fixed telephony expansion based on Ethernet DSL Access technology and the supervision and management of a fixed AXE network by using the XMATE system. Total sales revenue in these markets amounted to MHRK 285 (a 22% increase).

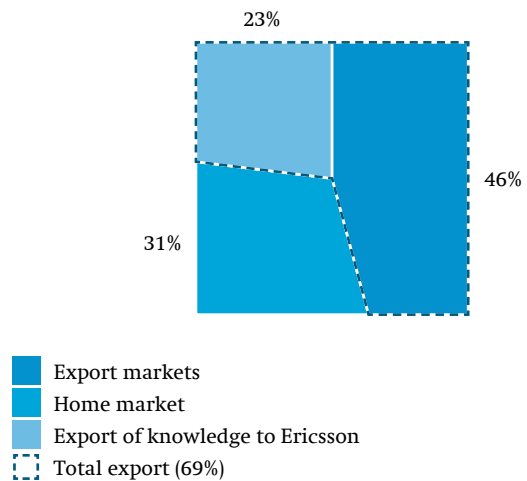
A big success in export was the positioning of the Company in Kosovo by signing a contract with a new customer, Ipko Llc. This

second Kosovar operator started a new GSM network in cooperation with Ericsson Nikola Tesla. The contract covers the delivery, implementation and management of GSM communications and transmission systems and all related services. The partnership between Ericsson Nikola Tesla and Ipko LLC. was confirmed and expanded with a contract for guided services under which Ericsson Nikola Tesla will manage Ipko's GSM network. In 2007, the Company had a sales revenue of MHRK 104 in this market.

Services to Ericsson provided by Research and Development Center (R&D) and Global Service Delivery Center (GSDC) and also by the Customer Solutions and Services unit account for an increasing share in the company's overall business performance. In 2007 the Company successfully realized important and complex global projects and assumed new responsibilities. The trend of employing new professionals at Ericsson Nikola Tesla has also continued.

R&D Center assumed new responsibilities regarding integration-verification services and also expanded responsibilities and competencies in the field of IP technology. The Global Service Delivery Center was awarded the mandate of managing projects for the southern section of the Europe, Middle East and Africa region. GSDC Croatia became the point of first contact for coordinating all network delivery services within the entire region. Export to this market in 2007 was MHRK 413.3, which represents a 15.5% increase.

Three cornerstones of company operations
(% of net sales 2007)



Events in 2007

- A delegation from the Croatian Ministry of Economy, Labor and Entrepreneurship, headed by the Minister, Branko Vukelić, paid a visit to the Company and held a meeting with the Company President and her associates in the *Croatian Export Offensive* project.
- Celebration of the 25th anniversary of the R&D Center located in Split.
- The innovations intranet website was launched, which is the unique and standardized approach for the collection, analysis and evaluation of employees' innovative proposals.
- Regular annual press conferences for Ericsson Nikola Tesla were held in Zagreb and Split to present business results from 2006 and the outlook for 2007.
- Company specialists participated in the business and technology related conference *Windays 2007* and Gordana Kovačević, the Company President, delivered a successful presentation in the panel discussion entitled "*ICT – the Driver of Croatian Competitiveness*".
- The 30th *MIPRO* was held, which is the largest international conference on ICT and microelectronics in Croatia and this part of Europe. Company specialists actively participated in the conference.
- The Annual Shareholders' Meeting of Ericsson Nikola Tesla was held.
- Ericsson Nikola Tesla's *Suppliers' and Business Partners' Day*, where over 60 participants were present, served as an occasion to exchange the knowledge and experience that the Company has as a socially responsible company.
- At the conference entitled *Enhancing Cooperation between the USA and Croatia in the ICT, Biotechnology and Pharmaceutical Industries*, the Company President delivered a notable plenary presentation entitled *Research and Development in the ICT Industry in Croatia – Ericsson Nikola Tesla's Experience*.
- The Company President decided to pay out capital income to employees based on their share in profits by giving 1 or 2 company shares to every employee with the purpose of rewarding them for contributing to the realization of company business results in the previous period, and as a way of motivating their further work.
- The 9th traditional *Family Day* was celebrated by almost 2,000 employees, pensioners and their family members.
- At the 15th *International Conference on Software, Telecommunications and Computer Networks (SOFTCOM 2007)* held in Split, one of the invited speakers at the opening ceremony was Company President Gordana Kovačević.
- The Nikola Tesla Demonstration Cabinet was opened at the Technical Museum. Ericsson Nikola Tesla financed the demanding restoration of the Cabinet as well.
- With the aim of ensuring high-quality staff for the future, the Company decided to award 24 scholarships to regular students attending their final years of the Faculty of Electrical Engineering and Computing (FER) and the Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture (FESB).
- The Company celebrated the end of another successful business year at its Christmas party which gathered over 600 guests from Croatia, the region and the Corporation. The Company supported the work of the Ana Rukavina Foundation and the Vukovar General Hospital through Christmas donations.

69%

Ericsson
Nikola Tesla
is a leading
exporter of
knowledge
in the country

CFO address to shareholders:
Oscar Wallstén, Finance and Sourcing
Director of Ericsson Nikola Tesla



Financial growth

We can look back at an exceptional year with increased sales and orders exceeding those of 2006 by 9%. If we had applied the same currency rates as for 2006, the same numbers would have been 11% higher. The volume during 2007 was driven more by the local Croatian market as well as by relatively higher R&D and Services orders from companies within the Ericsson Group. The CIS markets were impacted by lower business activity, especially in Kazakhstan.

Financial market

2007 will be remembered as the year we all learned a new financial expression, "sub-prime mortgage". The sub-prime crisis has not only created unprecedented financial losses for some of the oldest and finest financial institutions, but it has also put an end to the "super"-growth in GDP driven by global economic relations with China, India and Eastern Europe whose markets have been fully integrated into the global economy.

The impact of this crisis on Ericsson Nikola Tesla financials is limited to a currency loss due to yet again, a tremendous drop of the US dollar (11%). The loss has been limited due to increased hedging of our currency exposure.

Financial management

Margins have continued to fall as anticipated, mainly due to the continued change in the product mix as well as continued price pressure.

Operating expenses have been maintained on a low level, 6.9 % of net sales, mainly as a result of successfully continued cost reduction efforts, such as the increased usage of e-sourcing events.

We have also continued to drive measures in the cash flow perspective and succeeded to deliver, once again, a very healthy operational cash flow of MHRK 155.9. The 2007 net cash flow of

MHRK 58 is in line with 2006 amount of MHRK 88, which includes extraordinary item of fire insurance compensation amounting to MHRK 37.

Provisions and new accounting principles

Further market establishment and consolidation of our customers, as well as positive developments in some of the markets where Ericsson Nikola Tesla conducts its operations, enabled a further reduction of risk provision requirements.

According to IAS principles, risk provision reversal which affected 2006 result from operating activities is shown as financial income in 2007. The net impact of new provisions and reversals decreased to MHRK 6.6 in 2007, while in 2006 it amounted to MHRK 15.6.

Segment presentation for 2006 was reclassified to reflect present Company's products clustered into segments according to commonality regarding customers, markets, distribution channels, technology and underlying research and development base.

New fiscal measures were introduced in order to recognize and increase incentives for scientific activities, scientific research and development as well as professional education. These tax incentives have had a significantly positive effect on the Company's net result.

Summary of financial items (2006 figures in brackets)

- Orders booked: MHRK 1,779.9 (MHRK 1,623.6)
- Net sales: MHRK 1,781.5 (MHRK 1,634.1)
- Operational cash flow: MHRK +155.9 (MHRK +217.6)
- Margins: 15.3% (17.5%)
- Operating expenses: 6.9% (6.7%) of net sales

– Earnings before interest and taxes – EBIT: 11.3% (16.3%)
of net sales

– Profit before taxes: MHRK 200.5 (MHRK 264.5)

Outlook

Our competence, footprint and partners make us well positioned for a leading position in the ever-developing ICT market. Our intensified work on developing external financial tools together with our banking partners will further strengthen our competitive position.

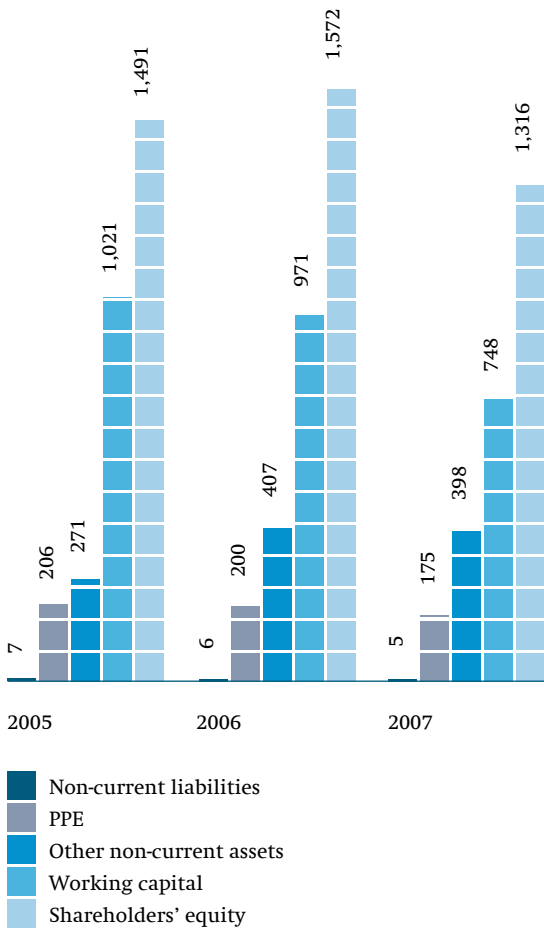


Oscar Wallstén,
Finance and Sourcing Director of
Ericsson Nikola Tesla

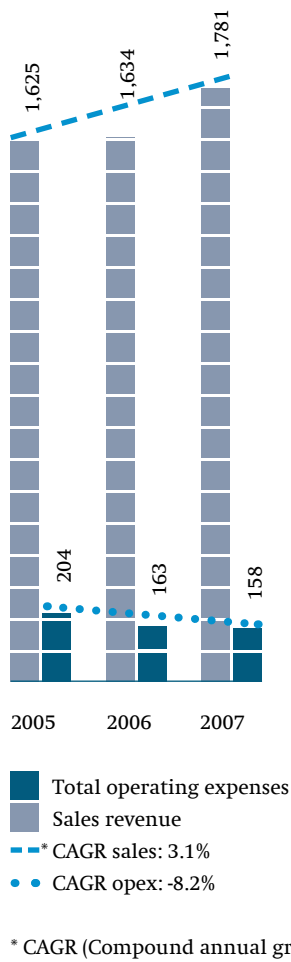
Financial highlights 2007

<i>in MHRK, except per share amounts</i>	2007	2006	2005
Profitability:			
Sales revenue	1,781	1,634	1,625
Operating profit	137	198	216
Pretax profit	201	265	268
Profit for the year	200	234	236
Total operating expenses	158	163	204
Total operating expenses/Sales revenue	9%	10%	13%
Earnings per share (EPS) in HRK	152	177	179
Financial position at year-end:			
Total assets	1,734	1,943	1,902
Working capital	748	971	1,021
Capital employed	1,321	1,579	1,498
Shareholders' equity	1,316	1,572	1,491
Cash and cash equivalents	338	281	192
Ratios:			
Return on equity	14%	15%	17%
Return on capital employed (ROCE)	14%	17%	19%
Equity ratio	76%	81%	78%
Capital turnover	1.2	1.1	1.2
Current ratio	2.8	3.7	3.5
P/E ratio	22.5	14.1	10.7

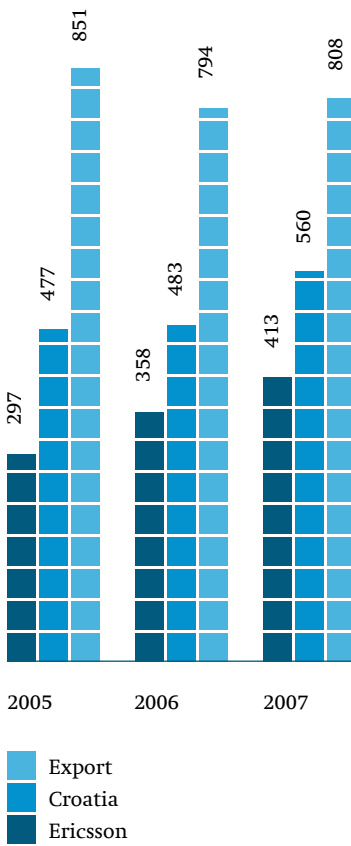
Balance sheet structure (in MHRK)



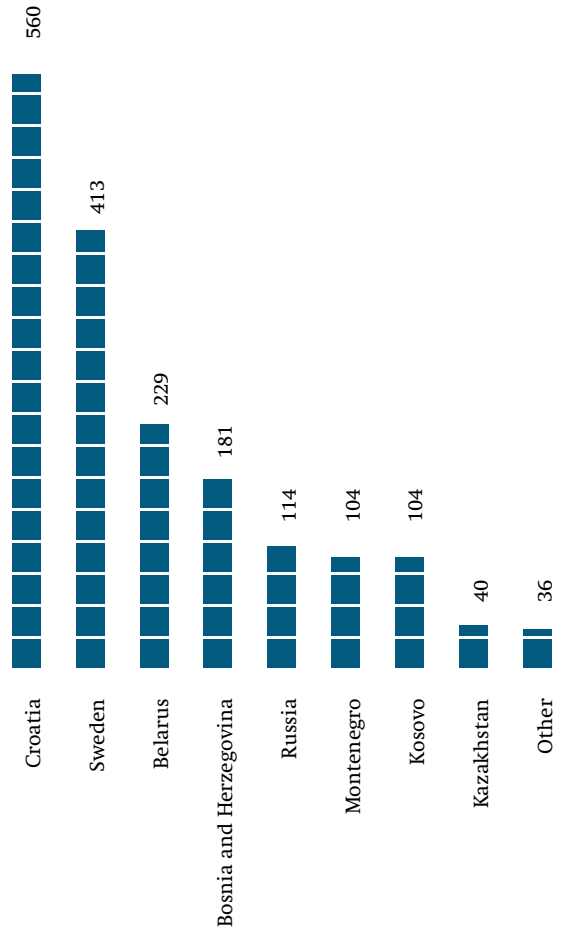
Sales revenue and total operating expenses (in MHRK)



Sales revenue by ETK cornerstones (in MHRK)



Sales revenue by markets in 2007 (in MHRK)



Information for shareholders

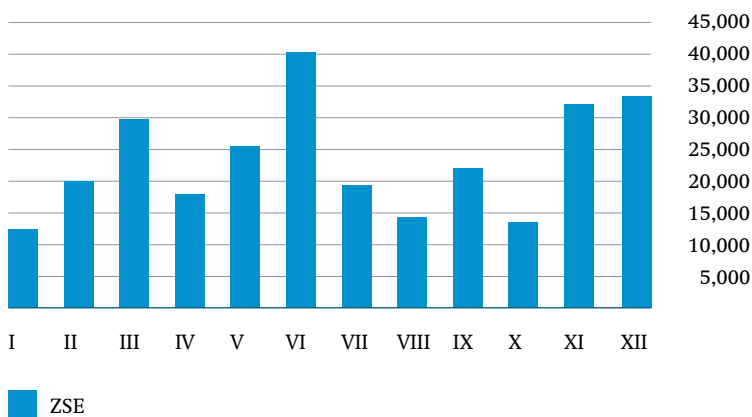
Shares of Ericsson Nikola Tesla (ERNT-R-A) were listed in the quotation of public joint stock companies in the Zagreb Stock Exchange on July 17, 2003.

Share trading and price movement

During 2007 over 280 thousand shares were traded. Total turnover amounted to MHRK 947.4, which is an 89% increase compared to the 2006 turnover of MHRK 500.7.

Market capitalization rose from MHRK 3,275.9 to MHRK 4,554.2 (a 39% increase). The share of Ericsson Nikola Tesla in the total market capitalization of the Zagreb Stock Exchange is 1.3%.

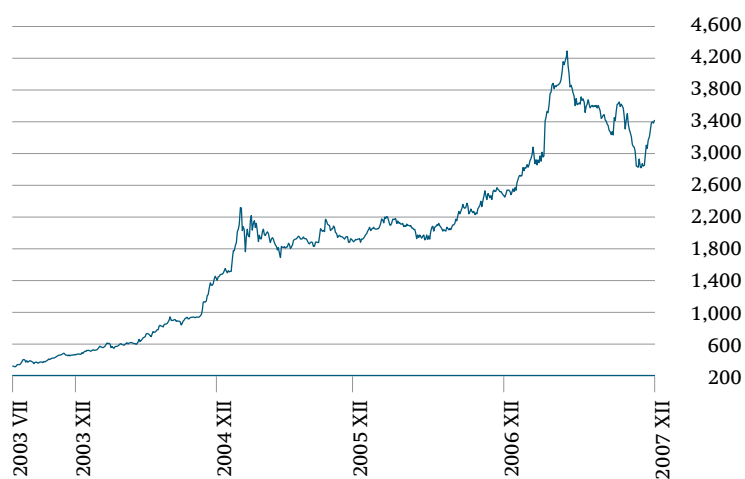
Trading volume in 2007



Month	No. of shares
	ZSE
I	12,276
II	20,023
III	29,981
IV	17,789
V	25,586
VI	40,783
VII	19,216
VIII	14,227
IX	21,957
X	13,587
XI	32,307
XII	33,470*
Total	281,202*

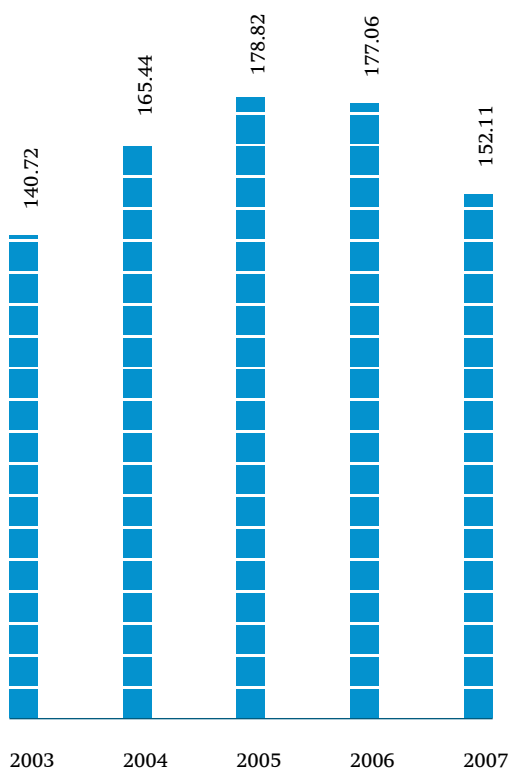
* including regular and block transactions

Average daily price movement 2003 - 2007 (ZSE) (in HRK)



Share price and turnover	2003	2004	2005	2006	2007
Highest (HRK)	475	1,550	2,300	2,600	4,300
Lowest (HRK)	250	440	1,495	1,850	2,450
Last - end of year (HRK)	445	1,480	1,914	2,500	3,420
Turnover (MHRK)	117.6	313.8	638.4	500.7	947.4

Earnings per share (EPS) (in HRK)



Share capital

As of December 31, 2007 the share capital of the joint stock company Ericsson Nikola Tesla amounted to HRK 133,165,000 divided into 1,331,650 ordinary registered (series A) shares, each one carrying one vote at the General Shareholders' Assembly. At the end of 2007 the total number of treasury shares was 18,135 (1.36% of the share capital).

Shareholders

The list of Ericsson Nikola Tesla's major shareholders as of December 31, 2007

Shareholders	No. of shares	Percentage of share capital
Telefonaktiebolaget LM Ericsson	653,473	49.07%
PBZ d.d. / joint trustee client account	86,869	6.52%
Zagrebačka banka d.d. / Bank Austria Creditanstalt AG	39,165	2.94%
Societe Generale-Splitska banka d.d. / Skandinaviska Enskilda Banken, Swedish residents	34,415	2.58%
Raiffeisenbank Austria d.d. Zagreb / R5	23,637	1.78%
Erste & Steiermarkische bank d.d. /CSC	20,058	1.51%
Ericsson Nikola Tesla d.d.	18,135	1.36%
Raiffeisenbank Austria d.d. Zagreb / RBA	16,547	1.24%
Croatian Privatization Fund	11,848	0.89%
Zagrebačka banka d.d. / State Street bank and Trust Co.	11,508	0.86%
Hypo-Alpe-Adria-Bank d.d / Slavonski zatvoreni investicijski fond d.d.	10,480	0.79%