

Ericsson Nikola Tesla d.d.

Consolidated statement of comprehensive income
for the year ended 31 December 2012

	2012	2011
	HRK '000	HRK '000
Sales revenue	1,913,304	1,165,830
Cost of sales	<u>(1,701,672)</u>	<u>(1,031,945)</u>
Gross profit	211,632	133,885
Selling expenses	(61,095)	(62,350)
Administrative expenses	(36,080)	(29,019)
Other operating income	3,586	1,194
Other operating expenses	<u>(1,432)</u>	<u>(54,910)</u>
Operating profit/(loss)	<u>116,611</u>	<u>(11,200)</u>
Finance income	24,487	34,733
Finance expense	<u>(80)</u>	<u>(1,166)</u>
Finance income – net	<u>24,407</u>	<u>33,567</u>
Profit before tax	141,018	22,367
Income tax	<u>(14,105)</u>	<u>5,626</u>
Profit for the year	<u>126,913</u>	<u>27,993</u>
Other comprehensive income	<u>5</u>	<u>-</u>
Total comprehensive income for the year	<u>126,918</u>	<u>27,993</u>
Earnings per share (HRK)	<u>95.63</u>	<u>21.13</u>

Aligned with Ericsson Corporate reporting, the Company uses functional method of presenting Statement of comprehensive income for external and internal reporting.

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Consolidated statement of financial position
as at 31 December 2012

	2012	2011
	HRK '000	HRK '000
ASSETS		
Non-current assets		
Property, plant and equipment	117,026	134,179
Intangible assets	4,314	3,425
Loans and receivables	30,413	45,171
Equity securities	40	48
Deferred tax assets	-	13,992
Total non-current assets	<u>151,793</u>	<u>196,815</u>
Current assets		
Inventories	33,268	22,705
Trade receivables	227,586	273,604
Receivables from related parties	81,190	87,491
Other receivables	15,169	12,327
Financial assets at fair value through profit or loss	145,365	68,249
Prepayments and accrued income	3,655	4,808
Cash and cash equivalents	511,639	525,305
Total current assets	<u>1,017,872</u>	<u>994,489</u>
TOTAL ASSETS	<u>1,169,665</u>	<u>1,191,304</u>

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Consolidated statement of financial position (continued)
as at 31 December 2012

	2012	2011
	HRK '000	HRK '000
EQUITY AND LIABILITIES		
Equity		
Share capital	133,165	133,165
Treasury shares	(6,928)	(8,443)
Legal reserves	20,110	20,110
Retained earnings	608,381	705,878
Total equity	<u>754,728</u>	<u>850,710</u>
Non-current liabilities		
Interest-bearing borrowings	12	1,435
Employee benefits	4,452	4,530
Total non-current liabilities	<u>4,464</u>	<u>5,965</u>
Current liabilities		
Payables to related parties	115,690	50,737
Interest-bearing borrowings	1,710	2,047
Trade and other payables	123,615	88,679
Provisions	18,566	21,968
Accrued charges and deferred revenue	150,892	171,198
Total current liabilities	<u>410,473</u>	<u>334,629</u>
Total liabilities	<u>414,937</u>	<u>340,594</u>
TOTAL EQUITY AND LIABILITIES	<u>1,169,665</u>	<u>1,191,304</u>

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Consolidated statement of cash flows
for the year ended 31 December 2012

	2012 HRK '000	2011 HRK '000
Cash flows from operating activities		
<i>Profit before tax</i>	<u>141,018</u>	<u>22,367</u>
Adjustments for:		
Depreciation and amortisation	44,619	48,522
Impairment losses and reversals	1,738	68,275
Net creation of provisions	16,837	10,358
Net (gain)/loss on sale of property, plant and equipment	(202)	1,638
Net gain on remeasurement of financial assets	(2,536)	(1,595)
Amortisation of discount	(3,021)	(3,483)
Interest income	(20,625)	(19,574)
Interest expense	80	1,166
Foreign exchange gains	(3,206)	(10,203)
Equity-settled transactions	5,257	3,994
	<u>179,959</u>	<u>121,465</u>
Decrease/(increase) in loans and receivables	16,125	(34,734)
(Increase)/decrease in inventories	(10,563)	12,722
Decrease in receivables	49,299	57,152
Increase/(decrease) in payables	63,137	(23,673)
<i>Cash generated from operations</i>	<u>297,957</u>	<u>132,932</u>
Interest paid	(80)	(1,166)
Income taxes (paid)/refunded	(113)	3,054
<i>Net cash from operating activities</i>	<u>297,764</u>	<u>134,820</u>
Cash flows from investing activities		
Interest received	22,258	18,768
Proceeds from sale of property, plant and equipment	4,919	89
Purchases of property, plant and equipment, and intangible assets	(33,073)	(54,261)
Decrease/(increase) in non-current deposits	594	(1,758)
(Purchases) of/proceeds from financial assets	(74,572)	(3,407)
<i>Net cash (used in)/generated from investing activities</i>	<u>(79,874)</u>	<u>(40,569)</u>

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Consolidated statement of cash flows (continued)
for the year ended 31 December 2012

	2012	2011
	HRK '000	HRK '000
Cash flows from financing activities		
Repayment of interest-bearing borrowings	(1,710)	(1,690)
Repurchase of own shares	(2,462)	-
Dividends paid	(225,695)	(251,289)
<i>Net cash used in financing activities</i>	<u>(229,867)</u>	<u>(252,979)</u>
Effects of exchange rate changes on cash and cash equivalents	(1,690)	10,081
Net increase in cash and cash equivalents	(13,667)	(148,647)
Cash and cash equivalents at the beginning of the year	525,305	673,952
Cash and cash equivalents at the end of the year	<u>511,639</u>	<u>525,305</u>

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Consolidated statement of changes in equity
for the year ended 31 December 2012

	Share capital HRK '000	Treasury shares HRK '000 Note 20 (b)	Legal reserves HRK '000	Retained earnings HRK '000	Total HRK '000
As at 1 January 2011	133,165	(16,251)	20,110	933,787	1,070,811
Changes in equity for 2011					
Total comprehensive income	-	-	-	27,993	27,993
Dividend distribution for 2010	-	-	-	(251,289)	(251,289)
Share-based payments	-	7,808	-	(7,808)	-
Equity-settled transactions	-	-	-	3,994	3,994
Deferred tax related to equity increase	-	-	-	(799)	(799)
As at 31 December 2011	133,165	(8,443)	20,110	705,878	850,710
As at 1 January 2012	133,165	(8,443)	20,110	705,878	850,710
Changes in equity for 2012					
Total comprehensive income	-	-	-	126,918	126,918
Dividend distribution for 2011	-	-	-	(225,695)	(225,695)
Repurchase of own shares	-	(2,462)	-	-	(2,462)
Share-based payments	-	3,977	-	(3,977)	-
Equity-settled transactions	-	-	-	5,257	5,257
As at 31 December 2012	133,165	(6,928)	20,110	608,381	754,728