

30 July 2009

T-Hrvatski Telekom

Parliament approves new fee for mobile services

T-Hrvatski Telekom, Croatia's leading telecommunications provider, announces an update on legislation passed today by the Croatian Parliament.

As indicated earlier today in T-HT's statement on results for the first six months of 2009, the Croatian Government has proposed new taxes and fees, including a fee on mobile services, in response to the economic crisis in Croatia.

Following an extraordinary session of Parliament held this morning, and according to the web site of the Parliament (www.sabor.hr), the following proposals were approved:

1. Proposal of the *Fee for the Provision of Mobile Electronic Communications Networks Services Act*, which introduces and regulates the payment of the fee for the provision of mobile electronic communications networks services.

Pursuant to the proposal, mobile network services including SMS, MMS and voice, will be subject to the payment of the fee, which will be payable by mobile network operators.

The proposed fee is 6% of revenues generated from services provided. The accounting period for determining the fee is a calendar month, while the payment to the national budget shall be effected by the 15th of the current month for the previous one.

The Act comes into force on 1 August 2009.

2. Proposal for the *Act on Amendments to the Value Added Tax Act*, which proposes an increase in Value Added Tax rate from 22% to 23% from 1 August 2009.

T-HT is considering its response to new fees and taxes. The company indicated this morning that it would strive to compensate the tax impact through optimised service offerings, cost management and a review of its plans for infrastructure investments.

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About T-Hrvatski Telekom (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ)

T-Hrvatski Telekom (T-HT) is the leading provider of telecommunication services in Croatia, serving more than 1.5 million fixed lines, 2.87 million mobile subscribers and 510,000 broadband connections through its two divisions: T-Com and T-Mobile.

Deutsche Telekom AG owns 51% of T-HT's shares, with the Government of the Republic of Croatia owning 3.6% following the transfer of a proportion of its holding to Croatian private investors as bonus shares, in October 2008. Since its initial public offering in October 2007, T-HT shares have traded on the Zagreb Stock Exchange, with global depositary receipts trading on the London Stock Exchange.