

Zagreb – 16 February 2010

T-Hrvatski Telekom

Results for the year ended 31 December 2009

Resilient performance in challenging economy; EBITDA* margin protected by tight cost controls, continuing strong growth in ADSL and IPTV; proposed dividend of HRK 34.05 per share

T-Hrvatski Telekom (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ), Croatia's leading telecommunications provider, announces audited results for the year ended 31 December 2009.

Group Highlights

- Revenue down 3.1% despite estimated 5% decline in GDP;
- EBITDA* down 3.8%, margin of 45.3% largely protected through tight cost controls;
- Net profit down 12.4% to HRK 2,023 million, mainly because of higher redundancy costs and lower financial income
- Operating cash flow remains strong at HRK 2,738 million
- Proposed HRK 34.05 per share dividend up 13.5%, (2008: HRK 29.99) reflecting strong cash position and positive one-off effect of T-Mobile merger on HT d.d. distributable earnings
- Successful corporate reorganisation into Business and Residential units, effective 1 January 2010

T-Mobile

- Subscribers up 6.3% to 2.86 million
- Strong growth in post-paid subscriber base , up 13.5% to nearly 920,000 (32.2% of subscribers)
- Pre-paid subscribers up 3.2%
- Revenue down 5.0% as recession and imposed taxes take effect

T-Com

- Strong growth in internet revenue, up 27.7% to HRK 1,149 million
- ADSL subscribers up 17.4% to nearly 555,000
- IPTV subscribers up 74.1% to nearly 236,000

* before exceptional items

Ivica Mudrinić, President of the Management Board and CEO, said:

"This has been a very challenging year for Croatia but having anticipated the pressures that the recession would impose on our business, we began the year with the priority of protecting revenues and margins. I am pleased to say that our strategy has worked and we have delivered a resilient set of results that reflect the high-quality services and tight cost controls with which we have tackled the recession. Furthermore, I believe our results demonstrate the importance of T-HT's services to the Croatian economy. We successfully reorganised the Group so that we can serve our customers even more effectively and I believe we are in good shape to prosper when the economy begins to recover."

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A conference call for analyst and investors will start at 14.00 UK time / 15:00 CET today. The dial-in details are as follows:

Conference Call

International dial-in	+44 (0) 1452 555 566
UK free call dial in	0800 694 0257
Conference ID	54884743

Replay available until 22 February 2010

International dial-in	+44 (0) 1452 55 00 00
UK free call dial in	0800 953 1533
Access number	54884743#

A presentation covering results for the 2009 financial year can be downloaded from the T-HT web site.
(www.t.ht.hr/eng/investors/)

About T-Hrvatski Telekom

T-Hrvatski Telekom (T-HT) is the leading provider of telecommunication services in Croatia, serving nearly 1.5 million fixed lines, nearly 2.86 million mobile subscribers and nearly 555,000 broadband connections through its Residential and Business divisions.

Since its initial public offering in October 2007, T-HT shares have traded on the Zagreb Stock Exchange, with global depository receipts trading on the London Stock Exchange. Deutsche Telekom AG owns 51% of T-HT's shares, with the War Veteran's Fund owns 7% and the Government of the Republic of Croatia holds 3.5%. The remaining free float is in the hands of private and institutional investors.

Summary of key financial indicators

in HRK million	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Revenue ¹⁾²⁾	8,517	8,791	-3.1%
EBITDA before exceptional items ³⁾	3,859	4,009	-3.8%
EBITDA after exceptional items	3,695	3,964	-6.8%
EBIT (Operating profit)	2,294	2,602	-11.9%
Net profit after minority interest	2,023	2,310	-12.4%

EBITDA margin before exceptional items	45.3%	45.6%	-0.3 p.p.
EBITDA margin after exceptional items	43.4%	45.1%	-1.7 p.p.
EBIT margin	26.9%	29.6%	-2.7 p.p.
Net profit margin	23.8%	26.3%	-2.5 p.p.

in HRK million	At 31 Dec 2009	At 31 Dec 2008	% change 09/08
Cash equivalents and time deposits	4,195	5,223	-19.7%
Total assets	14,472	15,205	-4.8%
Total issued capital and reserves	12,012	12,440	-3.4%

in HRK million	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Net cash flow from operating activities	2,738	3,103	-11.7%

1) Since the beginning of 2009 IFRIC 13 has been applied. IFRIC 13 addresses how companies that grant their customers loyalty award credits when buying goods and services should account for their obligation to provide free or discounted goods and services if and when the customers redeem the points. Consequently, the 2008 figures have been restated. The impact of IFRIC 13 on T-HT Group revenue is: Jan-Dec 2008: -25.3 million HRK; Jan-Dec 2009: -22.1 million HRK. Mobile telephony revenue has been affected by the new government fee of 6% on mobile services imposed in August 2009.

2) Excluding other operating income

3) Exceptional items in 2009 totalled HRK 163 million, of which HRK 152 million related to redundancy provision and HRK 11 million related to reorganisation costs. In 2008, exceptional redundancy provisions totalled HRK 45 million.

Exchange rate information

	Kuna per Euro		Kuna per U.S. dollar	
	Average	Period end	Average	Period end
Twelve months to 31 December 2008	7.22	7.32	4.93	5.15
Twelve months to 31 December 2009	7.34	7.31	5.28	5.09

Summary of key performance indicators

T-Mobile	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Subscribers	2,858,858	2,689,992	6.3%
Minutes of Use (MOU) per average subscriber	112.0	122.3	-8.5%
Blended ARPU	98.0	117.0	-16.3%
Churn rate (%)	1.9	1.4	0.5 p.p.
Market share of subscribers (%)	46.7	45.8	1.0 p.p.
Market share by revenue (%)	48.7	50.1	-1.3 p.p.

T-Com	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Total (POTS+FGSM+ISDN) mainlines	1,483,588	1,550,123	-4.3%
Total traffic (thousands of minutes)	3,464,391	3,797,966	-8.8%
ADSL mainlines	554,995	472,654	17.4%
ADSL mainlines ARPA	125	120	3.8%
IPTV customers	235,980	135,573	74.1%
ULL (Unbundled Local Loop)	123,054	87,072	41.3%

Supervisory Board Decisions

1) Financial Statements

The annual financial statements of the Company and consolidated financial statements of T-HT Group for the business year 2009 with the auditor's report have been adopted both by the Management Board and the Supervisory Board. The Annual Financial statements will be forwarded to the General Assembly, planned for 21 April 2010.

2) Dividend

The Management Board and Supervisory Board of HT-Hrvatske telekomunikacije d.d. propose a dividend distribution to shareholders in the amount of HRK 2,788,304,616.75 and the amount of HRK 759,913,016.51 to allocate to retained earnings. The dividend of HRK 34.05 per share will be paid on 17 May 2010.

The total amount of HRK 3,548,217,633.26 represents the sum of HTd.d.'s net income for 2009 in amount of HRK 896,079,447.08, retained earnings from earlier periods in amount of HRK 30,044,477.94 and retained and unallocated income in the total amount of HRK 2,622,093,708.24 formed according to the Merger Agreement signed on 29 October 2009 between T-Mobile Hrvatska d.o.o. and HT - Hrvatske telekomunikacije d.d., and entered into court register on 31 December 2009.

The dividend will be paid to shareholders registered at the Central Clearing Depository Association (SKDD) on the day of the General Assembly, planned for 21 April 2010. The dividend payment shall be executed on 17 May 2010.

At payment, a certain amount will be withheld due to Special tax on salary, retirement and other receipts (Official Gazzete of the Republic of Croatia, No. 94/09). Dividends paid out to non-resident shareholders (individual and institutional) are not subject to the Special Tax on salaries, pensions and other receipts.

3) Acquisition of Company shares

The Supervisory Board granted its prior approval for the proposal of the Management Board for the acquisition of Company shares and for the proposal of a decision of the General Assembly to give the authority to the Management Board for the acquisition of the Company shares by which the authority shall be extended until the next General Assembly, and latest until 1 May 2011.

4) Supervisory Board changes

The Supervisory Board acknowledges the resignations submitted by Mr. Sigfried Pleiner and Mr. Fridbert Gerlach (representatives of Deutsche Telekom AG) from their positions of Members of the Supervisory Board, with effect as of the closing of the first ordinary General Assembly of the Company in the year 2010 (planned for 21 April 2010).

The Supervisory Board of HT d.d. proposes the bellow mentioned nominees (representatives of Deutsche Telekom AG) to be elected as Members of the Supervisory Board of HT d.d. and the below mentioned proposal of decisions is to be forwarded to the General Assembly, as follows:

“The following persons are elected as Members of the Supervisory Board of HT – Hrvatske telekomunikacije d.d, for the period of four (4) years:

1. *Dr. Lutz Schade,*
2. *Andreas Hesse.*

5) Change of the registered name of the Company

A proposal to change the registered name of the company from HT – Hrvatske telekomunikacije d.d. to Hrvatski Telekom d.d. will be put to the General Assembly of the Company as a joint proposal of the Management Board and the Supervisory Board. The proposed change of name has already been approved by the Government of the Republic of Croatia in accordance with the provisions of the Law on Privatization of Hrvatske telekomunikacije d.d. (Official Gazette of the Republic of Croatia, Nos. 65/99, 68/01).

Business and financial review

The T-HT Group is the leading provider of telecommunications services in Croatia, offering fixed and mobile telephony services as well as wholesale, Internet and data services. As of 1 January 2010, the Group conducts its business through its Residential and Business units, having previously conducted business through T-Com (which was not a separate legal entity) and T-Mobile.

Market overview

The most important telecommunications trends of 2008 remained significant in 2009: strong growth in broadband and IPTV; increasing demand for Internet content; continued decline in fixed telephony in line with world-wide trends; and mobile penetration saturation and increasing demand for mobile data services, driven by smartphones and mobile broadband.

T-HT Group successfully maintained its leading position in the Croatian telecommunications market despite intensified competition and a serious downturn in the Croatian economy.

For T-HT, the key events of 2009 included:

- In February, the Regulator decided on new fixed and mobile interconnection charges that became effective from March, with decreases up to 20%.
- In April 2009 Iskon, T-HT’s wholly owned subsidiary, introduced its own IPTV service together with a triple-play offer, highlighting T-HT’s strategic focus on broadband and broadband-related services.
- In May 2009 T-HT Group signed up its 500,000th ADSL broadband customer.
- From 31 July 2009 the highly anticipated new iPhone 3GS became available in T-Centres.
- On 1 August 2009 a new personal income tax, as well as a 6% tax on mobile telephony revenues, came into force as part of Government measures to combat the recession.
- Based on the Croatian National Bureau of Statistics’ official releases, the final consumption expenditure of households, as the largest component of GDP, decreased by 9.4% in Q2 2009 and 6.9% in Q3 compared to respective quarters of 2008.
- On 29 October 2009, T-Mobile and HT signed a Merger Agreement based on which T-Mobile merged into HT. As universal legal successor of T-Mobile, HT d.d. remains the sole legal entity as of 1 January 2010. Following this, which became effective on 1 January 2010, the Group has been organized into Residential and Business units.
- In November 2009, T-HT entered the market to supply small and medium-sized enterprises with information and communication technologies (ICT) such as its desktop management service.
- MAXtv reached its 200,000th customer in November 2009.

Macroeconomic environment

According to the Croatian Ministry of Finance, Croatian GDP decreased by 5.0% in 2009 – one of the biggest falls in the past ten years. Unemployment rose throughout 2009 with registered unemployment at 16.6% in December 2009. Inflation remained stable with an annual rate of 2.4%.

Fixed-line market

Fixed telephony remains competitive in Croatia, with nine operators active in 2009, the same as in 2008. T-HT maintained its leadership position thanks to its continuing dedication to high-quality services and improved marketing with offers tailored to suit the needs of specific customer segments. In support of these efforts, T-HT strengthened its sales channels with the integration of the T-Com and T-Mobile sales organizations in 2009.

According to the Croatian Central Bureau of Statistics, the number of fixed-line minutes decreased by 7.6% in the first nine months of 2009. This is consistent with fixed-line declines elsewhere in Europe. There was no significant change in fixed-line penetration, which reaches 42% of the population, according to the National Regulatory Agency.

Mobile telecommunications

T-Mobile remained the leader in a saturated market, with mobile penetration of an estimated 137.7% served by three operators since 2005. Total Croatian mobile market minutes increased by 6% in the first nine months of 2009. Increasing demand for mobile Internet was a significant feature of 2009, with all three operators promoting mobile broadband offerings that encouraged customers to increase data usage.

Internet

T-HT Group is by far the largest provider of broadband services in Croatia, continuing to expand the roll out of its high-speed MAXdsl offering and augmenting it with premium services such as MAXtv – the Group's IPTV service. At the end of 2009 the Group had 554,995 of ADSL customers, up by 17.4% from 472,654 in 2008.

Despite the strong increase in subscriber numbers, Croatia's broadband market remains a significant growth opportunity for T-HT, with just 35% of Croatian households connected via broadband compared to an average of 55% in Western Europe.

By the end of 2009, IPTV customers reached 235,980, representing 43% of T-HT's total ADSL customer base. Since its launch in 2006, MAXtv has become one of Europe's most successful IPTV services. It now has 120 channels offering Croatian and international TV and films, with premium services including video-on-demand, web and SMS recording, and reading mails from inbox.

Data

T-HT maintained its leadership on a market that is migrating from traditional unmanaged data services to more cost effective, IP-based services. Although the data market is relatively small, representing less than 2% of total Croatian telecom revenues, it represents an important service for business customers. The Group's main data service competitors continued to develop their own networks targeting the corporate and government sectors.

Wholesale

T-HT Group established interconnection with all mobile-network operators and fixed-network operators in Croatia. Both, ULL (unbundled local loop) and bitstream offers are available in the Croatian market, enabling competitors

to offer their own broadband products to consumers, even if they do not operate the local loop. In terms of total market revenues, the overall Croatian wholesale market remained stable in 2009. As market liberalization continued, the number of ULL customers increased from 87,072 in 2008 to 123,054 in 2009.

Regulatory Environment

The new Law on Electronic Communications, which replaced the previous Law on Telecommunications, has been in force since July 1st, 2008. The new Croatian regulatory regime transposed the 2002 EU New Regulatory Framework onto Croatia's electronic communications market.

In accordance with the new Law on Electronic Communications, the Croatian National Regulatory Authority – the Croatian Agency for Post and Electronic Communications (the “Agency”) – is authorized to pass subordinate legislation. Thus, its authority encompasses aspects of telecommunications including duct and infrastructure issues, right-of-way fees, conditions of service provisioning, universal services, and the prevention of fraud and abuse.

In 2009 several new Ordinances entered into force. From the Group's perspective some of the most important are: Ordinance on the method and conditions for providing electronic communications networks and services; Ordinance on universal services; Ordinance on the method and conditions for access to and joint use of the electronic communications infrastructure and related equipment; Ordinance on the certificate and the fee for the right of way; Ordinance on numbering, addresses and radiofrequencies fees; Ordinance on the Agency's fees; Ordinance on allocation of numbers and addresses; Ordinance on number portability; Ordinance on reference offers.

In February 2009 the Company, T-Mobile and Iskon submitted prior notifications to the Agency, in line with the prescribed transition towards the general authorization regime. T-Mobile concession agreements, concluded on the basis of regulations that were previously in force in the telecommunications sector as well as other licenses and notifications for providing telecommunications services granted to the Company, T-Mobile and Iskon, ceased to apply as of the date of issuance of the Agency's certificate on receipt of prior notifications.

Since 2002 the Company has held SMP (significant market power) status in the market for fixed public voice, the market for leased lines, the market for interconnection and the market for voice and data transmission. In 2007 the Company's subsidiary Iskon Internet was designated as holding joint significant market power with the Company in the market for fixed public voice and the market for voice and data transmission. Since 2004 T-Mobile has been designated as an SMP operator in the interconnection market and in the market for public voice services on mobile telecommunications networks. The SMP status of the Company, T-Mobile and Iskon in these markets was reiterated by the Agency's publication of a list of SMP operators in December 2007. Such SMP designation was based on the old regulatory framework that was in force until July 2008.

As a consequence of the new Law on Electronic Communications, a new regulatory framework was introduced in which regulatory remedies may be imposed only after relevant markets are defined and analyzed for the existence of market failures (i.e. the existence of operators with SMP).

In line with this new regulatory framework, and taking into account the latest EU recommendations, the Agency undertook a new round of market analyses in the period between the end of 2008 and the middle of 2009. Market analysis procedures were finalized in July 2009 by the Agency's decisions on SMP status and the imposition or removal of regulatory obligations for the following markets:

1. Call origination on the public communications network provided at a fixed location
2. Call termination on individual public communications network provided at a fixed location
3. Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location
4. Wholesale broadband access
5. Call termination on individual public mobile network
6. Public telephony service in mobile networks
7. Access and call origination in mobile networks
8. Call transit in the fixed public communications network
9. SMS termination

By its decisions of July 2009, the Agency designated the Company as the SMP operator in markets under 1, 2, 3 and 4 above, Iskon was designated as the SMP operator in the market under 2, while T-Mobile was designated as the SMP operator in the market under 5 above. With regard to markets under 6 – 9, the Agency concluded that they no longer fall under scope of ex-ante regulation, and thus withdrew all existing obligations imposed upon the Company and T-Mobile in these markets.

In markets where the Company, T-Mobile or Iskon were designated as SMP operators, remedies that were in place before the market analysis ceased to apply.

The following remedies were imposed by the Agency's decisions of July 2009:

- I. Network access and use of special network facilities
- II. Non-discrimination
- III. Transparency
- IV. Price control and cost accounting
- V. Accounting separation (applies only to the Company; the cost accounting project, which was initiated in the end of 2008, is ongoing)

In addition, by its decisions of July 2009, the Agency decreased the following Company and T-Mobile wholesale prices:

- Shared ULL price was reduced to 21.46 HRK, with effect from October 1st, 2009,
- Single tandem origination fee in fixed network was reduced to 6.8 lp/min (50% off-peak), with effect from January 1st, 2010
- Single tandem termination fee in fixed network was reduced to 6.7 lp/min (50% off-peak), with effect from January 1st, 2010
- IC call set-up fee in fixed network of 1.5 lp/min was abolished, with effect from January 1st, 2010
- Mobile termination fee was reduced to 0.56 HRK flat rate, with effect from January 1st, 2010

The existing SMP status of the Company in the market for leased electronic communications lines, and the joint SMP status of the Company and Iskon in markets for public voice and data transmission, as determined by the Agency in 2007, remains. According to existing remedies in these markets, prices for retail public voice in the fixed network and leased lines are subject to cost-orientation and ex-ante approval by the Agency, whereas other retail pricing is subject to ex-post review. In addition, tariffs for universal services must be set at an "affordable level". Other tariffs are essentially unregulated.

On August 31st, 2009 the Agency passed a decision on the issuance of new technology-neutral radiofrequency licenses to T-Mobile, for the frequencies already used by T-Mobile in the 900 MHz and 1800 MHz bands, for the period until October 2024. This new radiofrequency license replaced the technologically defined GSM radiofrequency license, which expired on September 16th, 2009.

In June 2009, the Croatian Parliament adopted the new Croatian Competition Act, which will enter into force on October 1st, 2010.

In the second quarter of 2009, operators Metronet telekomunikacije d.d. and Amis Telekom d.o.o. initiated legal proceedings against the Company, claiming damages for alleged delays in providing co-location services, and for the annulment of the Contract on the lease and use of DTI. The case is pending before the Croatian Commercial Court.

The new Law on Fees for Providing Services in Mobile Electronic Communications Networks entered into force on August 1, 2009. Based on this law, the Group is obliged to pay a monthly fee to the state's budget in the amount of 6% of revenues realized from provision of publicly available telephone services, value-added services, roaming services, short message services (SMS) and images, speech and sound transmission services (MMS) in the previous month.

Organization of the Group

New Corporate Structure

In 2009, T-HT Group took the important step of reorganizing its business along customer-focused lines. On 1 January 2010, the old divisions of T-Com and T-Mobile, serving fixed and mobile markets respectively, were replaced by a new structure based upon Residential and Business units. The process of reorganisation began in July 2009 with the realignment of sales teams and was completed with the merger of T-Mobile into HT d.d. at the end of the year.

The new organizational structure has been designed to support the Residential and Business units with integrated network and IT functions and centralized steering and support functions, the goal being to provide fully aligned customer service and maximum gains in efficiency.

Group financial performance

Revenue

in HRK million	Jan-Dec 2009	Jan-Dec 2008	% of change 09/08
Mobile telephony	3,969	4,176	-5.0%
Fixed telephony	2,505	2,791	-10.2%
Wholesale services	696	720	-3.3%
Internet services	1,145	897	27.7%
Data services	183	199	-8.0%
Miscellaneous	19	9	119.2%
Revenue	8,517	8,791	-3.1%

The resilience of the business and its importance to the economy was demonstrated by the fact that revenue fell by 3.1% to HRK 8,517 million (2008: HRK 8,791 million), despite the fact that Croatia's GDP fell by 5% in 2009 according to Croatian Ministry of Finance.

Of the HRK 274 million fall in Group revenue, HRK 207 million was the result of a 5.0% fall in T-Mobile revenue, much of which was sustained in the second half of the year as the impact of the recession and new Government taxes (introduced on 1 August 2009) began to take effect. As with previous years, fixed telephony and wholesale revenue continued to fall, by 10.2% and 3.3% respectively.

However, revenue from internet services grew 27.7% to HRK 1,145 million, highlighting the value that consumers perceive in broadband and associated services such as MAXtv, especially in a recession.

Impact of IFRIC13

Accounting standard IFRIC 13 was introduced at the beginning of 2009 and comparable figures for 2008 have been prepared accordingly. IFRIC 13 addresses how companies that grant their customers loyalty award credits when buying goods or services should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. IFRIC 13 requires companies to estimate the value of the points granted to the customer and defer this amount of revenue as a liability until they have fulfilled their obligations to supply awards.

The effect of IFRIC 13 on the revenue is following:

- T-HT Group: Jan-Dec 2008 – HRK -25.3 million; Jan-Dec 2009 – HRK -22.1 million
- T-Mobile: Jan-Dec 2008 – HRK -18.8 million; Jan-Dec 2009 – HRK + 6.6 million;
- T-Com: Jan-Dec 2008 – HRK -6.5 million; Jan-Dec 2009 – HRK -28.7 million

The impact of IFRIC 13 for the period 2009 financial year is to decrease EBITDA by HRK 19.3 million; no EBITDA impact in year 2008.

Operating expenses

Total operating expenses fell by 1.1% to HRK 5,204 million (before depreciation and amortisation), mainly because variable cost fell with revenue, but also because of T-HT's ongoing commitment to cost control. These cost savings were achieved despite an increase in employee benefit costs, related to provisions for redundancies associated with the continuing headcount optimisation programme.

Material and other expenses

Material expenses, which make up nearly 45% of total operating expenses, fell by 5.7% to HRK 2,320 million as a result of lower interconnection costs and reduced sales of mobile merchandise (2008: HRK 2,459 million).

Other expenses decreased by 2.4% to HRK 1,472 million (2008: HRK 1,508 million) mainly due to reductions in advertising costs, rental and leasing expenses.

Employee benefit expenses

Total employee benefits expenses, before exceptional items related to redundancy costs, decreased by 0.8% to HRK 1,150 million from HRK 1,158 million in 2008. This is the result of T-HT's ongoing headcount optimisation programme.

In 2009 provisions of HRK 152 million were made for redundancy versus HRK 45 million in 2008. Consequently, employee benefits expenses after exceptional items increased by 8.2% to HRK 1,302 million (2008: HRK 1,203 million). As announced earlier T-HT has signed a Social Partnership Agreement for 2010 with the Croatian Telecommunications Trade Union (HST) and the Republic Trade Union of Croatian Workers (RSRH) whereby the

parties agreed that the Surplus Management Program would not be implemented by HT – Hrvatske telekomunikacije d.d. in 2010. As at 31 December 2009, the Group had 6,044 full time employees compared to 6,419 full time employees at 31 December 2008.

Write down of assets

The write down of assets increased to HRK 110 million (2008: HRK 94 million) as a result of a higher write down of receivables associated with the recession.

Depreciation and amortisation

Depreciation and amortization increased by 2.9% from HRK million 1,362 in 2008 to HRK 1,402 million in 2009. This is mainly a result of higher amortization costs of intangible assets in mobile business, related to replacement of packet core network software.

T-HT Group profitability

in HRK million	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Revenue ¹⁾²⁾	8,517	8,791	-3.1%
EBITDA before exceptional items ³⁾	3,859	4,009	-3.8%
EBITDA after exceptional items	3,695	3,964	-6.8%
EBIT (Operating profit)	2,294	2,602	-11.9%
Net profit after minority interest	2,023	2,310	-12.4%
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EBITDA margin before exceptional items	45.3%	45.6%	-0.3 p.p.
EBITDA margin after exceptional items	43.4%	45.1%	-1.7 p.p.
EBIT margin	26.9%	29.6%	-2.7 p.p.
Net profit margin	23.8%	26.3%	-2.5 p.p.

1) Since the beginning of 2009 IFRIC 13 has been applied. IFRIC 13 addresses how companies that grant their customers loyalty award credits when buying goods and services should account for their obligation to provide free or discounted goods and services if and when the customers redeem the points. Consequently, the 2008 figures have been restated. The impact of IFRIC 13 on T-HT Group revenue is: Jan-Dec 2008: -25.3 million HRK; Jan-Dec 2009: -22.1 million HRK. Mobile telephony revenue has been affected by the new government fee of 6% on mobile services imposed in August 2009.

2) Excluding other operating income

3) Exceptional items in 2009 totalled HRK 163 million, of which HRK 152 million related to redundancy provision and HRK 11 million related to reorganisation costs. In 2008, exceptional redundancy provisions totalled HRK 45 million.

EBITDA before exceptional items decreased by 3.8% to HRK 3,859 million as a result of revenue falling slightly more than costs. The EBITDA margin in 2009 was 45.3% (2008: HRK 4,009 million, at a margin of 45.6%).

Group operating profit (EBIT) fell by 11.9% to HRK 2,294 million, at an operating margin of 26.9% (2008: HRK 2,602 million, 29.6% margin) as a result of EBITDA development and the increase in depreciation and amortisation charges.

Net profit fell by 12.4% to HRK 2,023 million (2008: HRK 2,310 million) as a result of declining EBIT and lower financial income, although the fall in net profit was offset to some degree by the lower tax amount of HRK 542 million (2008: HRK 632 million).

Balance sheet

The Group's balance sheet and cash reserves remain strong, even after the payment of dividends totalling HRK 2,456 million in March and May. Primarily as a result of these payments, total Group assets fell from HRK 15,205 million at the end of December 2008, to HRK 14,472 million at 31 December 2009.

The Group had cash and cash equivalents of HRK 4,195 million at the end of December 2009, compared with HRK 5,223 million at the beginning of the year.

As expected, the Group's receivables have increased as customers took longer to pay bills in the challenging economic conditions.

Cash flow

Cash flow from operating activities is T-HT's principal source of funds, enabling the Group to finance capital investments and dividend distributions. Net cash flow from operating activities decreased by 11.7% as a result of lower EBITDA, a decrease in days payable outstanding and change in the monthly billing method for fixed-line voice services.

Dividend payments

The Group paid dividends totalling HRK 2,456 million in March and May 2009.

Capital expenditure

in HRK million	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
T-Com	1,081	1,153	-6.3%
T-Mobile	472	468	0.9%
Total Capital Expenditure	1,553	1,621	-4.2%

The Group continues to make significant investments in its network infrastructure and software technologies to remain at the forefront of communications technology, particularly as demand for broadband and mobile internet services increases. However, as previously announced, in light of the economic situation and recent Government measures on taxation, the Group reviewed its capital programs and felt it prudent to reduce investment. As a result, capital expenditure decreased by 4.2% in 2009 to HRK 1,553 million (2008: HRK 1,621 million).

T-Com's capital expenditure decreased by 6.3% to HRK 1,081 million (2008: HRK 1,153 million), mainly due to lower investment in broadband access network.

T-Mobile's capital expenditure increased slightly by 0.9% to HRK 472 million (2008: HRK 468 million), mainly because of further investment in the development of the 2G and 3G network and platforms.

Analysis of segmental results

The Group's results are presented to reflect its composition, in 2009, of two distinct businesses:

- T-Mobile provided mobile telephony services including wholesale, Internet and mobile data services.
- T-Com provided fixed telephony, wholesale services, Internet and data services. It encompasses HT-Hrvatske telekomunikacije d.d. and Iskon Internet d.o.o., acquired in May 2006.

Because of inter-segment transactions, the sum of the financial results of the two individual segments does not equal the Group's financial results in total.

Since 1 January 2010, T-HT Group has been organised along Residential and Business lines with separate divisions for each. In order to have comparable data in the 2010 accounts, T-HT will continue to provide data, where possible, to show the performance of its fixed and mobile segments.

T-Mobile highlights

T-Mobile maintained its leadership of a mobile telephony market with mobile SIM penetration now estimated at around 138%.

- Revenue down 5.0% to HRK 4,189 million
- Subscribers up 6.3% to 2.86 million
- Postpaid subscribers up 13.5% to 919,991; now 32.2% of total subscribers
- MOU per average subscriber down 8.5% to 112.0 minutes
- SAC per gross add down 26.4% to HRK 198.7

On 1 August 2009, in response to the economic situation in Croatia, the Government introduced a 6% levy on certain mobile services, namely: publicly available telephone services, roaming services, short message services (SMS) and images, speech and sound transmission services (MMS). These charges are deducted from T-Mobile revenue, which is presented net of the 6% deduction – the total impact being HRK 67.5 million for the 2009 financial year.

Total subscribers rose 6.3% to 2.86 million as a result of new products and services targeting specific consumer groups, including new netbook tariffs.

T-Mobile's postpaid subscriber base reached nearly 920,000 – an increase of 13.5%. Postpaid growth was achieved with targeted propositions and offerings that increased the postpaid share of the total subscriber base by 2.0 p.p. from 30.1% in 2008 to 32.2 % in 2009.

As consumers tighten personal spending, it is clear that mobile usage is declining as a result. Average monthly minutes of use (MOU) fell by 10.3 minutes to 112.0 minutes, compared with 122.3 minutes in 2008. This, combined with increased SIM penetration and the impact of the 6% levy, resulted in blended ARPU falling 16.3% from a monthly average of HRK 117.0 in 2008 to HRK 98.0 in 2009.

T-Mobile has been successful in reducing subscriber-acquisition costs (SAC) this year, which fell by 26.4% to HRK 198.7 per gross add.

At 1.9%, T-Mobile's subscriber churn rate is only slightly higher than the 1.4% achieved in 2008. Postpaid churn rose by just 0.1 p.p to 0.8%, demonstrating strong customer loyalty to T-Mobile despite increased competition.

T-Mobile

in HRK million	Jan-Dec 2009	%	Jan-Dec 2008	%	% change 09/08
Revenue from Postpaid services ¹⁾²⁾	2,470	59.0%	2,599	58.9%	-5.0%
Revenue from Prepaid services	1,232	29.4%	1,430	32.4%	-13.9%
Other mobile revenue ¹⁾	488	11.6%	381	8.6%	27.9%
Revenue ³⁾	4,189	100.0%	4,411	100.0%	-5.0%
Other operating income	127		162		-21.5%
Operating expenses	2,481		2,635		-5.8%
EBITDA before exceptional items	1,840	43.9%	1,938	43.9%	-5.1%
Exceptional items ⁴⁾	4		0		
EBITDA	1,835	43.8%	1,938	43.9%	-5.3%
Depreciation and amortization	494		469		5.2%
EBIT	1,341	32.0%	1,469	33.3%	-8.7%

¹⁾ Revenue from postpaid services and other mobile revenue have been restated due to the appliance of IFRIC 13

²⁾ Including visitor revenue.

³⁾ Unconsolidated figures, excluding other operating income

Mobile telephony revenue has been affected by the new government fee of 6% on mobile services imposed in August 2009.

⁴⁾ In 2009, exceptional redundancy provisions totalled HRK 4 million.

Revenue

Revenue fell by 5.0% to HRK 4,189 million as a result of recessionary tightening of personal spending by both prepaid and postpaid customers, as well as the impact of new government taxes including the 6% levy on mobile services. The fall in subscriber account revenue was to a certain extent offset by a HRK 107 million increase in revenue from other mobile services, including national roaming.

Profitability

T-Mobile operating expenses fell by 5.8% to HRK 2,481 million, but the reduction was exceeded by declines in subscriber revenue and other operating income. As a result, EBITDA before exceptional items fell by 5.1% to HRK 1,840 million (2008: HRK 1,938 million), although the margin was retained at 43.9%, the same as in 2008.

Increased depreciation of HRK 494 million (2008: 469 million) resulted in operating profit (EBIT) falling 8.7% to HRK 1,341 million.

Capital expenditure

Capital expenditure slightly increased by 0.9% to HRK 472 million (2008: HRK 468 million). It was mainly invested in further development of the 2G and 3G network and associated platforms. Consequently, the Capex to revenue ratio rose by 0.7 percentage points to 11.3% (2008: 10.6% of revenue).

T-Com highlights

T-Com continues to lead all segments of the fixed-line market, despite increasing competition.

- 1.5 million total mainlines
- Internet revenue up 27.7% to HRK 1,149 million; now 22.8% of T-Com revenue
- ADSL mainlines up 17.4% to nearly 555,000
- IPTV customers up 74.1% to nearly 236,000

T-Com is by far the largest provider of fixed-line services in Croatia, connecting nearly 1.5 million mainlines of all kinds. T-Com is also the market leader in the provision of internet access, particularly high-speed broadband through ADSL technology, serving nearly 555,000 subscribers. In the Wholesale market, T-Com remains the largest provider, with the most extensive network coverage.

Competition remains strong, with eight other providers in a market characterised by steadily declining lines and voice minutes, fixed-to mobile migration, the increased use of VoIP technology to make calls, and local loop unbundling.

T-Com

in HRK million	Jan-Dec 2009	%	Jan-Dec 2008	%	% change 09/08
Fixed telephony	2,506	49.7%	2,793	53.8%	-10.3%
Wholesale services	1,049	20.8%	1,155	22.2%	-9.2%
Internet services	1,149	22.8%	899	17.3%	27.7%
Data services	183	3.6%	199	3.8%	-8.0%
Miscellaneous	158	3.1%	145	2.8%	8.8%
Revenue ¹⁾²⁾	5,044	100.0%	5,191	100.0%	-2.8%
Income from usage of own products, merchandise and services	147		136		8.1%
Other operating income	177		214		-17.2%
Operating expenses	3,509		3,516		-0.2%
EBITDA before exceptional items	2,019	40.0%	2,071	39.9%	-2.5%
Exceptional items ³⁾	159		45		255.3%
EBITDA	1,860	36.9%	2,026	39.0%	-8.2%
Depreciation and amortization	908		893		1.7%
EBIT	952	18.9%	1,133	21.8%	-16.0%

¹⁾ Unconsolidated figures; excluding other income

²⁾ IFRIC 13 has been applied from beginning 2009. Consequently, revenue 2008 has been restated

³⁾ Exceptional items in 2009 totalled HRK 159 million, of which HRK 148 million related to redundancy provision and HRK 11 million related to reorganisation costs. In 2008, exceptional redundancy provisions totalled HRK 45 million.

Revenue

The continuing strong increase in broadband internet subscribers helped T-Com offset some of the expected decline in its fixed-telephony business, with revenue falling 2.8% to HRK 5,044 million (2008: HRK 5,191 million).

Fixed-line telephony

Total mainlines were 4.3% lower at 1.49 million, compared with 1.56 million at the end of 2008. Fixed-telephony revenue was 10.3 % lower at HRK 2,506 million, representing 49.7% of T-Com revenue, compared with 53.8% last year.

Total traffic fell by 8.8% to 3.46 billion minutes (2008: 3.80 billion), most of which were calls to numbers within Croatia.

The average monthly voice revenue per access (ARPA) also fell 7.9% to HRK 138, compared with HRK 150 in 2008.

Internet services

Internet services continued to grow strongly to HRK 1,149 million (2008: 899 million) and now contribute 22.8% of T-Com revenue and 13.4% of Group revenue (2008: 17.3% and 10.2%).

Iskon's contribution to revenue (after consolidation) amounted to HRK 123 million in 2009 (2008: HRK 93 million). The main event for Iskon in 2009 was the launch of its IPTV service in April, which proved to be its biggest growth driver in the residential segment for the rest of the year. With the IPTV service operational, Iskon was able to launch Croatia's first fully integrated voice, data and TV triple-play service, which is already proving popular with residential customers.

The popularity of broadband internet, coupled with strong promotional incentives to convert from lower-speed dial-up accounts, ensured that ADSL mainlines continued their strong increase, rising 17.4% to 554,995 connections. This increase was achieved through a combination of increased ADSL speeds, attractive pricing and constant efforts to enrich the multimedia content available to subscribers.

ADSL ARPU increased by 3.8% because of strong promotions offered by T-Com in order to increase broadband usage. Despite increasingly attractive promotions from rival operators, T-Com has successfully retained its market leadership by focusing on customer needs, offering keen prices and delivering the internet through a high-quality network.

MAXtv, the Group's internet TV service, now reaches nearly 236,000 subscribers (including Iskon's IPTV), an increase of 74.1% from the beginning of the year. This success is attributable to a combination of premium content, constant product improvement and attractive promotions encouraging customers to sign up. Premium content packages offer exclusive channels & programs including HBO, HBO Comedy and HBO on demand and an increasing number of Video on Demand titles from major studios including MGM, Paramount and NBC.

Attractive marketing campaigns were supported by strong advertising and numerous promotions offering a Try and Buy concept, a HRK 1 subscription fee for a certain amount of months, or a gadget offered with a minimum contract duration. All marketing initiatives were launched across both standard and stand-alone MAXtv.

A new IPTV service for hotels was launched, including a new user interface and content with rights negotiated especially for hotels.

In 2009, tportal.hr maintained its position as one of the largest Croatian news portal, with 700,000 unique visitors per month according to Gemius, an independent Internet traffic research agency.

Wholesale

Wholesale business represents 20.8% of total T-Com revenue. Wholesale revenue decreased by 9.2% to HRK 1,049 million (2008: HRK 1,155 million). Revenue from dial-up traffic decreased as users migrated to broadband services, while revenues from interconnection leased-line services decreased as a result of switching to new commercial models (interconnection on T-Com side).

A decrease in international traffic to mobile destinations and fall in the price of international data services also resulted in lower revenue, as did a decrease in national and international hubbing volume.

Termination and origination revenue decreased due to lower interconnection prices imposed by the Regulatory Agency HAKOM.

These decreases were offset in part by growth in revenue from providing infrastructure services to other fixed operators. Furthermore, international IP access generated higher revenue than last year due to an increase in sold capacity.

The growth in ULL activations continued, with 123,054 fully unbundled loops up 41.3% on December 2008.

Data services

T-Com remains committed to the migration of customers from traditional data lines to more modern, higher-speed IP-based services such as Metro Ethernet and IP VPN. Data revenue fell 8.0% to HRK 183 million (2008: HRK 199 million).

Profitability

EBITDA before exceptional items decreased by 2.5% to HRK 2,019 million, mostly as a result of decreased revenue. Increased depreciation and exceptional costs HRK 159 million resulted in a 16.0% fall in EBIT to HRK 952 million (2008: HRK 1,133 million).

Capital expenditure

Capital expenditure decreased by 6.3% to HRK 1,081 million (2008: HRK 1,153 million), mainly due to lower investment in the broadband access network. The capex to sales ratio decreased by 0.8 percentage points to 21.4% of revenue (2008: 22.2 % of revenue).

T-HT Group Forth Quarter 2009 Report

Summary of key financial indicators

in HRK million	Oct-Dec 2009	Oct-Dec 2008	% change 09/08
Mobile telephony	867	1,040	-16.6%
Fixed telephony	591	675	-12.5%
Wholesale services	185	140	32.9%
Internet services	301	247	21.6%
Data services	44	49	-9.6%
Miscellaneous	4	5	-29.5%
Revenue¹⁾²⁾	1,992	2,156	-7.6%
EBITDA before exceptional items ³⁾	806	816	-1.3%
EBITDA after exceptional items	679	772	-12.0%
EBIT (Operating profit)	325	419	-22.4%
Net profit	277	421	-34.4%

1) Since the beginning of 2009 IFRIC 13 has been applied. IFRIC 13 addresses how companies that grant their customers loyalty award credits when buying goods and services should account for their obligation to provide free or discounted goods and services if and when the customers redeem the points. Consequently, the 2008 figures have been restated

Mobile telephony revenue has been affected by the new government fee of 6% on mobile services imposed in August 2009.

2) Excluding other operating income

3) Exceptional items in Q4 2009 totalled HRK 127 million, of which HRK 120 million related to redundancy provision and HRK 7 million related to reorganisation costs. In Q4 2008, exceptional redundancy provisions totalled HRK 45 million.

Group revenue fell by 7.6% to HRK 1,992 million (Q4 2008: HRK 2,156 million) as a result of the continuing recession in Croatia and the introduction in August of new taxes and levies in response to the economic situation. As expected, fixed telephony revenue fell 12.5% to HRK 591 million, but internet revenue continued to show strong growth, rising 21.6% to HRK 301 million, as did wholesale, which increased by 32.9% to HRK 185 million. Mobile revenue, down 16.6% to HRK 867 million was particularly affected by a tightening of consumer spending, particularly on prepaid accounts, and the introduction of the 6% fee on mobile services.

EBITDA (before exceptional items of HRK 127.0 million) fell 1.3% to HRK 806 million in Q4 2009, mostly as a result of lower revenue in the fixed and mobile businesses compensated with some cost savings (like advertising) and a fall in the Group's variable cost (mobile merchandise and interconnection).

Net profit fell 34.4% to HRK 277 million as a result of above mentioned EBITDA development and exceptional items / costs of HRK 127 million, although the decline was to some extent offset by lower taxation in the fourth quarter.

Group 2010 Outlook

Revenue

- In the light of Croatia's continuing recession, high unemployment and the effects of new personal taxes and the Government's 6% levy on mobile services, the Group expects a slight to moderate decline in revenues in 2010.

EBITDA

- The Group expects some erosion of EBITDA in 2010, but continues to pursue a programme of cost-control initiatives that should mitigate this erosion to some extent.

CAPEX

- The Group anticipates lower capital expenditure in 2010, but will review its plans during the year according to prevailing circumstances
 - Investment in the fixed network will focus on optical access network development aiming to increase broadband coverage and migration to the IP network
 - Investment in the mobile network will focus mainly on data capacity

Regional Expansion

- The Group continues to monitor and evaluate expansion opportunities to increase shareholder value

Financial statements

Consolidated Income Statement

in HRK million (IFRS; audited)	Jan-Dec 2009	Jan-Dec 2008	% of change 09/08	Oct-Dec 2009	Oct-Dec 2008	% of change 09/08
Mobile telephony	3,969	4,176	-5.0%	867	1,040	-16.6%
Fixed telephony	2,505	2,791	-10.2%	591	675	-12.5%
Wholesale services	696	720	-3.3%	185	140	32.9%
Internet services	1,145	897	27.7%	301	247	21.6%
Data services	183	199	-8.0%	44	49	-9.6%
Miscellaneous	19	9	119.2%	4	5	-29.5%
Revenue ¹⁾	8,517	8,791	-3.1%	1,992	2,156	-7.6%
Income from usage of own products, merchandise and services	169	159	6.7%	81	73	10.7%
Other operating income	213	278	-23.4%	64	92	-30.1%
Total operating revenue	8,899	9,228	-3.6%	2,136	2,320	-7.9%
Operating expenses	5,204	5,264	-1.1%	1,457	1,550	-6.0%
Material expenses	2,320	2,459	-5.7%	611	699	-12.5%
Employee benefit expenses	1,302	1,203	8.2%	396	351	12.8%
Other expenses	1,472	1,508	-2.4%	434	473	-8.2%
Write down of asset	110	94	16.6%	15	26	-42.2%
EBITDA ²⁾	3,695	3,964	-6.8%	679	772	-12.0%
Depreciation and amortization	1,402	1,362	2.9%	354	352	0.4%
EBIT ³⁾	2,294	2,602	-11.9%	325	419	-22.4%
Financial income	301	356	-15.5%	51	107	-52.3%
Income from investment in joint ventures	12	18	-33.4%	-3	-2	18.0%
Financial expenses	41	34	17.6%	13	5	172.8%
Profit before taxes	2,566	2,942	-12.8%	361	519	-30.5%
Taxation	542	632	-14.2%	84	98	-13.8%
Net profit	2,024	2,310	-12.4%	277	421	-34.3%
Minority interest	0	0	68.1%	0	0	-
Net profit after minority interest	2,023	2,310	-12.4%	277	421	-34.4%
Exceptional items	163	45	264.7%	127	45	182.8%
EBITDA before exceptional items	3,859	4,009	-3.8%	806	816	-1.3%

1) Since the beginning of 2009 IFRIC 13 has been applied. IFRIC 13 addresses how companies that grant their customers loyalty award credits when buying goods and services should account for their obligation to provide free or discounted goods and services if and when the customers redeem the points. Consequently, the 2008 figures have been restated. The impact of IFRIC 13 on T-HT Group revenue is: Jan-Dec 2008: -25.3 million HRK; Jan-Dec 2009: -22.1 million HRK. Mobile telephony revenue has been affected by the new government fee of 6% on mobile services imposed in August 2009.

²⁾ EBITDA - Earnings before interest, taxes, depreciation and amortization. The Group believes that EBITDA is measure commonly used by analysts and investors in the industry in which it operates. EBITDA, as calculated by the Group, may not be comparable to similarly titled measures reported by other companies

³⁾ EBIT - Earnings before interest and taxes

Consolidated Balance Sheet

in HRK million (IFRS; audited)	At 31 Dec 2009	At 31 Dec 2008	% of change 09/08
Intangible assets	1,099	1,049	4.7%
Property, plant and equipment	6,507	6,428	1.2%
Non-current financial assets	490	404	21.2%
Receivables	33	36	-8.8%
Deferred tax asset	46	61	-23.9%
Total non-current assets	8,175	7,977	2.5%
Inventories	255	314	-18.8%
Receivables	1,505	1,320	14.0%
Current financial assets	259	266	-2.5%
Cash and cash equivalents	4,195	5,223	-19.7%
Prepayments and accrued income	84	105	-20.2%
Total current assets	6,297	7,227	-12.9%
TOTAL ASSETS	14,472	15,205	-4.8%
Subscribed share capital	8,189	8,189	0.0%
Reserves	409	409	0.0%
Revaluation reserves	-4	-1	161.0%
Retained earnings	1,393	1,534	-9.2%
Net profit for the period	2,023	2,310	-12.4%
Minority interest	1	1	43.6%
Total issued capital and reserves	12,012	12,440	-3.4%
Provisions	428	415	3.1%
Non-current liabilities	128	150	-14.3%
Total non-current liabilities	556	565	-1.5%
Current liabilities	1,643	1,857	-11.5%
Accrued expenses and deferred income	261	343	-23.9%
Total current liabilities	1,904	2,200	-13.5%
Total liabilities	2,460	2,765	-11.0%
TOTAL EQUITY AND LIABILITIES	14,472	15,205	-4.8%

Consolidated Cash Flow Statement

in HRK million (IFRS; audited)	Jan-Dec 2009	Jan-Dec 2008	% of change 09/08
Profit before tax	2,566	2,942	-12.8%
Depreciation and amortization	1,402	1,362	2.9%
Increase of current liabilities	0	98	-100.0%
Decrease of inventories	59	0	-
Total increase of cash flow from operating activities	4,026	4,401	-8.5%
Decrease of current liabilities	-149	0	-
Increase of current receivables	-205	-151	35.3%
Increase of inventories	0	-111	-100.0%
Other cash flow decreases	-935	-1,035	-9.7%
Total decrease of cash flow from operating activities	-1,288	-1,298	-0.7%
Net cash inflow/outflow from operating activities	2,738	3,103	-11.7%
Proceeds of sale of non-current assets	25	39	-37.1%
Proceeds of sale of non-current financial assets	2	2,390	-99.9%
Interest received	278	381	-26.8%
Dividend received	4	0	-
Other cash inflows from investing activities	11	0	-
Total increase of cash flow from investing activities	320	2,810	-88.6%
Purchase of non-current asset	-1,553	-1,624	-4.4%
Purchase of non-current financial asset	-75	0	-
Total decrease of cash flow from investing activities	-1,628	-1,624	0.2%
Net cash inflow/outflow from investing activities	-1,309	1,185	-210.4%
Total increase of cash flow from financing activities	0	0	-
Repayment of loans and bonds	0	-1	-
Dividends paid	-2,456	-2,421	1.5%
Repayment of finance lease	-2	-11	-80.8%
Other cash outflows from financing activities	0	0	-
Total decrease of cash flow from financing activities	-2,458	-2,433	1.0%
Net cash inflow/outflow from financing activities	-2,458	-2,433	1.0%
Total increase of cash flow	2,738	4,288	-36.1%
Total decrease of cash flow	-3,767	-2,433	54.8%
Cash and cash equivalents at the beginning of period	5,223	3,367	55.1%
Net cash (outflow) / inflow	-1,028	1,855	-155.4%
Cash and cash equivalents at the end of period	4,195	5,222	-19.7%

Selected Operational Data⁽¹⁾

T-MOBILE SEGMENT

Key operational data	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Subscribers			
No. of prepaid subscribers	1,938,867	1,879,377	3.2%
No. of postpaid subscribers	919,991	810,615	13.5%
Total T-Mobile subscribers	2,858,858	2,689,992	6.3%
% of postpaid subscribers	32.2	30.1	2.0 p.p.
Minutes of use (MOU)			
MOU per average subscriber	112.0	122.3	-8.5%
Average revenue per user (ARPU) (HRK)			
Blended ARPU (monthly average for the period in HRK) ³⁾	98.0	117.0	-16.3%
Blended non-voice ARPU (monthly average for the period in HRK)	23.1	24.5	-5.5%
SAC per gross add²⁾	198.7	269.9	-26.4%
Churn rate (%)			
Churn rate total	1.9	1.4	0.5 p.p.
Churn rate postpaid	0.8	0.7	0.1 p.p.
Churn rate prepaid	2.3	1.7	0.6 p.p.
Penetration (%)	137.7	132.4	5.3 p.p.
Market share of subscribers (%)⁴⁾	46.7	45.8	1.0 p.p.
Market share by revenue (%)⁵⁾	48.7	50.1	-1.3 p.p.

T-COM SEGMENT

Key operational data	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Fixed telephony			
Total POTS and FGSM mainlines	1,390,568	1,444,356	-3.7%
Total ISDN mainlines	93,020	105,767	-12.1%
Total (POTS+FGSM+ISDN)	1,483,588	1,550,123	-4.3%
Payphones	8,034	8,948	-10.2%
Total mainlines (POTS+FGSM+ ISDN+Payphones)	1,491,622	1,559,071	-4.3%
Total Traffic (thousands of minutes)	3,464,391	3,797,966	-8.8%
To national fixed network	2,926,481	3,177,675	-7.9%
To national mobile network	310,937	365,003	-14.8%
To VAS	65,346	66,119	-1.2%
To international networks	119,445	133,210	-10.3%
Remaining traffic ⁽⁶⁾	42,182	55,959	-24.6%
Average monthly voice revenue per voice access (ARPA) (HRK)	138	150	-7.9%

Key operational data	Jan-Dec 2009	Jan-Dec 2008	% change 09/08
Internet services			
Dial-up users	766,429	761,324	0.7%
Active dial - up users	41,983	79,215	-47.0%
ADSL mainlines	554,995	472,654	17.4%
IPTV customers	235,980	135,573	74.1%
Fixed-line customers	1,152	1,026	12.3%
VPN connection points	3,528	2,395	47.3%
ADSL mainlines ARPA (monthly average for the period in HRK)	125	120	3.8%
Active dial-up users ARPU (monthly average for the period in HRK)	54	56	-3.0%
Data services			
Metro Ethernet (connection points)	2,808	2,088	34.5%
Other data lines	3,345	4,301	-22.2%
Total	6,153	6,389	-3.7%
Wholesale services			
CPS (Carrier Pre-Selection)	227,879	235,869	-3.4%
NP (Number portability) users/number	348,210	272,687	27.7%
ULL (Unbundled Local Loop)	123,054	87,072	41.3%

⁽¹⁾ Some key performance indicators ("KPI") in the telecommunication sector, including minutes of usage ("MOU"), average revenue per user ("ARPU"), ARPU composition, churn and the number of customers, may be calculated differently by other companies operating in this sector. Therefore, the Company's KPI's may not be directly comparable to those of its competitors

⁽²⁾ SAC - Subscriber acquisition costs

⁽³⁾ Blended ARPU is affected by restating of previous year for IFRIC 13. 6% contribution fee on mobile revenue is included in blended ARPU for 2009.

⁽⁴⁾ Source: Number of subscribers for VIPnet and Tele2 for Jan-Dec 2009 internally estimated. Published VIPnet's and Tele2 quarterly report for Q 4 2008.

⁽⁵⁾ Market share by net revenue. As of Q1 2009 T-Mobile has changed its method of revenue market share calculation to reduce uncertainties associated with estimates. Instead of Total revenue, Net revenue is used and National roaming revenue are not deducted any more. 2008 numbers were restated accordingly

Source: VIPnet's and Tele2 total revenue for Q4 2009 internally estimated Telekom Austria and Tele2 quarterly report for Q4 2008.

Market shares are based on unconsolidated revenue for T-Mobile

⁽⁶⁾ Includes payphone traffic, operator assisted services, additional services (such as CLIP, CLIR, CFR, conference call, inquiries services and fixed SMS) and calls to satellite

Statement of the Management Board of HT – Hrvatske telekomunikacije d.d.

To the best of our knowledge, consolidated financial statements of the company HT – Hrvatske telekomunikacije d.d. and affiliated companies thereof (hereinafter: "Group"), which are prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of assets and obligations, profit and loss, financial position, and operations of the Group.

The management report for the year ended 31 December 2009 contains true presentation of development and results of operations and position of the Group, with description of significant risks and uncertainties for the Group as a whole.

Ivica Mudrinić, President of the Management Board

Jürgen P. Czapran, Member of the Management Board and CFO

Irena Jolić Šimović, Member of the Management Board and COO T-Com

Božidar Poldrugač, Member of the Management Board and CTO/CIO Group

Branka Skaramuča, Member of the Management Board and CHRO

Zagreb, 16 February 2009

Presentation of information

Unless the context otherwise requires, references in this publication to "T-HT Group" or "the Group" or "T-HT" are to the Company HT-Hrvatske telekomunikacije d.d., together with its subsidiaries.

References to "HT" or the "Company" are to the Company HT-Hrvatske telekomunikacije d.d. Following the merger of T-Mobile d.o.o. with HT-Hrvatske telekomunikacije d.d. (HT d.d.), effective 1 January 2010, the Group is now organized into two business units: Business and Residential.

Therefore, references to "T-Mobile" are to business operations performed in previous periods by the Company's wholly-owned subsidiary, T-Mobile Croatia d.o.o.,

References to "T-Com" are to business operations including the fixed network, wholesale, broadband, data, on-line services and ICT solutions that were in previous years performed by the Company's business Unit T-Com.

References to "Iskon" are to the Company's wholly-owned subsidiary, Iskon Internet d.d.

References in this publication to "Agency" are to the Croatian National Regulatory Authority, the Agency for Post and Electronic Communications.

Disclaimer

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional information concerning important factors that could cause actual results to differ materially is available in the Group's reports which may be found at www.t.ht.hr