

Zagreb – 8 May 2008

T-Hrvatski Telekom

Q1 2008

T-Hrvatski Telekom (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HRTA CZ), Croatia's leading telecommunications provider, announces its unaudited results for the first quarter ended 31 March 2008.

Group Highlights:

- **Strong financial performance** in line with expectations, continued market leadership across all segments.
- **Consolidated Revenue**¹⁾ at HRK 2.0 billion (EUR 280 million²⁾), up 2.5% year-on-year
 - Growth in mobile, broadband internet and wholesale services more than offset the expected decline in fixed-telephony revenue
 - Market leadership maintained across all business segments
- **EBITDA** of HRK 927 million (EUR 128 million), down 5.5% following investment to upgrade fixed-line modems and terminals to meet increasing demand for broadband and IPTV as well as increased subscriber acquisition and retention costs, in both T-Mobile and T-Com
- **EBITDA** margin of 45.5%, consistently topping industry range
- **Net Profit** of HRK 548 million (EUR 75 million), down 3.8% (Q1 2007: HRK 570 million)
- **Net Cash flow from operating activities** increased by 27.9% to HRK 339 million (EUR 47 million) as a result of improvements in working capital (Q1 2007: HRK 265 million)
- **T-Mobile highlights:** Total revenue increased by 5.3% to HRK 935 million (EUR 129 million), with total subscriber numbers up 11.9% to 2,453,141. A 22.2% increase in postpaid subscribers to 720,167 drove an 8.3% rise in postpaid revenues, which more than made up for a decrease in call prices. Compared to end 2007 market share leadership improved in both subscriber numbers and revenues.
- **T-Com highlights:** Revenue remained stable at HRK 1,281 million (EUR 176 million), compared with HRK 1,286 million in the first quarter of 2007. Revenue from internet services increased by 33.9% to HRK 211 million (EUR 29 million), while wholesale revenues increased by 8.7% to HRK 275 million. ADSL Average Revenue per Access (ARPA) improved by 2.3% due to higher usage and commencement of payment by some customers for services marketed for free in 2007.

- **Dividend ratio payout of 100%** - The General Assembly of HT – Hrvatske telekomunikacije d.d., held on 21 April 2008, approved a dividend payment for 2007 of HRK 29.56 per share. The due date for the dividend payment is 19 May 2008.
- **Full year 2008 guidance maintained**

¹⁾ As of Q1 2008, revenue from VAS (Value-added services) presented on a net basis as detailed in Note ¹⁾ on page 12

²⁾ Based on an exchange rate of 7.27 EUR/HRK

Commenting on the Group's performance for Q1 2008, Ivica Mudrinić, President of the Management Board and CEO, said:

"T-Hrvatski Telekom has made an excellent start to 2008. Our strategy is designed to ensure that we continue to adapt to the increasingly competitive marketplace in Croatia and maintain our leading position. Our focus on new products and new business areas continues to pay off with excellent growth in the mobile, wholesale and internet areas more than compensating for the expected decline in the fixed line business. We maintain our expectations for full year performance."

A conference call for analyst and investors will be held at 2pm CET / 1 pm UK time today. The dial-in details are as follows:

Conference Call

International dial-in: +44 (0)1452 555 566
Conference ID 46489002

Replay (available for 5 working days)

International dial-in: +44 (0)1452 550 000
Access number: 46489002#

The presentation can be downloaded from the T-HT web site.

Contact details

T-Hrvatski Telekom

Investor Relations

Erika Kašpar + 385 1 4912 000
Elvis Knežević + 385 1 4911 114
Email: ir@t.ht.hr
Web: www.t.ht.hr

About T-Hrvatski Telekom

T-Hrvatski Telekom is the leading provider of telecommunication services in Croatia. Through its two business units, T-Com and T-Mobile, the Group provides fixed telephony, mobile telephony, wholesale, internet and data services. Iskon Internet d.d., one of the leading alternative telecommunication providers in Croatia, was acquired by and became a member of T-HT Group in 2006. The majority shareholder of T-HT is Deutsche Telekom AG with 51% of T-HT's shares. The Government of the Republic of Croatia holds 9.5% of T-HT's shares (7% of which are earmarked for former and present employees and were transferred to the custodian account with Raiffeisenbank Austria d.d., Zagreb), while the Croatian War Veteran's Fund holds 7% of shares. The remainder, 32.5% is held by institutional and retail investors. The Company completed the listing of its shares on the Zagreb Stock Exchange and global depositary receipts on the London Stock Exchange on 5 October 2007.

Summary of key financial indicators

in HRK million	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Revenue	2,039	1,990	2.5%
EBITDA	927	981	-5.5%
EBIT (Operating profit)	590	634	-7.0%
Net profit	548	570	-3.8%
EBITDA margin	45.5%	49.3%	-3.8 p.p.
EBIT margin	28.9%	31.9%	-2.9 p.p.
Net profit margin	26.9%	28.6%	-1.7 p.p.
Cash equivalents and time deposits	6,137	5,900	4.0%
Total assets	15,391	15,292	0.6%
Total issued capital and reserves	13,125	12,575	4.4%
Net cash flow from operations	339	265	27.9%

Exchange rate information

	Kuna per Euro		Kuna per U.S. dollar	
	Average	Period-end	Average	Period-end
Quarter ended 31 March 2007	7.36	7.38	5.56	5.54
Quarter ended 31 March 2008	7.27	7.26	4.69	4.59

Summary of key performance indicators

T-Mobile	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Subscribers	2,453,141	2,192,216	11.9%
Minutes of Use (MOU)	125.5	114.3	9.8%
Blended ARPU ¹⁾	115.4	123.2	-6.3%
Churn rate	1.24	1.05	0.2p.p.
Market share of subscribers (%)	47.5	48.2	-0.7p.p.
Market share by revenue (%) ¹⁾	52.7	53.6	-0.9p.p.
T-Com			
Total (POTS+FGSM+ISDN) mainlines	1,596,303	1,637,329	-2.5%
Total traffic (thousands of minutes)	1,009,194	1,122,957	-10.1%
Internet subscribers	500,180	435,171	14.9%
ADSL mainlines	377,340	251,386	50.1%
ADSL mainlines ARPA	127	124	2.3%
IPTV customers	56,355	15,976	252.7%
Total data lines	6,486	6,735	-3.7%
ULL	55,724	4,857	-

¹⁾ Revenue from VAS services is presented on net principle.

Business and Financial Review

Revenue

Total consolidated revenue increased by 2.5% to HRK 2,039 million in Q1 2008 from HRK 1,990 million in the same period of 2007. Revenue growth was primarily driven by growth in mobile telephony and internet services, and to a lesser degree, by wholesale services. Together, these three business services accounted for 62.2 % of the Group's total revenue in Q1 2008, compared with 57.2 % of the Group's total revenue in Q1 2007.

The growth in revenue from mobile telephony, internet and wholesale services more than offset the expected decline in fixed telephony revenue.

Operating expenses

Total operating expenses, before depreciation and amortisation, increased by 10.0% to HRK 1,180 million (Q1 2007: HRK 1,073 million).

Merchandise, material, services, energy and other expenses

- **Merchandise, material and energy expenses**

The total expenses of merchandise, materials and energy increased by 29.3% to HRK 240 million in 2008 (Q1 2007: HRK 185 million). This increase was mainly due to an increase in the cost of modems and terminal equipment for fixed-telephony services such as ADSL and IP TV, as well as the cost of mobile merchandise sold through direct and indirect channels. The increase in the costs of mobile merchandise is the result of higher subscriber acquisition and retention activities compared to last year. On a per SIM basis, T-Mobile's Subscriber Acquisition Costs (SAC) and Customer Retention Costs (CRC) were managed well, with SAC falling by 2.2%.

- **Services expenses**

Services expenses increased by 13.7% to HRK 313 million (Q1 2007: HRK 275 million), mostly because of higher domestic interconnection services (due to increase in mobile telephony revenue) and international telecommunication services as a result of higher transit traffic in 2008.

- **Other expenses**

Other expenses rose by 6.7% to HRK 334 million (Q1 2007: HRK 313 million) - an increase attributable mostly to T-Com's sponsorship campaign for Euro 2008. Additional costs were incurred by promotional campaigns, by rental costs related to the legalization of network, and by T-Mobile's provisions for loyalty programs.

Employee benefits expenses

Employee costs fell by 2.8% to HRK 279 million (Q1 2007: HRK 288 million) as a result of the reduction in employee numbers achieved by our headcount reduction programme. The Group now has 6,567 employees, compared with 7,229 in Q1 2007 – a reduction of 662.

Depreciation and amortisation

Depreciation and amortisation decreased by 2.9% to HRK 337 million (Q1 2007: HRK 347 million), primarily as a result of a lower depreciation charge for T-Mobile's IN platform – the majority of which was fully depreciated in 2007. Recent investment in broadband access and core infrastructure (fibre optic) led to an increase in depreciation in the T-Com segment.

Profitability

As a result of the increased operating expenses, EBITDA decreased by 5.5% to HRK 927 million – a margin of 45.5% - compared with HRK 981 million in Q1 2007 (49.3% margin).

Although operating profit decreased by 7.0% to HRK 590 million in 2008, net profits declined by just 3.8%, supported by improvements in financial income, income from investments in joint ventures, and taxation.

in HRK million	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Revenue	2,039	1,990	2.5%
EBITDA	927	981	-5.5%
EBIT (Operating profit)	590	634	-7.0%
Net profit	548	570	-3.8%
EBITDA margin	45.5%	49.3%	-3.8 p.p.
EBIT margin	28.9%	31.9%	-2.9 p.p.
Net profit margin	26.9%	28.6%	-1.7 p.p.

Consolidated Balance Sheet and Cash Flow statement

Total assets stood at HRK 15,391 million, changing little from the end of 2007 (HRK 15,292 million). Total issued capital and reserves increased by 4.4% to HRK 13,125 million.

Net cash flow from operating activities increased by 27.9% to HRK 339 million, as a result of improvements in working capital, especially trade receivables at T-Mobile.

Much of the increase in net cash flow from investing activities is attributable to a change in the maturity of time deposits.

Capital expenditure

Overall capital expenditure increased by 1.7% to HRK 176 million. T-Com's capital expenditure increased by 10.1% to HRK 134 million, mainly due to higher investment in copper and optical access networks. However, capital expenditure at T-Mobile has decreased by 18.4% to HRK 42 million, most of which was devoted to further development of 2G and 3G networks and platforms.

in HRK million	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
T-Com	134	122	10.1%
T-Mobile	42	51	-18.4%
Total Capital Expenditure	176	173	1.7%

Analysis of segment results

The Group's results are presented to reflect its composition of two distinct businesses.

The T-Mobile segment (T-Mobile Croatia d.o.o., a wholly owned subsidiary of the Company), provides mobile telephony services including wholesale, Internet and mobile data services.

The T-Com segment, which is not a separate legal entity, provides fixed telephony, wholesale services, Internet and data services. It encompasses HT-Hrvatske telekomunikacije d.d. (the Company) and Iskon Internet d.o.o. (Iskon), the Company's fully owned subsidiary. Iskon is the leading Croatian Internet/alternative telecommunication services provider and was acquired in May 2006.

Note: 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.

T-Mobile

T-Mobile

in HRK million	Jan-Mar 2008	%	Jan-Mar 2007	%	% change A08/A07
Revenue from Postpaid services ¹⁾²⁾³⁾	546	58.4%	504	56.8%	8.3%
Revenue from Prepaid services ²⁾³⁾	327	35.0%	336	37.9%	-2.7%
Other mobile revenue	62	6.6%	47	5.3%	30.9%
Revenue³⁾	935	100.0%	887	100.0%	5.3%
Other operating income	48		29		67.6%
Operating costs	604		546		10.7%
EBITDA	379	40.5%	370	41.7%	2.2%
Depreciation and amortization	119		138		-14.1%
EBIT	260	27.8%	232	26.2%	11.9%

¹⁾ Including visitors' revenue

²⁾ As of Q1 2008, interconnection revenue redistribution between Prepaid and Postpaid has been changed in accordance with "actual data" instead of "estimated data". Actual data shows that there is more termination revenue in favour of Postpaid than previously estimated. This change has an impact on Postpaid and Prepaid revenue split as well as Postpaid and Prepaid ARPU. Had the Revenue from Postpaid service been stated on the previously used "estimation method" it would be HRK 64.6 million lower in Q1 2007 and HRK 20.1 million lower in Q1 2008.

³⁾ Revenue from VAS services is presented on net principle.

T-Mobile is one of three mobile operators in Croatia and is the market leader in both subscriber numbers and revenue share.

T-Mobile's subscriber base increased by 11.9% to 2,453,141 in Q1 2008: both prepaid and postpaid subscribers contributing to growth as a result of new marketing initiatives. Postpaid share in the total subscriber base has increased by 2.0 percentage points, to 29%, as a result of new customer acquisitions, prepaid to postpaid migrations and low churn.

Market share of subscribers rose to 47.5% from 46.7% at the end of 2007. T-Mobile's revenue share was 52.7% in Q1 2008, compared with 52.2% (restated) at the end of 2007. The restatement of 2007 revenue share resulted from the restatement of VAS revenue on a net, rather than gross basis, as detailed in Note ¹⁾ on page 12.

T-Mobile's total revenue increased by 5.3% to HRK 935 million, mainly a result of an 8.3% increase in postpaid services revenue to HRK 546 million. This was driven by strong growth in the postpaid subscriber base. The increase in revenue from growth in the subscriber base and higher usage partly offset the expected decrease in call prices.

Average minutes of use per subscriber increased by 9.8% to 125.5 minutes; new tariffs and options enabled both prepaid and postpaid subscribers to talk for longer at more favourable prices.

As a result of a drop in prices and increased penetration, blended ARPU declined from HRK 123.2 to HRK 115.4 per month. This decrease in ARPU has been offset in part by a shift of subscribers from prepaid to postpaid (as the latter typically have a higher ARPU) and by an increase in mobile usage.

SAC per gross add fell by 2.2% to HRK 271, mainly as a result of lower commissions in postpaid segment.

Customer churn increased from 1.05% to 1.24%, mostly because of competition in the prepaid market. However, postpaid churn decreased from 0.74% to 0.64% as a result of targeted marketing and tailor-made postpaid offerings.

Other operating income is 67.6% higher compared with first quarter 2007 as result of the higher collected written off receivables from previous years and higher discounts received from suppliers for mobile merchandise.

EBITDA

EBITDA for mobile telephony increased by 2.2% to HRK 379 million, due to higher revenues from mobile services and other income. This increase has, however, been partially offset by higher operating expenses.

T-Com

in HRK million	Jan-Mar 2008	%	Jan-Mar 2007	%	% change 08/07
Fixed telephony	718	56.1%	797	62.0%	-9.9%
Wholesale services	275	21.4%	253	19.6%	8.7%
Internet services	211	16.5%	157	12.2%	33.9%
Data services	51	4.0%	51	4.0%	-0.6%
Miscellaneous	27	2.1%	27	2.1%	-1.0%
Revenue	1,281	100.0%	1,286	100.0%	-0.3%
Other operating income	43		49		-13.1%
Operating costs	776		724		7.1%
EBITDA	549	42.8%	610	47.5%	-10.1%
Depreciation and amortization	219		209		4.8%
EBIT	330	25.7%	402	31.3%	-17.9%

Total revenue from T-Com remained stable at 1,281 million (Q1 2007: HRK 1,286 million), impacted by the expected decline in fixed telephony revenue. However, this decline was offset by a 33.9% increase in revenue from internet services, particularly ADSL, and an 8.7% increase in wholesale services - in particular origination and termination revenue.

Fixed Telephony

Revenue from fixed telephony decreased by 9.9% to HRK 718 million. Apart from fixed-to-mobile substitution, the unbundling of local loops continues to be a factor in customer migration. However, the number of CPS has remained relatively stable. Combined with strong promotional activities, the factors above all contributed to a 6.8% decline in ARPA. In Q1 2008 T-Com maintained its revenue market share of 88% (sources: Group internal estimates).

Despite these factors, the total number of fixed mainlines remained relatively stable at 1,596,303 (Q1 2007: 1,637,329) as a result of T-Com's strong brand reputation, the attractiveness of add-on services like ADSL and IPTV, and increasing residential construction in Croatia.

Wholesale services

Wholesale revenue increased by 8.7% to HRK 275 million, primarily driven by continued market liberalisation, the introduction of new services and increased hubbing traffic. Continued deregulation in Croatia supports further growth of interconnection revenues.

Traffic services contributed a similar portion to wholesale revenue, year-on-year. Revenue from infrastructure services to national operators (ULL, co-location, DTK etc.) increased.

At the end of Q1 2008 55,724 lines were fully unbundled, the total number of active CPS customers stood at 233, 646 whilst total ported numbers reached 172,623.

Internet services

Revenue from Internet services increased by 33.9% to HRK 211 million as a result of the continuing shift from dial-up to broadband and the growth of new internet services. Iskon's contribution to revenues amounted to HRK 22 million (Q1 2007: HRK 16 million).

Strong ADSL revenue growth made up most of the HRK 54 million increase over Q1 2007.

The ADSL subscriber base reached 377,340, representing an increase of 50.1% from 251,386 Q1 2007. ARPA in ADSL increased by 2.3% mostly due to higher usage and strong T-Com promotions designed to increase broadband penetration in Q1 2007 (promotional acquisition period of free surfing). In order to maintain ADSL ARPA, T-Com is promoting migration towards higher-speed services that increase usage because they enable consumers to access richer multimedia content. As of 31 March 2008, internally estimated household broadband penetration in Croatia amounted to 23%.

T-Com had 56,355 MAXtv IPTV customers as at 31 March 2008 (Q1 2007: 15,976). MAXtv subscribers have more than 70 national and international TV channels as part of their basic package. Premium channels such as HBO are extra and the MAXtv Plus package extends the basic package with nine additional lifestyle channels. MAXtv subscribers also have access to an on-demand rental library of more than 1,200 national and international titles in addition to a number of films already included free of charge.

Data services

Revenue from data services decreased by 0.6% to HRK 51.2 million (Q1 2007: HRK 51.5 million). Central to T-Com's data strategy is the migration of data customers to new services such as Metro Ethernet and IP VPN, supported by promotional activity. Although T-Com faces competition in both markets, its network coverage and quality of service continue to differentiate its offerings.

Miscellaneous revenue

Miscellaneous revenue derives mostly from the sale of mobile merchandise bought at cost from T-Mobile and sold through T-Com sales channels. It declined by 1.0% to HRK 26.5 million (Q1 2007: HRK 26.8 million).

Other operating income

Other operating income decreased by 13.1% to HRK 43 million (Q1 2007: HRK 49 million) primarily due to a decrease in revenues from services provided to T-Mobile (such as fleet, treasury, human resources, warehouses, logistics, IT and real estate).

EBITDA

T-Com's EBITDA decreased by 10.1% to HRK 549 million (Q1 2007: HRK 610 million), as a result of lower revenues and higher operating expenses (before depreciation and amortization).

Group 2008 Outlook maintained:

Revenue

- Group revenue expected to remain stable at 2007 levels.
- Expected decline in fixed-line revenue will be offset by continuing strong growth of internet and mobile revenue. Wholesale revenue expected to remain stable.
- ADSL customer base expected to reach 450,000 customers by the end of 2008. Strong growth in our MAXtv customer base expected to continue.
- Growth in mobile subscribers and data services is expected to result in a moderate growth in mobile revenue this year. Mobile ARPU will decrease as a natural consequence of SIM growth outpacing revenue growth.

CAPEX

- The Group is focused on the development of an access network as a part of its strategy to migrate to a single IP platform. Therefore CAPEX is expected to represent a slightly higher percentage of revenue in 2008, compared with 2007.

EBITDA

- Competitive pressure, increasing subscriber acquisition and retention costs in both the fixed-line and mobile segments will continue to impact the Group's EBITDA margin, although our ongoing cost control programme will mitigate this to some degree. Headcount optimisation will continue, but not as extensively as in 2007.

Regional Expansion

- We intend to participate in the privatization process of HT Mostar, which is expected to start this year. The Group holds a 39.1% stake in HT Mostar and is represented on its management bodies. We will continue to monitor and evaluate all other expansion opportunities that we believe could increase shareholder value.

Financial Statements

Consolidated Income Statement

in HRK million (IFRS; Unaudited)	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Mobile telephony	868	817	6.2%
Fixed telephony	718	797	-9.9%
Wholesale services	191	165	15.7%
Internet services	210	157	33.7%
Data services	51	51	-0.6%
Miscellaneous	1	3	-53.2%
Revenue¹⁾	2,039	1,990	2.5%
Other operating income	69	64	7.1%
Operating expenses	1,180	1,073	10.0%
Merchandise, material, services, energy and other expenses	887	774	14.6%
Merchandise, material and energy expenses	240	185	29.3%
Services expenses	313	275	13.7%
Other expenses	334	313	6.7%
Employee benefits expenses	279	288	-2.8%
Work performed by the Group and capitalised	-22	-24	-6.2%
Write down of current assets	36	36	0.6%
EBITDA²⁾	927	981	-5.5%
Depreciation and amortization	337	347	-2.9%
Impairment of non-current assets	1	0	
EBIT³⁾	590	634	-7.0%
Net financial income	93	82	12.8%
Income from investment in joint ventures	6	0	
Profit before taxes	688	716	-3.9%
Taxation	140	147	-4.4%
Net profit	548	570	-3.8%

¹⁾ As of Q1 2008, revenue from VAS (Value-added services) is presented on a net basis and the figures for Q1 2007 have been adjusted accordingly. Had the VAS revenue been stated on the previous gross basis, Group revenue would be HRK 63 million higher in Q1 2008.

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 but after exceptional items.

Consolidated Balance Sheet

in HRK million (IFRS; Unaudited)	At 31 Mar 2008	At 31 Dec 2007	% change 08/07
Intangible assets	983	1,005	-2.1%
Property, plant and equipment	6,010	6,153	-2.3%
Goodwill	77	77	-0.5%
Investments	398	393	1.3%
Other long term assets	109	113	-3.8%
Total non-current assets	7,577	7,741	-2.1%
Inventories	246	230	6.9%
Trade and other receivables	1,250	1,266	-1.3%
Prepayments and accrued income	66	62	6.0%
Available-for-sale investments	115	93	24.1%
Cash equivalents and time deposits	6,137	5,900	4.0%
Total current assets	7,814	7,551	3.5%
TOTAL ASSETS	15,391	15,292	0.6%
Subscribed share capital	8,189	8,189	0.0%
Reserves	412	411	0.0%
Retained earnings	4,524	3,975	13.8%
Total issued capital and reserves	13,125	12,575	4.4%
Provisions	145	90	60.8%
Employee benefit obligations	205	201	2.0%
Deferred income and other non-current liabilities	19	163	-88.2%
Total non-current liabilities	369	454	-18.7%
Trade and other payables	1,055	1,513	-30.3%
Provisions for redundancy	160	231	-30.5%
Accruals, deferred income and short term borrowings	681	519	31.2%
Total current liabilities	1,896	2,263	-16.2%
Total liabilities	2,265	2,717	-16.6%
TOTAL EQUITY AND LIABILITIES	15,391	15,292	0.6%

Consolidated Cash Flow Statement

in HRK million (IFRS; Unaudited)	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Net profit	548	570	-3.8%
Depreciation and impairment loss of non-current assets	337	347	-2.7%
Income tax expense	140	147	-4.4%
Decrease/ (Increase) in inventories	-16	-28	-44.9%
(Increase) / Decrease in receivables and payables	105	-29	-458.6%
Decrease in provisions	-93	-85	9.3%
Other transaction with impact on operating activities	-542	-520	4.2%
Taxes paid	-141	-135	4.4%
Net cash flows from operating activities	339	265	27.9%
Net Purchase/Proceeds of non-current assets	-175	-165	5.8%
Net Purchase/Proceeds of financial assets	814	437	86.4%
Interest received	94	49	90.6%
Dividend received	0	0	
Net cash flows from / (used in) investing activities	733	321	128.6%
Repayment of long-term borrowings and lease liability	-3	-1	117.8%
Dividends paid	0	0	
Net cash flows used in financing activities	-3	-1	117.8%
Net decrease in cash and cash equivalents	1,070	585	83.0%
Effect of F/X rate changes on cash and cash equivalents	-3	-3	5.7%
Cash and cash equivalents at 1 January	3,366	1,248	169.7%
Net cash (outflow) / inflow	1,067	582	83.4%
Cash and cash equivalents at 31 March	4,432	1,830	142.3%

Selected operational data ¹⁾

T-MOBILE SEGMENT

Key operational data	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Subscribers			
No. of prepaid subscribers	1,732,974	1,602,823	8.1%
No. of postpaid subscribers	720,167	589,393	22.2%
Total T-Mobile subscribers	2,453,141	2,192,216	11.9%
% of postpaid subscribers	29	27	2.0 p.p.
Minutes of use (MOU)			
MOU per average subscriber	125.5	114.3	9.8%
Average revenue per user (ARPU) (HRK)			
Blended ARPU (monthly average for the period in HRK) ⁽²⁾	115.4	123.2	-6.3%
Blended non-voice ARPU (monthly average for the period in HRK)	24.8	23.8	4.2%
SAC per gross add	271	277	-2.2%
Churn rate (%)			
Churn rate total	1.24	1.05	0.2 p.p.
Churn rate postpaid	0.64	0.74	-0.1 p.p.
Churn rate prepaid	1.48	1.16	0.3 p.p.
Penetration	116.3	102.5	13.8 p.p.
Market share of subscribers (%)	47.5	48.2	-0.7 p.p.
Market share by revenue (%) ⁽²⁾⁽³⁾	52.7	53.6	-0.9 p.p.

T-COM SEGMENT

Key operational data	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Fixed telephony			
Total POTS and FGSM mainlines	1,485,154	1,514,847	-2.0%
Total ISDN mainlines	111,149	122,482	-9.3%
Total (POTS+FGSM+ISDN)	1,596,303	1,637,329	-2.5%
Payphones	9,708	12,322	-21.2%
Total mainlines (POTS+FGSM+ ISDN+Payphones)	1,606,011	1,649,651	-2.6%
Total Traffic (thousands of minutes)	1,009,194	1,122,957	-10.1%
To national fixed network	855,458	943,172	-9.3%
To national mobile network	90,448	109,149	-17.1%
To VAS	17,177	18,109	-5.1%
To international networks	34,071	37,039	-8.0%
Remaining traffic ⁽⁴⁾	12,041	15,488	-22.3%
Average monthly voice revenue per voice access (ARPA) (HRK)	151	162	-6.8%

Key operational data	Jan-Mar 2008	Jan-Mar 2007	% change 08/07
Internet services			
Internet access customers			
Number of Internet subscribers	500,180	435,171	14.9%
Active dial-up users (%)	24.6	42.2	-17.7 p.p.
ADSL lines (%)	75.4	57.8	17.7 p.p.
Dial-up users	752,639	738,334	1.9%
Active dial - up users	122,840	183,785	-33.2%
ADSL mainlines	377,340	251,386	50.1%
IPTV customers	56,355	15,976	252.7%
Fixed-line customers	952	784	21.4%
VPN connection points	1,602	1,010	58.6%
Internet revenue			
Active dial-up users revenue (,000)	23,488	35,541	-33.9%
ADSL mainlines revenue (,000)	135,640	84,260	61.0%
Active dial-up users ARPU (monthly average for the period in HRK)	60	62	-4.2%
ADSL mainlines ARPA (monthly average for the period in HRK)	127	124	2.3%
Data services			
Number of lines (except where stated otherwise)			
X25 (connection points)	273	355	-23.1%
Managed leased lines	276	366	-24.6%
Unmanaged leased lines	2,347	2,767	-15.2%
Frame Relay	2,452	3,046	-19.5%
ATM	17	27	-37.0%
Metro Ethernet (connection points)	1,121	174	544.3%
Total	6,486	6,735	-3.7%
Wholesale services			
Customers			
CPS	233,646	231,270	1.0%
NP (users/number)	172,623	82,856	108.3%
ULL	55,724	4,857	-
Wholesale revenue (HRK millions)	275	253	8.7%

⁽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⁾ Revenue from VAS services is presented on net principle.

⁽³⁾ Market share by Total revenues without national roaming.

Source: Telekom Austria Annual report for 2007. Tele2 Quarterly report for Q1'08. VIPnet's Total revenue for Q1'08 internally estimated. VIPnet's National roaming revenue internally estimated. Tele2 Total revenue internally estimated. Market shares are based on unconsolidated revenue for T-Mobile (i.e. non net of T-Com revenue).

⁽⁴⁾ Includes payphone traffic, operator assisted services, additional services (such as CLIP, CLIR, CFR, conference call, inquiries services and fixed SMS) and calls to satellite.

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.

References to “*T-Mobile*” are to the Company’s wholly-owned subsidiary, T-Mobile Croatia d.o.o., which also functions as the Group’s mobile operations business unit.

References to “*T-Com*” are to the Group’s other business unit which is responsible for the fixed network, wholesale, broadband, data and on-line services.

References to “*Iskon*” are to the Company’s wholly-owned subsidiary, Iskon Internet d.d, which forms part of the T-Com business unit.

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