

Zagreb – 30 April 2010

T-Hrvatski Telekom

Results for the three months to 31 March 2010

Results reflect economic pressures and impact of special taxes; new corporate structure in place; further expansion into Information Technology with acquisition of Combis

T-Hrvatski Telekom (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ), Croatia's leading telecommunications provider, announces unaudited results for the three months to 31 March 2010.

Group Highlights

- T-HT maintained leading market position in all business segments
- Revenue down 6% to HRK 1,943 million (EUR 267 million) as competition intensifies and recession and special taxes impact mobile business
- EBITDA down 13.8% to HRK 819 million (EUR 113 million)
- Net profit decreased by 34.2% to HRK 384 million (EUR 53 million) reflecting significantly lower financial income
- Operating cash flow improved to HRK 542 million (EUR 74 million)
- New Residential and Business divisional structure implemented
- Acquisition of Combis expected to be completed in the second quarter of 2010, subject to regulatory approval; significantly expands information technology offering
- General Assembly approved dividend of HRK 34.05 per share

T-Mobile

- o Subscribers up 0.6% to nearly 2.8 million
- o Post paid subscribers up 11.9% to 943,714; contribute 58.9% of T-Mobile revenue
- o Revenue down 12.9% to HRK 863 million (EUR 119 million), hit by recession and special taxes

T-Com

- o Internet growth continues; revenue up 20.6% to HRK 328 million (EUR 45 million), ADSL mainlines up 16.3% to 573,319
- o IPTV subscribers up 66.1% to 250,805

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

"The first quarter of 2010 has been challenging and it is clear that the recession and new Government taxes are having an impact on our business, especially in mobile. However, the merger of T-Mobile has been completed successfully and the Group is positioned well for when the economy recovers.

With the acquisition of the IT services company Combis, we are diversifying the business and, subject to regulatory approval, intend to offer a highly competitive package of IT and communications services right across Croatia's business sectors."

"The recession has affected Croatia severely and we are keen to contribute to the recovery by resuming the substantial investment we had planned for fiber-optic access networks that will benefit the entire

economy. We are optimistic that the regulatory issues that led to the suspension of this modernisation program will be resolved in a way that allows T-HT to make a fair return on significant investments that no other operator is in a position to make.

“Furthermore, in the face of such a deep and prolonged recession, we remain hopeful that the authorities will recognise the potential damage that the mandatory registration of pre-paid customers could inflict on our already-fragile economy.”

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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	70522342

Replay available until Thursday, 6 May 2010

International dial-in	+44 (0) 1452 550 000
UK free call dial in	0800 953 1533
Access number	70522342#

A presentation covering results for the first three months of 2010 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 2.8 million mobile subscribers and more than 570,000 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 depositary 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-Mar 2010	Jan-Mar 2009	% change 10/09
Revenue ¹⁾	1,943	2,068	-6.0%
EBITDA	819	950	-13.8%
EBIT (Operating profit)	485	605	-19.7%
Net profit after minority interest	384	583	-34.2%
EBITDA margin	42.2%	45.9%	-3.8 p.p.
EBIT margin	25.0%	29.2%	-4.3 p.p.
Net profit margin	19.7%	28.2%	-8.4 p.p.
in HRK million	At 31 Mar 2010	At 31 Mar 2009	% change 10/09
Cash equivalents and time deposits	4,762	4,195	13.5%
Total assets	14,627	14,472	1.1%
Total issued capital and reserves	12,398	12,012	3.2%
in HRK million	Jan-Mar 2010	Jan-Mar 2009	% change 10/09
Net cash flow from operating activities	542	277	95.6%

1) Excluding other operating income

Exchange rate information

	Kuna per Euro		Kuna per U.S. dollar	
	Average	Period end	Average	Period end
Three months to 31 March 2009	7.41	7.46	5.68	5.66
Three months to 31 March 2010	7.28	7.26	5.26	5.39

Summary of key performance indicators

T-Mobile	Jan-Mar 2010	Jan-Mar 2009	% change 10/09
Subscribers	2,797,773	2,780,836	0.6%
Minutes of Use (MOU) per average subscriber	103.8	104.6	-0.7%
Blended ARPU	87.1	102.1	-14.7%
Churn rate (%)	2.4	1.5	0.9 p.p.
Market share of subscribers (%)	46.1	46.0	0.1 p.p.
Market share by revenue (%)	47.8	50.3	-2.5 p.p.
T-Com	Jan-Mar 2010	Jan-Mar 2009	% change 10/09
Total (POTS+FGSM+ISDN) mainlines	1,462,269	1,530,589	-4.5%
Total traffic (thousands of minutes)	843,816	933,925	-9.6%
ADSL mainlines	573,319	492,989	16.3%
ADSL mainlines ARPA	130	123	5.4%
IPTV customers	250,805	150,953	66.1%
ULL (Unbundled Local Loop)	130,576	102,139	27.8%

First quarter results for the three months to 31 March 2010

Business & financial review

Introduction

T-Hrvatski Telekom is Croatia's largest telecommunications provider with revenues of HRK 8.5bn in 2009.

The Group is the market leader in all segments in which it operates, providing a full range of residential and business service including broadband, IPTV and more recently, Information and Communications Technology products and services.

As at 31 March 2010, T-HT served nearly 1.5m fixed lines, 573,000 broadband subscribers and nearly 2.8m mobile accounts.

New corporate structure

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. However, for the duration of 2010, T-HT will continue to provide segmental information based upon the previous structures of T-Com and T-Mobile. Starting with Q1 2011, T-HT will report segmental performance along the new lines, providing prior-year comparisons for the 2010 financial performance of the Residential and Business units.

Economic background

According to the Croatian Ministry of Finance, GDP fell by 5.8% in 2009. The largest component of GDP, household consumption expenditure, fell by 8.5%. Unemployment stood at 18.3% in February 2010, up from 16.7% at the end of 2009. Inflation, however, remains stable.

Special taxes remain a challenge

In August 2009, as a response to the recession, the Government introduced special emergency taxes that continue to impact the Group's business. These include a 6% fee on mobile communication services and an increased in Value Added Tax from 22% to 23%.

Regulatory environment

Following the latest revision of the Reference Interconnection Offer (RIO), new and lower prices for origination and termination traffic became valid from January 1st, 2010, following a decision of the Croatian Agency for Post and Electronic Communications ("Agency") based upon market analyses performed in 2009.

On the infrastructure market, the Agency imposed two decisions having an impact on T-Com. First, in February 2010, the Agency passed a decision in which prices for the lease of DTI were significantly reduced. Second, in March 2010, the Agency passed a decision regarding wholesale broadband access (bitstream) and set wholesale prices to the level of 40% below retail prices. Also, according to the Agency's decision passed in the analysis of wholesale broadband access market, T-Com is obliged to

have a reference offer for the wholesale *bitstream* access over fibre optics access network as well. T-Com's proposal of prices for this offer is currently under consideration by the Agency.

Additionally, in February and March 2010 the Agency initiated a new round of market analyses for the following leased lines /public voice markets:

Leased-line markets:

1. Wholesale terminating segments of leased lines, irrespective of the technology used to provide leased or dedicated capacity
2. Wholesale trunk segments of leased lines
3. Market for the minimum set of leased lines

Access to the fixed network and public voice markets:

1. Access to the public communications network at a fixed location for residential and non-residential customers
2. Publicly available local and/or national telephone services provided at a fixed location for residential customers
3. Publicly available international telephone services provided at a fixed location for residential customers
4. Publicly available local and/or national telephone services provided at a fixed location for non-residential customers
5. Publicly available international telephone services provided at a fixed location for non-residential customers

Finalization of the Agency's analyses and accompanying public consultations is expected in the summer of 2010. Following these market analyses, current remedies will cease to apply and it is expected that new remedies will be imposed with the Agency's decisions by the end of 2010.

The Operational-technical Centre for Surveillance of Electronic Communications adopted a Temporary protocol governing the issue of registration of pre-paid customers in mobile networks.

Acquisition of Combis adds Information Technology skills to serve the business market

On 26 March 2010, T-HT signed a Share Sale and Transfer Agreement to acquire the entire share capital of Combis, usluge integracija informatičkih tehnologija, d.o.o. ("Combis"). The purchase price is between EUR 25.5 million (around HRK 185.3 million) and EUR 31.5 million (around HRK 228.9 million) depending on achievement of business targets for 2010 and 2011. The acquisition remains subject to regulatory approval and it is expected to be completed in the second quarter of 2010.

Combis is a leading IT systems integrator in Croatia's fragmented IT market. The acquisition is part of T-HT's strategy to become a significant provider of information and communications technology and services. The acquisition of Combis will contribute to the expansion of T-HT's portfolio of products and services for its business customers, given Combis' experience in the design, implementation and maintenance of complex business solutions.

With 280 employees in nine locations across Croatia and three locations in Bosnia and Herzegovina, Combis serves a client base that includes financial institutions, telecom providers, government bodies and the industrial sector. Its expertise encompasses: IT technology and infrastructure consulting, vertical

industry solutions and applications, ICT systems integration and ICT infrastructure service and maintenance.

Group financial performance

Revenue

in HRK million	Jan-Mar 2010	Jan-Mar 2009	% change 10/09
Mobile telephony	827	927	-10.7%
Fixed telephony	587	649	-9.6%
Wholesale services	160	172	-7.1%
Internet services	328	272	20.8%
Data services	41	48	-15.2%
Miscellaneous	1	1	-30.5%
Revenue	1,943	2,068	-6.0%

The Group's performance continues to be affected by the recession and special taxation measures designed to improve Government finances. Group revenues fell by 6.0%, to HRK 1,943 million (Q1 2009: HRK 2,068 million).

As consumers tightened personal spending, mobile revenues contributed the largest decline, falling HRK 100 million, of which approximately HRK 36 million can be attributed to the special tax on mobile services. Excluding the impact of this tax, Group revenues would have fallen by 4.3%.

As expected, the decline in fixed-telephony revenues continued at a steady pace of slightly less than 10%, while internet revenues continued to grow strongly, up nearly 21% to HRK 328 million (Q1 2009: HRK 272 million).

Operating costs

T-HT remains committed to tight control of spending, with all major cost lines (before depreciation and amortisation) falling over the period to a total operating expense of HRK 1,167 million, some 2.7% less than Q1 2009.

Material and other expenses

Material expenses, which make up nearly 46% of total operating expenses, fell by 3.8% to HRK 533 million as a result of lower interconnection costs.

Employee benefit expenses

Employee costs fell by 1.4% to HRK 284 million, reflecting a 4.4% decrease in headcount (full-time equivalents) to 5,982 as at 31 March 2010.

Write down of assets

The recession continues to put pressure on customer payments, with the write-down of receivables increasing 37% to HRK 32 million, although this figure is in line with more recent quarters.

Depreciation and amortisation

Depreciation and amortisation fell by 3.3% to HRK 334 million as a result of reduced capital expenditure.

T-HT Group profitability

in HRK million	Jan-Mar 2010	Jan-Mar 2009	% change 10/09
Revenue ¹⁾	1,943	2,068	-6.0%
EBITDA	819	950	-13.8%
EBIT (Operating profit)	485	605	-19.7%
Net profit after minority interest	384	583	-34.2%
EBITDA margin	42.2%	45.9%	-3.8 p.p.
EBIT margin	25.0%	29.2%	-4.3 p.p.
Net profit margin	19.7%	28.2%	-8.4 p.p.

1) Excluding other operating income

Profitability fell as a result of the decline in revenue, with EBITDA down 13.8% to HRK 819 million (Q1 2009: HRK 950 million), at a margin of 42% (Q1 2009: HRK 950 million, 46% margin).

As a consequence, group operating profit (EBIT) fell by 19.7% to HRK 485 million, despite lower depreciation and amortisation charges.

Financial income fell 75% to HRK 33 million because of sharply decreased interest rates on the money market while financial expenses were up from HRK 5 million in Q1 2009 to HRK 32 million in Q1 2010, mainly consisting of exchange rate losses. As a result, net profit fell 34.2% to HRK 384 million (Q1 2009: HRK 583 million), despite a fall in taxation from HRK 149 million in Q1 2009 to HRK 102 million this year.

Balance sheet

T-HT maintains a strong balance sheet, with total assets rising 1.1% to HRK 14,627 million. Cash and cash equivalents were up 13.5% to HRK 4,762 million, compared with the cash position at the end of December 2009 (FY 2009: HRK 4,195 million).

Cash flow

Despite the fall in profits, net cash flow from operations improved significantly in Q1 2010 to HRK 542 million, 95.6% up on Q1 2009 (HRK 277 million) mainly due to certain improvements in working capital and last year's one-off negative impact of a change in billing methods for monthly subscriptions.

Capital expenditure

in HRK million	Jan-Mar 2010	Jan-Mar 2009	% change 10/09
T-Com	60	181	-66.9%
T-Mobile	31	38	-19.2%
Total Capital Expenditure	91	219	-58.7%

Capital expenditure was reduced to HRK 91.0 million in the first quarter of 2010 (Q1 2009: HRK219 million), as the Group suspended some planned investments in optical access infrastructure in response to certain regulatory decisions considered detrimental to the Group. Once a more supportive regime for investments can be assured by the Regulator, T-HT will resume these important investment projects, catching up if possible with its original timetable and planned level of expenditure.

Analysis of segment results

As previously stated, the Group will present its 2010 financial results to reflect its previous structure comprising two distinct businesses segments:

- T-Mobile, which provided mobile telephony services including wholesale, Internet and mobile data services.
- T-Com, which 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.

Since 1 January 2010, T-HT Group has been organised along Residential and Business lines with separate divisions for each. However, the Group will present financial results for the new business segments in 2011, with comparative figures for 2010 performance.

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 highlights

T-Mobile maintained its leadership of a mobile telephony market with mobile SIM penetration now estimated at around 137%. Total Croatian minutes increased by 6% in 2009 and demand for mobile internet continues to grow strongly.

- Revenue and ARPU hit by special taxes, recession and decreased termination rate
- Revenue down 12.9% to HRK 863 million
- Blended ARPU down 14.7% to HRK 87.1
- Subscribers up 0.6% to nearly 2.8 million
- Postpaid subscribers up 11.9% to 943,714; now 33.7% of total subscribers

T-Mobile continued to increase its subscribers in a year-on year basis, with nearly 2.8 million subscribers, representing a market share of 46.1% by subscribers (Q1 2009: 46.0%). However, the total subscriber

number of 2,797,773 represents a slight net churn from the 2,858,858 at the end of 2009, as a result of recession and increased competition especially in lower end of pre-paid customers.

In response, T-HT has launched new packages aimed at retaining and increasing the customer base, including a new loyalty program, Simpa + Club, and new Flex Obitelj tariffs, which offer a mixture of voice and data for those buying handsets and mobile internet devices such as netbooks.

T-Mobile's postpaid subscriber base continues to grow, driven by attractive pricing packages, and now stands at 943,714, or 33.7% of total subscribers, up from 30.3% in Q1 2009.

Blended ARPU fell by 14.7% to HRK 87.1, compared with HRK 102.1 in Q1 2009.

MOU remained stable at 103.8 minutes per subscriber (Q1 2009: 104.6 minutes), supported by marketing initiatives offering more minutes for the same cost.

T-Mobile continues to reduce its subscriber acquisition costs, with SAC per gross add of HRK 205.9, which is 7.4% lower than the HRK 222.3 reported in Q1 2009.

Given the increased competition and some users giving up mobile use altogether, it is not surprising that churn has increased in both postpaid (up 0.3p.p to 1.0%) and prepaid accounts (up 1.2p.p. to 3.1%). T-Mobile is strongly committed to reducing churn rates with a combination of increased loyalty programs and competitive pricing.

T-Mobile

in HRK million	Jan-Mar 2010	%	Jan-Mar 2009	%	% change 10/09
Revenue from Postpaid services ¹⁾	508	58.9%	567	57.2%	-10.3%
Revenue from Prepaid services	260	30.1%	306	30.9%	-14.9%
Other mobile revenue ¹⁾	94	10.9%	118	11.9%	-19.9%
Revenue ²⁾	863	100.0%	990	100.0%	-12.9%
Other operating income	13		21		-36.8%
Operating expenses	534		586		-8.8%
EBITDA	342	39.6%	425	42.9%	-19.6%
Depreciation and amortization	109		119		-8.3%
EBIT	232	26.9%	306	30.9%	-24.0%

¹⁾ Including visitor revenue.

²⁾ 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.

Revenue

Revenues continue to be affected by intensified competitive pressure, the recession and the special government measures adopted in response; in addition, termination rates have also fallen by 16.7% as of 1 Jan 2010, contributing the decline in revenues. The combination of these factors resulted in a 12.9% fall in revenues this year. The impact of the 6% fee in the first quarter of 2010 was around HRK 36 million (Q1 2009: nil).

Revenues from postpaid subscribers fell by 10.3% to HRK 508 million (Q1 2009: HRK 567 million), representing 58.9% of T-Mobile revenues. As expected, prepaid revenues fell slightly more, by 14.9%, to HRK 260 million, or 30.1% of T-Mobile revenues. Other mobile revenue fell by 19.9% to HRK 94 million, mostly as a result of lower handset revenues.

Profitability

T - Mobile continued to drive down its operating costs, which at HRK 534 million were 8.8% below Q1 2009 (HRK 586 million). Material costs fell 6.9% to HRK 332 million (Q1 2009: 356 million), following the merger of T-Com and T-Mobile, a consequence of which was that, these intercompany's cost no longer exists. Employee costs were unchanged at HRK 55 million, while other expenses fell 19.4% as a result of lower advertising costs, rental costs and sales commissions.

Despite the reduction in costs, EBITDA fell by 19.6% to HRK 342 million, a margin of 39.6% (Q1 2009: HRK 425 million, 42.9%), as a result of lower revenues.

Depreciation fell 8.3% to HRK 109 million (Q1 2009: HRK 119 million), leaving EBIT 24.0% down at HRK 232 million (Q1 2009: HRK 306 million).

Capital expenditure

T-Mobile capex fell 19.2% to HRK 31 million, which represents a capex/revenue ratio of 3.5%, down 0.3 p.p. on Q1 2009.

T-Com highlights

T-Com continues to lead all segments of the fixed-line market, despite increasing competition, although fixed telephony continues to decline at broadly stable rates.

- 1.47 million mainlines served
- Internet revenue up 20.6%
- ADSL mainlines up 16.3% to nearly 573,319
- IPTV customers up 66.1% to 250,805

T-Com

in HRK million	Jan-Mar 2010	%	Jan-Mar 2009	%	% change 10/09
Fixed telephony	588	49.9%	649	51.6%	-9.4%
Wholesale services	221	18.8%	259	20.6%	-14.6%
Internet services	328	27.8%	272	21.7%	20.6%
Data services	41	3.4%	48	3.8%	-15.2%
Miscellaneous	1	0.1%	28	2.2%	-96.8%
Revenue ¹⁾	1,179	100.0%	1,257	100.0%	-6.2%
Income from usage of own products, merchandise and services	8		17		-52.7%
Other operating income	37		57		-34.1%
Operating expenses	747		806		-7.3%
EBITDA	478	40.5%	525	41.8%	-9.0%
Depreciation and amortization	225		226		-0.7%
EBIT	253	21.4%	299	23.8%	-15.3%

¹⁾ Unconsolidated figures; excluding other income

Revenue

As with previous quarters, the expected decline in revenue from fixed-line telephony was to some degree mitigated by continuing strong growth in internet revenues which contributed 27.8% of T-Com revenues in Q1 2010, compared with 21.7% last year.

Fixed-line telephony

Total mainlines were 4.5% lower at 1.47 million, compared with 1.54 million in Q1 2009. Fixed-telephony revenue was 9.4 % lower at HRK 588 million, representing 49.9% of T-Com revenue, compared with 51.6% last year (Q1 2009: HRK 649 million).

The average monthly voice revenue per access (ARPA) fell 4.5% to HRK 132, compared with HRK 138 in Q1 2009.

Internet services

Internet services continued to grow strongly, up 20.6% to HRK 328 million (Q1 2009: 272 million), of which Iskon contributed HRK 38 million (Q1 2009: HRK 28 million). ADSL mainlines ARPA rose 5.4% to

HRK 130 (Q1 2009: HRK 123), mostly because of the expiration of promotional periods and higher flat traffic subscriptions.

MAXtv, the Group's internet TV service, (together with Iskon's IPTV), reaches nearly 251,000 subscribers, an increase of 66.1% on Q1 2009 and up from 236,000 at the end of 2009. This is the result of continuing promotional activities such as IPTV push, and the offer of premium content and high-quality, innovative services.

Wholesale

Wholesale business represents 18.8% of total T-Com revenue. Wholesale revenue decreased by 14.6% to HRK 221 million (Q1 2009: HRK 259 million) as a result of decreased prices, decreased international traffic to mobile operators and national hubbing services. DTI leasing prices were reduced by 40% in February 2010 on the instructions of the Regulator.

The growth in ULL activations continued, with 130,576 fully unbundled loops, up 27.8% on Q1 2009.

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 15.2% to HRK 41 million (Q1 2009: HRK 48 million).

Profitability

EBITDA fell 9.0% to HRK 478 million (Q1 2009: 525 million) as a result of lower revenues, partially offset by operating costs that were 7.3% lower. As a result, EBIT fell by 15.3% to HRK 253 million.

Capital expenditure

Capital expenditure decreased by 66.9% to HRK 60 million (Q1 2009: HRK 181 million) mostly as a result of already-mentioned suspension of some planned investments in optical access infrastructure.

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 moderate decline in revenue 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

T-HT Group Financial statements

Consolidated Income Statement

in HRK million (IFRS; unaudited)	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Mobile telephony	827	927	-10.7%
Fixed telephony	587	649	-9.6%
Wholesale services	160	172	-7.1%
Internet services	328	272	20.8%
Data services	41	48	-15.2%
Miscellaneous	1	1	-30.5%
Revenue	1,943	2,068	-6.0%
Income from usage of own products, merchandise and services	7	17	-57.1%
Other operating income	36	64	-43.6%
Total operating revenue	1,987	2,149	-7.6%
Operating expenses	1,167	1,199	-2.7%
Material expenses	533	554	-3.8%
Employee benefit expenses	284	288	-1.4%
Other expenses	319	334	-4.7%
Write down of asset	32	23	36.6%
EBITDA	819	950	-13.8%
Depreciation and amortization	334	346	-3.3%
EBIT	485	605	-19.7%
Financial income	33	130	-74.8%
Loss from investment in joint ventures	1	2	-121.8%
Financial expenses	31	5	483.5%
Profit before taxes	486	732	-33.6%
Taxation	102	149	-31.2%
Net profit	384	583	-34.2%
Minority interest	0	0	31.4%
Net profit after minority interest	384	583	-34.2%

Consolidated Balance Sheet

in HRK million (IFRS; unaudited)	At 31 Mar 2010	At 31 Dec 2009	% of change 10/09
Intangible assets	1,052	1,099	-4.2%
Property, plant and equipment	6,306	6,507	-3.1%
Non-current financial assets	417	490	-14.9%
Receivables	32	33	-0.4%
Deferred tax asset	41	46	-10.5%
Total non-current assets	7,849	8,175	-4.0%
Inventories	275	255	7.8%
Receivables	1,428	1,505	-5.1%
Current financial assets	237	259	-8.7%
Cash and cash equivalents	4,762	4,195	13.5%
Prepayments and accrued income	77	84	-8.7%
Total current assets	6,778	6,297	7.6%
TOTAL ASSETS	14,627	14,472	1.1%
Subscribed share capital	8,189	8,189	0.0%
Reserves	409	409	0.0%
Revaluation reserves	-1	-4	-60.3%
Retained earnings	3,416	1,393	145.3%
Net profit for the period	384	2,023	-81.0%
Minority interest	1	1	7.4%
Total issued capital and reserves	12,398	12,012	3.2%
Provisions	431	428	0.6%
Non-current liabilities	120	128	-6.6%
Total non-current liabilities	550	556	-1.0%
Current liabilities	1,557	1,643	-5.3%
Accrued expenses and deferred income	122	261	-53.3%
Total current liabilities	1,678	1,904	-11.8%
Total liabilities	2,229	2,460	-9.4%
TOTAL EQUITY AND LIABILITIES	14,627	14,472	1.1%

Consolidated Cash Flow Statement

in HRK million (IFRS; unaudited)	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Profit before tax	486	732	-33.6%
Depreciation and amortization	334	346	-3.3%
Decrease of current receivables	122	0	-
Decrease of inventories	0	0	-
Other cash flow increases	25	0	-
Total increase of cash flow from operating activities	966	1,077	-10.3%
Decrease of current liabilities	-290	-427	-32.1%
Increase of current receivables	0	-98	-100.0%
Increase of inventories	-20	-61	-67.5%
Other cash flow decreases	-116	-214	-46.0%
Total decrease of cash flow from operating activities	-425	-800	-46.8%
Net cash inflow/outflow from operating activities	542	277	95.6%
Proceeds from sale of non-current assets	5	5	2.2%
Proceeds from sale of non-current financial assets	0	0	-68.0%
Proceeds from sale of current financial assets	0	0	-
Interest received	18	124	-85.8%
Dividend received	0	0	-
Other cash inflows from investing activities	95	0	-
Total increase of cash flow from investing activities	117	129	-8.9%
Purchase of non-current asset	-91	-257	-64.8%
Purchase of non-current financial asset	0	-127	-
Other cash outflows from investing activities	0	-556	-
Total decrease of cash flow from investing activities	-91	-940	-90.4%
Net cash inflow/outflow from investing activities	27	-812	-103.3%
Total increase of cash flow from financing activities	0	0	-
Repayment of loans and bonds	0	0	-
Dividends paid	0	-1,051	-100.0%
Repayment of finance lease	-1	-1	-27.8%
Other cash outflows from financing activities	0	0	-
Total decrease of cash flow from financing activities	-1	-1,053	-99.9%
Net cash inflow/outflow from financing activities	-1	-1,053	-99.9%
Total increase of cash flow	542	277	95.6%
Total decrease of cash flow	26	-1,865	-101.4%
Cash and cash equivalents at the beginning of period	4,195	5,223	-19.7%
Net cash (outflow) / inflow	567	-1,588	-135.8%
Cash and cash equivalents at the end of period	4,762	3,635	31.0%

Statement of changes in Equity

Position	in HRK million			
	31 December 2009	Increase	Decrease	31 March 2010
1. Subscribed share capital	8,189			8,189
2. Net income reserves	409			409
3. Retained earnings or loss carried forward	1,393	2,023		3,416
4. Net profit (loss) for the period	2,024	386	-2,025	384
5. Revaluation of available for sale financial assets	-4	2		-1
6. Other changes in equity	1	0	0	1
7. Total increase or decrease of equity	12,012	2,411	-2,025	12,398
7a. Attributable to majority owners	12,011	2,411	-2,025	12,397
7b. Attributable to minority interest	1	0		1

Notes to the condensed consolidated financial statements For the three months ended 31 March 2010

Basis of preparation

The condensed consolidated financial statements of 31 March 2010 and for the three months then ended, have been prepared using accounting policies consistent with International Financial Reporting Standards.

Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost convention, except for investments available-for-sale stated at fair value.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of T-HT's consolidated financial statements for the year ended 31 December 2009.

Dividends

In April 2010, the General Assembly of HT-Hrvatske telekomunikacije d.d. declared a dividend payment to the shareholders in the amount of HRK 2,788 million (HRK 34,05 per share).

Segment information

On 29 October 2009 a Merger Agreement was signed by HT d.d. and T-Mobile and upon the decision of the Assembly of the transferor company by which the merger was approved, and the merger was entered into the court register of the Commercial Court in Zagreb on 31 December 2009.

By entry of the merger into the court register, the transferee company, HT d.d. became the universal legal successor of the transferor company and thereby entered into all legal relationships of the transferor company, whereby T-Mobile ceased to exist with the expiry of 31 December 2009 as the day of the entry in the court register of the merger i.e. did not exist on 1 January 2010.

The primary segment reporting format is determined to be business segments as the T-HT's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

T-Com segment provides fixed telephony, wholesale services, internet services and data services.

T-Mobile provides mobile telephony.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transactions between business segments. Those transactions are eliminated in consolidation.

T-HT's geographical segments are based on the geographical location of its customers.

Revenue from mobile terminating calls transited through T-Com's network are disclosed as revenue from wholesale services in T-Com segment, while on Group level they are reclassified to revenue from mobile telephony.

During 2009, revenue from sale of mobile trade goods through T-Com's shops was disclosed as miscellaneous revenue in T-Com segment, while on Group level they were reclassified to revenue from mobile telephony.

In 2010 model of treatment of mobile trade goods in shops is changed in a way that segment which is the owner of such trade goods recognises all revenues and costs.

T-Com segment's investment in subsidiaries include T-Mobile's subscribed capital that was valid as of 31 December 2009.

Due to tourist season, higher revenues and operating profits are usually expected in the summer months for T-Mobile segment. Interim financial statements for the three months ended on 31 March 2009 were not effected by seasonality.

Business segments

The following tables present revenue and profit and certain assets information regarding the T-HT's business segments:

Three months ended 31 March 2010

	T-Com HRK millions	T-Mobile HRK millions	Reclassified HRK millions	Eliminations HRK millions	Total HRK millions
<i>Revenue</i>					
Fixed telephony	586	-	-	-	586
Wholesale services	166	-	(6)	-	160
Internet services	328	-	-	-	328
Data services	41	-	-	-	41
Mobile telephony	-	821	6	-	827
Miscellaneous	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Sales to external customers	1,122	821	-	-	1,943
Inter-segment sales	<u>57</u>	<u>42</u>	<u>-</u>	<u>(99)</u>	<u>-</u>
Total revenue	<u>1,179</u>	<u>863</u>	<u>-</u>	<u>(99)</u>	<u>1,943</u>
<i>Results</i>					
Segment results	253	232	-	-	485
Net finance revenue	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Profit before income tax	253	233	-	-	486
Income tax expense	<u>(51)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>(102)</u>
Net profit for the year	<u>202</u>	<u>182</u>	<u>-</u>	<u>-</u>	<u>384</u>
As at 31 March 2010					
<i>Assets and liabilities</i>					
Segment assets	9,015	5,278	-	(38)	14,255
Investment in subsidiaries	1,478	-	-	(1,478)	-
Investment in associates	2	-	-	-	2
Investment in joint venture	<u>370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370</u>
Total assets	10,865	5,278	-	(1,516)	14,627

Three months ended 31 March 2009

	T-Com HRK millions	T-Mobile HRK millions	Reclassified HRK millions	Eliminations HRK millions	Total HRK millions
<i>Revenue</i>					
Fixed telephony	649	-	-	-	649
Wholesale services	197	-	(16)	-	172
Internet services	272	-	-	-	272
Data services	48	-	-	-	48
Mobile telephony	-	884	33	-	926
Miscellaneous	18	-	(17)	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales to external customers	1,184	884	-	-	2,068
Inter-segment sales	74	106	-	(180)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	1,258	990	-	(180)	2,068
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Results</i>					
Segment results	299	306	-	-	605
Net finance revenue	90	37	-	-	127
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before income tax	389	343	-	-	732
Income tax expense	(80)	(69)	-	-	(149)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit for the year	309	274	-	-	583
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2009

Assets and liabilities

Segment assets	9,095	5,142	-	(140)	14,097
Investment in subsidiaries	1,478	-	-	(1,478)	-
Investment in associates	2	-	-	-	2
Investment in joint venture	373	-	-	-	373
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	10,948	5,142	-	(1,618)	14,472

Relations with the governing company and its affiliated companies

In the first three months of 2010 there were no transactions among related parties with a significant impact on the financial position and operations of the Group in the given period.

In the first three months of 2010 there were no changes in transactions among related parties which were specified in the annual financial report for 2009 and which had a significant impact on the financial position and operations of the Group in the first three months of 2010.

Business relations transacted between HT d.d. and affiliated companies thereof (hereinafter referred to as: Group) in the first three months of 2010 and the governing company and affiliated companies thereof can be classified as follows:

Transactions with related companies

Transactions with related companies primarily relate to the transactions with the companies owned by Deutsche Telekom AG (hereinafter referred to as: DTAG). The Group enters into transactions in the normal course of business on an arm's length basis. These transactions included the sending and receiving of international traffic to/from these companies.

In the first three months of 2010 the Group generated total revenue from related companies from international traffic to the amount of HRK 21 million (the three months of 2009: HRK 24 million), while total costs of international traffic amounted to HRK 40 million (the first three months of 2009: HRK 34 million).

DTAG companies provided intellectual services to the Group in the amount of HRK 2 million in the first three months of 2010 (the first three months of 2009: HRK 11 million).

Further, the Group provides telecommunications services to the Government of the Republic of Croatia, its departments and agencies, and companies owned by the Republic of Croatia on normal commercial terms and conditions, such as are no more favorable than those available to other customers. These telecommunications services do not represent a significant component of the Group's revenue.

Compensation of the Supervisory Board

As specified by the Company, the Chairman of the Supervisory Board has a right to receive the remuneration in the amount of 1.5 of the average monthly net salary of the employees of the company paid in the preceding month, Deputy Chairman has a right to receive the amount of 1.25 of the average monthly net salary of the employees of the company paid in the preceding month while Member of the Supervisory Board has a right to receive the amount of 1 of the average monthly net salary of the employees of the company paid in the preceding month. DTAG representatives do not receive any remuneration for the membership in the Supervisory Board due to a respective policy of DTAG.

In the first three months of 2010, the Company paid a total amount of HRK 0.2 million (the first three months of 2009: HRK 0.2 million) to the Members of its Supervisory Board. No loans were granted to the Members of the Supervisory Board.

Compensation to key management personnel

In the first three months of 2010 the total compensation paid to key management personnel of the Group amounted to HRK 7 million (first three months of 2009: HRK 10 million). Compensation paid to key management personnel relates to short-term employee benefits. Key management personnel include Members of the Management Boards of the Company and its subsidiaries and the Operative Directors of the Company, who are employed by the Group.

Selected Operational Data⁽¹⁾

T-MOBILE SEGMENT

Key operational data	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Subscribers			
No. of prepaid subscribers	1,854,059	1,937,349	-4.3%
No. of postpaid subscribers	943,714	843,487	11.9%
Total T-Mobile subscribers	2,797,773	2,780,836	0.6%
% of postpaid subscribers	33.7	30.3	3.4 p.p.
Minutes of use (MOU)			
MOU per average subscriber	103.8	104.6	-0.7%
Average revenue per user (ARPU) (HRK)			
Blended ARPU (monthly average for the period in HRK) ³⁾	87.1	102.1	-14.7%
Blended non-voice ARPU (monthly average for the period in HRK)	20.9	23.6	-11.5%
SAC per gross add²⁾	205.9	222.3	-7.4%
Churn rate (%)			
Churn rate total	2.4	1.5	0.9 p.p.
Churn rate postpaid	1.0	0.7	0.3 p.p.
Churn rate prepaid	3.1	1.8	1.2 p.p.
Penetration (%)	136.7	136.2	0.5 p.p.
Market share of subscribers (%)⁴⁾	46.1	46.0	0.1 p.p.
Market share by revenue (%)⁵⁾	47.8	50.3	-2.5 p.p.

T-COM SEGMENT

Key operational data	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Fixed telephony			
Total POTS and FGSM mainlines	1,373,635	1,427,873	-3.8%
Total ISDN mainlines	88,634	102,716	-13.7%
Total (POTS+FGSM+ISDN)	1,462,269	1,530,589	-4.5%
Payphones	7,946	8,788	-9.6%
Total mainlines (POTS+FGSM+ ISDN+Payphones)	1,470,215	1,539,377	-4.5%
Total Traffic (thousands of minutes)	843,816	933,925	-9.6%
To national fixed network	727,681	798,287	-8.8%
To national mobile network	66,055	78,060	-15.4%
To VAS	16,403	17,120	-4.2%
To international networks	26,512	30,406	-12.8%
Remaining traffic ⁽⁶⁾	7,166	10,051	-28.7%
Average monthly voice revenue per voice access (ARPA) (HRK)	132	138	-4.5%

Key operational data	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Internet services			
Dial-up users	770,507	762,776	1.0%
Active dial - up users	35,228	67,629	-47.9%
ADSL mainlines	573,319	492,989	16.3%
IPTV customers	250,805	150,953	66.1%
Fixed-line customers	1,190	1,096	8.6%
VPN connection points	3,595	2,884	24.7%
ADSL mainlines ARPA (monthly average for the period in HRK)	130	123	5.4%
Active dial-up users ARPU (monthly average for the period in HRK)	54	59	-8.5%
Data services			
Metro Ethernet (connection points)	3,004	2,325	29.2%
Other data lines	3,132	3,916	-20.0%
Total	6,136	6,241	-1.7%
Wholesale services			
CPS (Carrier Pre-Selection)	226,287	227,239	-0.4%
NP (Number portability) users/number	364,621	300,577	21.3%
ULL (Unbundled Local Loop)	130,576	102,139	27.8%

⁽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⁾ 6% contribution fee on mobile revenue is included in blended ARPU for 2009.

⁽⁴⁾ Source: Number of subscribers for VIPnet and Tele2 for Jan-Mar 2010 internally estimated. Published VIPnet's and Tele2 quarterly report for Q 1 2009.

⁽⁵⁾ Market share by net revenue. National roaming revenue included.

Source: Telekom Austria for Q1 2009. Vipnet's and Tele2 total revenue for Q1 2010 are internally estimated. 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

Appendix:

HT d.d. Financial statements

Income Statement

in HRK million (IFRS; unaudited)	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Revenue	1,904	1,239	53.6%
Income from usage of own products, merchandise and services	7	17	-56.8%
Other operating income	34	53	-34.7%
Total operating revenue	1,946	1,309	48.6%
Operating expenses	1,129	784	44.1%
Material expenses	515	366	40.8%
Employee benefit expenses	261	213	22.9%
Other expenses	317	194	63.3%
Write down of asset	32	9	262.4%
Provisions	5	3	78.4%
EBITDA	816	526	55.3%
Depreciation and amortization	326	220	48.1%
EBIT	490	305	60.5%
Financial income	21	1,554	-98.6%
Interest, foreign exchange differences, dividends and similar income from third parties	19	94	-80.2%
Interest, foreign exchange differences, dividends and similar income from subsidiaries	3	1,460	-99.8%
Financial expenses	17	7	165.4%
Profit before taxes	494	1,852	-73.3%
Taxation	100	80	25.5%
Net profit	394	1,173	-77.8%
Minority interest	0	0	0
Net profit after minority interest	394	1,173	-77.8%

Balance Sheet

in HRK million (IFRS; unaudited)	At 31 Mar 2010	At 31 Dec 2009	% of change 10/09
Intangible assets	972	425	128,5%
Property, plant and equipment	6.214	5.323	16,7%
Non-current financial assets	726	2.176	-66,7%
Receivables	26	26	-0,9%
Deferred tax asset	50	37	35,9%
Total non-current assets	7.987	7.987	0,0%
Inventories	274	193	41,4%
Receivables	1.421	959	48,1%
Current financial assets	220	147	49,9%
Cash and cash equivalents	4.737	1.713	176,5%
Prepayments and accrued income	66	19	254,9%
Total current assets	6.651	3.013	120,8%
TOTAL ASSETS	14.703	11.018	33,4%
Subscribed share capital	8.189	8.189	0,0%
Reserves	409	409	0,0%
Revaluation reserves	-1	-3	-55,1%
Retained earnings	3.526	7	50147,3%
Net profit for the period	394	896	-56,0%
Minority interest	0	0	0
Total issued capital and reserves	12.517	9.498	31,8%
Provisions	414	376	10,1%
Non-current liabilities	41	20	107,3%
Total non-current liabilities	454	395	15,0%
Current liabilities	1.403	954	47,0%
Accrued expenses and deferred income	329	171	93,1%
Total current liabilities	1.732	1.125	54,0%
Total liabilities	1.444	974	48,2%
TOTAL EQUITY AND LIABILITIES	14.703	11.018	33,4%

Cash Flow Statement

in HRK million (IFRS; unaudited)	Jan-Mar 2010	Jan-Mar 2009	% of change 10/09
Profit before tax	494	1.852	-73,3%
Depreciation and amortization	326	220	48,1%
Decrease of current receivables	123	0	
Total increase of cash flow from operating activities	943	2.073	-54,5%
Decrease of current liabilities	-284	-203	39,9%
Increase of current receivables	0	-58	-100,0%
Increase of inventories	-20	-57	-65,6%
Other cash flow decreases	-92	-1.668	-94,5%
Total decrease of cash flow from operating activities	-396	-1.986	-80,1%
Net cash inflow/outflow from operating activities	547	87	530,7%
Proceeds from sale of non-current assets	5	5	2,1%
Proceeds from sale of non-current financial assets	0	0	-68,0%
Interest received	18	86	-79,6%
Other proceeds from investing activities	95	0	
Total increase of cash flow from investing activities	117	91	28,8%
Purchase of non-current asset	-85	-180	-52,8%
Purchase of non-current financial asset	0	-39	-100,0%
Other cash outflows from investing activities	-18	-149	-88,2%
Total decrease of cash flow from investing activities	-103	-368	-72,1%
Net cash inflow/outflow from investing activities	15	-277	-105,2%
Proceeds from loans and borrowings	0	0	8,7%
Total increase of cash flow from financing activities	0	0	8,7%
Dividends paid	0	-1.051	-100,0%
Total decrease of cash flow from financing activities	0	-1.051	-100,0%
Net cash inflow/outflow from financing activities	0	-1.051	-100,0%
Total increase of cash flow	561	0	
Total decrease of cash flow	0	-1.242	-100,0%
Cash and cash equivalents at the beginning of period	4.176	3.620	15,4%
Cash and cash equivalents at the end of period	4.737	2.378	99,2%

Statement of changes in Equity

Position	in HRK million			
	31 December 2009	Increase	Decrease	31 March 2010
1. Subscribed share capital	8,189			8,189
2. Net income reserves	409			409
3. Retained earnings or loss carried forward	7	3,519		3,526
4. Net profit (loss) for the period	896	394	-896	394
5. Revaluation of available for sale financial assets	-3	2		-1
6. Other changes in equity	0	0	0	0
7. Total increase or decrease of equity	9,498	3,915	-896	12,517

Notes to the condensed financial statements For the three months ended 31 March 2010

Basis of preparation

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Fixed telephony	586	-	-	-	586
Wholesale services	166	-	(6)	-	160
Internet services	290	-	-	-	290
Data services	41	-	-	-	41
Mobile telephony	-	821	6	-	827
Miscellaneous	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales to external customers	1,083	821	-	-	1,904
Inter-segment sales	<u>57</u>	<u>42</u>	<u>-</u>	<u>(99)</u>	<u>-</u>
Total revenue	<u>1,140</u>	<u>863</u>	<u>-</u>	<u>(99)</u>	<u>1,904</u>
<i>Results</i>					
Segment results	258	232	-	-	490
Net finance revenue	<u>3</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>4</u>
Profit before income tax	261	233	-	-	494
Income tax expense	<u>(49)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>(100)</u>
Net profit for the year	<u>212</u>	<u>182</u>	<u>-</u>	<u>-</u>	<u>394</u>
As at 31 March 2010					
<i>Assets and liabilities</i>					
Segment assets	8,989	5,278	-	(38)	14,229
Investment in subsidiaries	1,580	-	-	(1,478)	102
Investment in associates	2	-	-	-	2
Investment in joint venture	<u>370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370</u>
Total assets	10,941	5,278	-	(1,516)	14,703

Three months ended 31 March 2009

	T-Com HRK millions	T-Mobile HRK millions	Reclassified HRK millions	Eliminations HRK millions	Total HRK millions
<i>Revenue</i>					
Fixed telephony	649	-	-	-	649
Wholesale services	270	-	-	-	270
Internet services	245	-	-	-	245
Data services	48	-	-	-	48
Mobile telephony	-	-	-	-	-
Miscellaneous	27	-	-	-	27
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales to external customers	1,239	-	-	-	1,239
Inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
<i>Results</i>					
Segment results	305	-	-	-	305
Net finance revenue	<u>1,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547</u>
Profit before income tax	1,852	-	-	-	1,852
Income tax expense	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79)</u>
Net profit for the year	<u>1,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,773</u>
As at 31 December 2009					
<i>Assets and liabilities</i>					
Segment assets	9,101	-	-	-	9,101
Investment in subsidiaries	1,580	-	-	-	1,580
Investment in associates	2	-	-	-	2
Investment in joint venture	<u>335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335</u>
Total assets	11,018	-	-	-	11,018

Relations with the governing company and its affiliated companies

In the first three months of 2010 there were no transactions among related parties with a significant impact on the financial position and operations of the Company in the given period.

In the first three months of 2010 there were no changes in transactions among related parties which were specified in the annual financial report for 2009 and which had a significant impact on the financial position and operations of the Company in the first three months of 2010.

Business relations transacted between HT d.d. in the first three months of 2010 and the governing company and affiliated companies thereof can be classified as follows:

Transactions with related companies

Transactions with related companies primarily relate to the transactions with the companies owned by Deutsche Telekom AG (hereinafter referred to as: DTAG). The Company enters into transactions in the normal course of business on an arm's length basis. These transactions included the sending and receiving of international traffic to/from these companies.

In the first three months of 2010 the Company generated total revenue from related companies from international traffic to the amount of HRK 21 million (the three months of 2009: HRK 14 million), while total costs of international traffic amounted to HRK 40 million (the first three months of 2009: HRK 19 million).

DTAG companies provided intellectual services to the Company in the amount of HRK 2 million in the first three months of 2010 (the first three months of 2009: HRK 5 million).

Further, the Company provides telecommunications services to the Government of the Republic of Croatia, its departments and agencies, and companies owned by the Republic of Croatia on normal commercial terms and conditions, such as are no more favorable than those available to other customers. These telecommunications services do not represent a significant component of the Company's revenue.

Compensation of the Supervisory Board

As specified by the Company, the Chairman of the Supervisory Board has a right to receive the remuneration in the amount of 1.5 of the average monthly net salary of the employees of the company paid in the preceding month, Deputy Chairman has a right to receive the amount of 1.25 of the average monthly net salary of the employees of the company paid in the preceding month while Member of the Supervisory Board has a right to receive the amount of 1 of the average monthly net salary of the employees of the company paid in the preceding month. DTAG representatives do not receive any remuneration for the membership in the Supervisory Board due to a respective policy of DTAG.

In the first three months of 2010, the Company paid a total amount of HRK 0.2 million (the first three months of 2009: HRK 0.2 million) to the Members of its Supervisory Board. No loans were granted to the Members of the Supervisory Board.

Compensation to key management personnel

In the first three months of 2010 the total compensation paid to key management personnel of the Company amounted to HRK 6 million (first three months of 2009: HRK 6 million). Compensation paid to key management personnel relates to short-term employee benefits. Key management personnel include Members of the Management Board and the Operative Directors of the Company.

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

To the best of our knowledge, financial statements of the company HT – Hrvatske telekomunikacije d.d. (hereinafter: “Company”) and consolidated financial statements of the Company 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 both the Company and the Group.

The management report for the quarter ended 31 March 2010 contains a 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.

Mr. Ivica Mudrinić, President of the Management Board

Mr. Jürgen P. Czapran, Member of the Management Board and Chief Financial Officer

Mr. Johan Busé, Member of the Management Board and Chief Operating Officer Residential

Ms. Irena Jolić Šimović, Member of the Management Board and Chief Operating Officer Business

Mr. Božidar Poldrugač, Member of the Management Board and Chief Technical Officer and Chief Information Officer

Ms. Branka Skaramuča, Member of the Management Board and Chief Human Resources Officer

Zagreb, 30 April 2010

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