TELEKOM AUSTRIA GROUP

Results for the First Half 2008

Highlights

- Revenues grow by 7.7% from EUR 2,353.8 million to EUR 2,535.8 million
- EBITDA increases by 2.7% from EUR 942.4 million to EUR 967.7 million
- Continuing growth of international operations drives EBITDA
- Ongoing stabilization of Fixed Net trends as product bundles are effective in decelerating access line loss
- Subscriber base in the Mobile Communication segment grows by 52.5% to 16.5 million customers
- Outlook for full-year 2008 including DPS guidance of EUR 0.75 reiterated

Note: All financial figures are based on IFRS; if not stated otherwise, all comparisons are given year-on-year. EBITDA is defined as net income excluding interest, income tax expense, depreciation and amortization, impairment charges, equity in earnings of affiliates, income/loss from investments and foreign exchange differences. This equals operating income before depreciation, amortization and impairment charges.

Summary

in EUR million	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	1,276.2	1,208.0	5.6%	2,535.8	2,353.8	7.7%
EBITDA	469.1	466.1	0.6%	967.7	942.4	2.7%
Operating income	174.7	198.1	-11.8%	389.9	410.2	-4.9%
Net income	96.3	130.6	-26.3%	226.0	277.8	-18.6%
Earnings per share (in EUR)	0.22	0.29	-24.9%	0.51	0.61	-16.2%
Capital expenditures	190.7	209.4	-8.9%	350.3	376.7	-7.0%

in EUR million	June 30, 08	Dec. 31, 07	% change
Net debt	4,402.1	4,407.2	-0.1%

The presentation for the conference call and the key figures of the Telekom Austria Group in excel format („Key Figures 2Q 2008") are available on our website at **www.telekomaustria.com**

Results for the first nine months 2008 will be announced on November 12, 2008

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Vienna, August 20, 2008 - Telekom Austria Group (VSE: TKA, OTC US: TKAGY) today announced its results for the first half 2008 and the second quarter ending June 30, 2008.

Year-to-date comparison:

During the first half 2008, revenues grew by 7.7% to EUR 2,535.8 million primarily due to the consolidation of Velcom in Belarus and to higher contributions from the other international operations.

EBITDA grew by 2.7% to EUR 967.7 million from EUR 942.4 million as a result of an EBITDA growth in the international operations and the consolidation of Velcom which more than offset a lower contribution from the Fixed Net segment. EBITDA includes exceptional costs in the amount of EUR 19.7 million.

Operating income decreased by 4.9% from EUR 410.2 million to EUR 389.9 million due to higher depreciation and amortization charges. Net income declined by 18.6% to EUR 226.0 million due to higher interest expenses mainly as a result of the acquisition of Velcom.

Capital expenditures for tangible and intangible assets decreased by 7.0% to EUR 350.3 million due to lower capital expenditures in both segments. Net debt remained stable at EUR 4,402.1 million at the end of June 2008 compared to the end of December 2007 despite the payment of the dividend.

Quarterly comparison:

Revenues increased by 5.6% to EUR 1,276.2 million in 2Q 08 as higher revenues from international operations including the consolidation of Velcom overcompensated for lower revenues from the Fixed Net segment and lower roaming revenues.

Roaming revenues were impacted by a seasonal effect in 2Q 08 as the roaming intensive Easter holidays were in 1Q 08, whereas in 2007 they were in the second quarter. This seasonality amplified the effect of lower roaming prices and resulted in lower roaming revenues.

EBITDA grew by 0.6% to EUR 469.1 million as the consolidation of Velcom and higher contributions from the established international operations offset lower contributions from the Austrian operations, which included exceptional costs in the amount of EUR 7.7 million, as well as start-up costs in the Republic of Serbia and the Republic of Macedonia.

Operating income declined by 11.8% to EUR 174.7 million due to higher depreciation and amortization charges. Net income decreased by 26.3% to EUR 96.3 million during 2Q 08 mainly due to higher interest expenses following the acquisition of Velcom. As a consequence earnings per share declined by 24.9% to EUR 0.22.

Capital expenditures for tangible and intangible assets decreased by 8.9% to EUR 190.7 million mainly due to lower investments in Austria and in the Republic of Serbia despite the consolidation of Velcom.

Group Review

Reporting Changes

Starting with 3Q 07 and in compliance with IAS 8.14 the Telekom Austria Group reports interest expenses related to employee benefit obligations no longer as personnel expenses but as interest expenses in the financial result as the company believes that this provides more accurate information. Comparative figures were adjusted, which resulted in additional interest expenses of EUR 1.4 million for 2Q 07 and of EUR 2.8 million for 1H 2007 as well as lower personnel expenses of the equal amounts.

In 2Q 08 MDC in Belarus was renamed into Velcom.

Market Environment

During the first six months of 2008 Telekom Austria Group's domestic businesses continued to operate in an environment characterized by fierce competition in both segments. Low prices for voice telephony and for mobile broadband in the mobile communication market contributed to the ongoing fixed-to-mobile substitution. In order to protect the core business of the Fixed Net segment the broadband product portfolio was extended with attractive product bundles with higher bandwidth.

Symmetric mobile termination rates of 5.72 Eurocents starting January 1, 2009 were prescribed by the Austrian regulatory authority for all mobile operators. mobilkom austria had to reduce its mobile termination rates to 5.72 Eurocents already as of January 1, 2008.

The Telekom Austria Group's international operations continued to grow in the first half of 2008, which helped to offset the development on the Austrian market. The consolidation of Velcom in Belarus as well as higher contributions from the start-up operations in the Republic of Serbia and the Republic of Macedonia will strengthen the growth profile of the Telekom Austria Group in 2008.

The regulation of international voice roaming traffic, which was introduced in the second half of 2007 by the European Union, will impact Telekom Austria Group's results for the first 3 quarters of 2008 in comparison to the previous year's figures.

Note: Detailed operational data of the Fixed Net segment are shown in the appendix on page 19

Revenues and Operating Income by Segment

Fixed Net

Year-to-date comparison:
Fixed Net revenues remained stable at EUR 1,043.8 million during the first half of 2008. Higher revenues mainly from Data & IT solutions and Wholesale Voice Telephony & Internet offset lower revenues from Switched Voice and Internet Access & Media.

EBITDA decreased by 18.2% to EUR 312.6 million during the first six months of 2008 compared to the previous year's period as a result of higher operating expenses which included exceptional costs in the amount of EUR 19.7 million. The exceptional expenses were incurred for the preparation and the promotion of the UEFA EURO 2008 ™, the exchange to MPEG 4 set-top boxes as well as consulting costs related to the ongoing restructuring program.

Operating income decreased by 47.0% to EUR 53.2 million compared to the first half 2007 as lower depreciation and amortization charges partly compensated for higher operating expenses.

Quarterly comparison:
Product bundles continued to proof effective in slowing down fixed net access line loss. In 2Q 08 the line loss decelerated from 54,400 in 2Q 07 to 35,100. At the end of June 2008 the number of access lines was 2.4 million compared to 2.5 million at the end of 2Q 07.

The number of fixed net broadband lines increased by 14.1% to 826,400 including 68,900 wholesale lines at the end of June 2008 driven by customers' acceptance of product bundles. The number of broadband net adds more than tripled from 2,400 in 2Q 07 to 8,900 in 2Q 08.

Average revenues per fixed net access line which mainly consist of revenues from voice, monthly rentals, broadband and aonTV decreased by 2.1% from EUR 33.3 in 2Q 07 to EUR 32.6 in 2Q 08.

The number of unbundled lines rose to 297,500 at the end of June 2008 compared to 255,700 at the end of June 2007. In a quarter-to-quarter comparison unbundled lines decreased by nearly 1% from 1Q 08 to 2Q 08 after an increase of 3.6% from 4Q 07 to 1Q 08.

Fixed-to-mobile substitution was the main driver of the decline in voice minutes by 7.4% to 960.3 million in 2Q 08. Fixed Net's voice market share fell to 61.7% in 2Q 08 compared to 63.3% in 2Q 07 due to a changed definition of the market share.

Fixed Net revenues decreased by 2.2% to EUR 521.9 million during 2Q 08 mainly due to lower revenues from Internet Access & Media and Switched Voice.

Switched Voice Traffic revenues declined by 7.7% to EUR 79.0 million due to a lower volume of minutes. The average voice tariff increased by 2.6% to 7.9 Eurocents per minute in 2Q 08 compared to the same period of the previous year as a result of a shift in the call mix to more expensive destinations.

Revenues from Switched Voice Monthly Rental & Other declined by 3.1% to EUR 117.0 million due to a lower number of access lines.

Revenues from Payphones & Value Added Services declined by 13.8% to EUR 10.0 million in 2Q 08 as a result of lower payphone revenues and lower revenues from interactive TV-gaming services.

Fixed Net

in EUR million	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	521.9	533.4	-2.2%	1,043.8	1,044.2	0.0%
EBITDA	155.3	187.7	-17.3%	312.6	382.0	-18.2%
Operating income	22.9	44.7	-48.8%	53.2	100.3	-47.0%

Data & IT-solutions including wholesale revenues grew by 17.5% to EUR 124.1 million.

Revenues from Internet Access & Media decreased by 16.4% to EUR 60.6 million as strong growth of the broadband customer base partly compensated for lower broadband prices marketed to protect the access line base.

Wholesale Voice Telephony & Internet revenues declined by 5.3% to EUR 103.8 million mainly driven by lower wholesale Internet revenues as a result of lower prices and a lower customer base.

Other Fixed Net revenues decreased by 1.1% to EUR 27.4 million.

EBITDA decreased by 17.3% to EUR 155.3 million in 2Q 08 due to higher costs, which also included exceptional expenses in the amount of EUR 7.7 million for the promotion and sponsoring for the UEFA EURO 2008™ and consulting costs related to the ongoing restructuring program.

Operating income declined from EUR 44.7 million in 2Q 07 to EUR 22.9 million in 2Q 08 as lower depreciation and amortization charges partly offset a lower EBITDA.

Mobile Communication

Note: Detailed operational data of the Mobile Communication segment are shown in the appendix on page 20, 21 and 22

Year-to-date comparison:

Revenues in the Mobile Communication segment rose by 12.4% to EUR 1,610.8 million during the first six months of 2008. This growth was driven by international operations and the consolidation of Velcom, which more than offset lower roaming revenues due to the introduction of EU roaming regulation and lower domestic revenues. On a comparable basis, excluding Velcom, revenues in the Mobile Communication segment increased by 2.9% to EUR 1,475.8 million.

EBITDA increased by 14.7% to EUR 666.1 million in the first half of 2008. Growth of established international operations and the contribution of Velcom compensated for costs associated with the launch of operations in the Republic of Serbia and the Republic of Macedonia. Excluding Velcom, EBITDA in the Mobile Communication segment increased by 3.2% to EUR 599.1 million.

Operating income rose by 5.3% to EUR 347.5 million as EBITDA growth compensated for higher depreciation and amortization charges following the consolidation of Velcom and the new operations in the Republic of Serbia and the Republic of Macedonia. Operating income excluding Velcom declined by 3.8% to EUR 317.3 million driven by higher depreciation and amortization charges for the start-up operations in the Republic of Serbia and the Republic of Macedonia.

Quarterly comparison:

The total number of customers in the Mobile Communication segment as of June 30, 2008 grew strongly by 52.5% to 16.5 million customers. This growth is a result of the consolidation of Velcom in Belarus and the newly launched operations in the Republic of Serbia and the Republic of Macedonia, as well as double digit percentage subscriber growth in all existing operations. Excluding Velcom the number of customers grew by 21.3 % to 13.1 million subscribers.

Revenues in the Mobile Communication segment grew by 10.1% to EUR 814.3 million in 2Q 08 due to higher contributions from international operations including the consolidation of Velcom, which compensated for lower revenues in the Austrian mobile market as well as lower roaming revenues. The second quarter of

Mobile Communication*

in EUR million	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	814.3	739.5	10.1%	1,610.8	1,433.6	12.4%
EBITDA	320.2	293.4	9.1%	666.1	580.6	14.7%
Operating income	158.1	167.8	-5.8%	347.5	329.9	5.3%

* Consolidated 2Q 08 and 1H 08 financial statements of the Telekom Austria Group include financial figures for Velcom. Velcom financial results are not included in 2Q 07 and 1H 07 results.

2008 includes a seasonal effect in terms of roaming revenues as the roaming intensive Easter holidays were included in the first quarter of 2008, whereas in 2007 they were included in the second quarter of the year. This seasonality amplified the effect of lower roaming prices and resulted in lower roaming revenues in the second quarter 2008. Excluding Velcom revenues grew by 0.6% to EUR 743.8 million.

EBITDA grew by 9.1% to EUR 320.2 million in 2Q 08 as rising earnings from the established international operations in Bulgaria, Croatia, Slovenia and the consolidation of Velcom exceeded losses associated with the launch of operations in the Republic of Serbia and the Republic of Macedonia and a lower contribution from the domestic operation. Excluding Velcom, EBITDA decreased by 2.8% to EUR 285.2 million.

Higher depreciation and amortization charges following the consolidation of Velcom and the recently started operations in the Republic of Serbia and the Republic of Macedonia resulted in an operating income of EUR 158.1 million in 2Q 08 compared to EUR 167.8 million in 2Q 07. Operating income excluding Velcom, declined by 15.9% to EUR 141.2 million.

mobilkom austria

The subscriber base of mobilkom austria, the leading mobile operator in Austria, grew by 13.1% to 4.3 million subscribers at the end of June 2008. This growth is primarily driven by contract subscriber growth and to a lesser extent by the integration of Tele2 subscribers in April 2008.

mobilkom austria fortified its market leadership in Austria with the market share increasing from 39.6% at the end of 2Q 07 to 42.5% at the end of 2Q 08. The mobile penetration rate in Austria rose from 114.7% at the end of 2Q 07 to 119.8% at the end of 2Q 08 due to an increasing number of customers acquiring SIM cards for mobile broadband in addition to SIM cards for voice services.

Average revenues per user (total ARPU) declined by 12.2% to EUR 28.1 as an increase in data usage and growth of average minutes of use charged per subscriber (MoU) partly offset lower prices for voice, data and termination. Data ARPU increased by 9.5% to EUR 6.9.

mobilkom austria had nearly 1.8 million Vodafone live! customers at the end of June 08 and 325,000 mobile broadband customers compared to 210,000 mobile broadband customers at the end of June 2007. Data revenues as a percentage of traffic-related revenues rose from 26.4% during 2Q 07 to 31.0% during 2Q 08.

Revenues of mobilkom austria declined by 5.4% to EUR 397.4 million compared to 2Q 07 primarily as a result of lower roaming revenues partly due to both lower average prices and partly due to lower roaming volumes as the roaming intensive Easter holidays were included in the second quarter of 2007, whereas in 2008 they were included in the first quarter of the year. Higher revenues from monthly rentals compensated for lower traffic revenues reflecting a shift in the tariff structure from pricing per minute to monthly packages including voice traffic for a fixed monthly rate. Interconnection revenues remained stable as lower prices were offset by a higher volume. A changed gross add structure as well as more SIM-only products led to less equipment revenues, lower material expenses and sales costs. Subscriber acquisition costs (SAC) increased slightly to EUR 12.3 million in 2Q 08 compared to 2Q 07. Subscriber retention costs (SRC) declined by 12.3% to EUR 16.4 million.

mobilkom austria's EBITDA decreased by 7.8% to EUR 139.7 million, as lower interconnection and roaming costs partially compensated for lower revenues.

Operating income decreased by 13.3% to EUR 76.6 million driven by a lower EBITDA.

Mobiltel

Mobiltel, the leading mobile operator in Bulgaria, grew its customer base by

13.2% to 5.2 million customers at the end of June 2008 compared to the same period of the previous year. Mobiltel's market share remained stable at 50.5% at the end of 2Q 08 compared to the end of 2Q 07. The mobile penetration rate in Bulgaria rose from 117.4% to 133.8%.

An increase in average minutes of use charged per subscriber by 22.7% partly offset lower prices and resulted in a total ARPU of EUR 9.9 in 2Q 08 compared to EUR 10.3 in 2Q 07.

Revenues of Mobiltel rose by 4.2% to EUR 165.6 million in 2Q 08 driven by higher monthly rental and traffic revenues, which compensated for lower visitor roaming revenues. Higher revenues from data also contributed to an increase in traffic revenues.

EBITDA grew by 4.7% to EUR 95.8 million during 2Q 08 compared to 2Q 07 benefiting from higher revenues.

Mobiltel's operating income decreased by 5.3% to EUR 51.7 million in 2Q 08 compared to 2Q 07 mainly due to higher depreciation & amortization charges.

Velcom

As of end of June 2008 Velcom, the second largest mobile operator in Belarus, grew its subscriber base to 3.4 million customers compared to 3.2 million at the end of March 2008. Velcom increased its market share from 43.9% in 1Q 08 to 44.4% in 2Q 08. The penetration rate in Belarus was 78.2% at the end of June 08.

Velcom contributed EUR 71.1 million of revenues and EUR 35.0 million of EBITDA in 2Q 08. Velcom's operating income in 2Q 08 amounted to EUR 16.9 million.

Velcom grew ARPU from EUR 6.5 in 1Q 08 to EUR 6.9 in 2Q 08.

Average minutes of use charged per subscriber increased from 147.7 in 1Q 08 to 165.8 minutes in 2Q 08.

Vipnet

Vipnet, the second largest mobile operator in Croatia, increased its subscriber base by 12.7% to 2.3 million customers at the end of June 2008.

Vipnet's market share remained almost stable with 42.2% in 2Q 08 compared to 42.7% in 2Q 07. At the end of June 2008 the mobile penetration rate in Croatia stood at 122.1% compared to 107.1% at the end of 2Q 07.

ARPU declined by 4.5% to EUR 14.9 in 2Q 08 compared to EUR 15.6 in 2Q 07 as higher usage partly compensated for the effect of lower prices.

Average minutes of use charged per subscriber rose by 1.0% to 93.0 minutes.

Revenues of Vipnet grew by 3.1% to EUR 128.2 million in 2Q 08 mainly as higher monthly rental revenues and lower discounts compensated for lower equipment and roaming revenues. Vipnet was effected by lower roaming prices as wholesale prices declined although Croatia is not a member of the EU.

EBITDA increased by 3.3% to EUR 49.4 million in 2Q 08 as higher marketing and interconnection costs were offset by lower material expenses.

Operating income of Vipnet increased by 6.1% to EUR 31.1 million in 2Q 08 compared to the same period of the previous year as depreciation and amortization charges remained stable.

Si.mobil

Si.mobil, the second largest operator in Slovenia, increased its subscriber base by 15.4% to 534,700 customers at the end of June 2008.

Si.mobil increased its market share from 26.2% to 27.2%. The mobile penetration rate in Slovenia was 98.0% at the end of 2Q 08 compared to 88.1% at the end of 2Q 07.

ARPU rose by 1.3% to EUR 23.6 driven by a higher contract subscriber base, an increase in average minutes of use charged per subscriber by 8.2% to 135.4 minutes as well as by higher data revenues compensating for lower interconnection revenues.

Revenues grew by 8.4% to EUR 46.4 million during 2Q 08 mainly as a result of higher traffic and monthly rental revenues despite lower roaming revenues.

EBITDA grew by 20.3% to EUR 15.4 million driven by higher revenues. EBITDA margin increased by 3.3 percentage points to 33.2%.

Operating income increased by 47.1% from EUR 6.8 million in 2Q 07 to EUR 10.0 million in 2Q 08 due to higher EBITDA and lower depreciation and amortization charges.

Vip mobile
Vip mobile, the third mobile operator in the Republic of Serbia, expanded its subscriber base to 666,600 customers from 601,700 customers at the end of 1Q 08 and had a market share of 7.2% at the end of 2Q 08.

The penetration rate in the Republic of Serbia stood at 123.9% at the end of 2Q 08 as a high number of subscribers reported by the incumbent resulted in an inflated penetration rate.

During 2Q 08 Vip mobile generated revenues of EUR 12.7 million and an EBITDA loss of EUR 9.5 million, reflecting a continuing reduction compared to the previous quarter. Operating loss amounted to EUR 21.7 million.

Vip operator
Vip operator, the third mobile operator in the Republic of Macedonia, had 209,200 customers in 2Q 08 compared to 163,300 customers in 1Q 08 and held a market share of 9.9% at the end of 2Q 08. At the end of June 2008 the penetration rate in the Republic of Macedonia was 103.8%.

Vip operator's revenues amounted to EUR 2.5 million in 2Q 08. The company generated an EBITDA loss of EUR 5.2 million and an operating loss of EUR 6.1 million in 2Q 08. Vip operator also managed to decrease its negative contribution compared to 1Q 08.

Consolidated Net Profit

Year-to-date comparison:
During the first half of 2008 net interest expenses increased by 68.5% to EUR 102.1 million compared to the same period of the previous year, due to higher net debt following the acquisition of Velcom and a higher interest level.

Due to a lower tax base, income tax expense fell by 12.0% to EUR 63.8 million during the first half of 2008.

Net income declined by 18.6% to EUR 226.0 million mainly due to a lower operating income and higher interest expenses.

Basic and diluted earnings per share declined by 16.2% to EUR 0.51 in the first half of 2008 compared to the same period in 2007 as a result of lower net income.

Quarterly comparison:
During 2Q 08 net interest expenses increased to EUR 51.3 million from EUR 30.4 million during 2Q 07 due to higher average net debt mainly as a result of the acquisition of Velcom and a higher interest level.

Income tax expense declined by 27.3% from EUR 37.4 million in 2Q 07 to EUR 27.2 million in 2Q 08 due to a lower tax base.

Quarterly net income decreased by 26.3% to EUR 96.3 million in 2Q 08 due to higher interest expenses. Basic and diluted earnings per share declined by 24.9% to EUR 0.22.

Capital Expenditures

Year-to-date comparison:
Total capital expenditures for tangible and intangible assets decreased by 7.0% to EUR 350.3 million during the first half

of 2008. Capital expenditures for tangible assets declined by 5.9% to EUR 274.6 million and for intangible assets by 10.7% to EUR 75.7 million.

The decrease in capital expenditures for tangible assets in the Fixed Net segment by 7.1% to EUR 100.8 million was mainly due to lower investments in the transmission core network and a separation of network hardware and software as the latter is reported as intangible asset.

Capital expenditures for tangible assets in the Mobile Communication segment decreased by 5.2% to EUR 173.8 million during the first half 2008 compared to the previous year, primarily due to lower investments in Austria, Bulgaria and Slovenia which compensated for higher capital expenditures following the consolidation of Velcom and the launch of the new operations in the Republic of Serbia and the Republic of Macedonia.

Capital expenditures for intangible assets in the Fixed Net segment increased by 105.8% to EUR 31.7 million due to higher investments in software licenses and the reclassification of network software under intangible assets.

Mobile Communication capital expenditures for intangible assets declined from EUR 69.4 million to EUR 44.0 million mainly as a result of the purchase of the GSM license in the Republic of Macedonia included in the first half of 2007 and lower investments for software licenses in the Republic of Serbia.

Quarterly comparison:
During 2Q 08 capital expenditures for tangible and intangible assets decreased by 8.9% to EUR 190.7 million. Capital expenditures for tangible assets declined by 10.5% to EUR 152.4 million and capital expenditures for intangible assets decreased by 2.3% to EUR 38.3 million.

In the Fixed Net segment capital expenditures for tangible assets decreased by 12.7% to EUR 52.2 million during 2Q 08 mainly due to separate reporting of network hardware and software.

In the Mobile Communication segment capital expenditures for tangible assets decreased by 9.2% to EUR 100.2 million in 2Q 08 as lower capital expenditures in Austria, Bulgaria and Slovenia compensated for higher capital expenditures in Croatia, the Republic of Serbia, the Republic of Macedonia and the effect from the consolidation of Velcom.

Capital expenditures for intangible assets in the Fixed Net segment increased from EUR 4.7 million in 2Q 07 to EUR 12.2 million in 2Q 08 due to investments in information technology software and licences as well as the reclassification of network software under intangible assets.

In the Mobile Communication segment capital expenditures for intangible assets declined by 24.3% from EUR 34.5 million to EUR 26.1 million in 2Q 08 mainly due to lower investments in software and licenses in the Republic of Serbia.

Balance Sheet and Net Debt

The total assets of the Telekom Austria Group decreased from EUR 9,003.7 million as of December 31, 2007 to EUR 8,713.9 million as of June 30, 2008 mainly due to lower equity following the payment of the dividend and currency translation adjustments resulting from

Capital expenditures in EUR million	**2Q 08**	**2Q 07**	**% change**	**1H 08**	**1H 07**	**% change**
Fixed Net tangible	52.2	59.8	-12.7%	100.8	108.5	-7.1%
Mobile Communication tangible	100.2	110.4	-9.2%	173.8	183.4	-5.2%
Tangible	**152.4**	**170.2**	**-10.5%**	**274.6**	**291.9**	**-5.9%**
Fixed Net intangible	12.2	4.7	159.6%	31.7	15.4	105.8%
Mobile Communication intangible	26.1	34.5	-24.3%	44.0	69.4	-36.6%
Intangible	**38.3**	**39.2**	**-2.3%**	**75.7**	**84.8**	**-10.7%**
Total capital expenditures	**190.7**	**209.4**	**-8.9%**	**350.3**	**376.7**	**-7.0%**

the consolidation of Velcom.

During the first half of 2008 current assets increased from EUR 1,326.2 million to EUR 1,362.3 million primarily due to higher income taxes receivable and higher short-term investments. Goodwill decreased from EUR 1,939.6 million at the end of 2007 to EUR 1,900.2 million as of June 30, 2008 due to currency translation as goodwill is recognized in local currency. Other intangible assets declined from EUR 2,433.0 million at the end of December 2007 to EUR 2,306.7 million at the end of the first half 2008 as a result of currency translation and amortization exceeding additions. Property, plant and equipment declined by 4.3% to EUR 3,048.2 million due to depreciation charges and the effect of currency translation exceeding additions.

Current liabilities increased from EUR 2,557.2 million at the end of December 2007 to EUR 2,776.3 million at the end of June 2008 primarily due to the issuance of multi-currency notes and the shift of maturing long-term debt to short-term borrowings. In return long-term liabilities declined from EUR 3,881.2 million to EUR 3,544.5 million during the first half 2008.

Stockholders' equity decreased from EUR 2,565.3 million as of December 31, 2007 to EUR 2,393.1 million as of June 30, 2008 due to the payment of the dividend in the amount of EUR 331.7 million in 2Q 08 and currency translation adjustments resulting from the consolidation of Velcom.

Net debt remained almost stable at EUR 4,402.1 million as of June 30, 2008 despite the payment of the dividend in the amount of EUR 331.7 million as a result of free cash flow generation. Net debt to EBITDA (last 12 months) decreased from 2.4x at the end of December 2007 to 2.3x at the end of June 2008.

Cash Flow

Year-to-date comparison:
Cash generated from operations decreased by 15.6% to EUR 672.2 million in the first half of 2008 due to an increase in accounts receivable and other assets and a decrease of accounts payable.

Cash outflows for investing activities decreased by 26.0% to EUR 346.0 million mainly due to lower capital expenditures and higher proceeds from the sale of equipment as well as investments in the Republic of Serbia and the Republic of Macedonia and the acquisition of eTel included in the first half of 2007.

Cash from financing activities recorded a net outflow of EUR 349.1 million during the first half of 2008 compared to a net outflow of EUR 333.8 million during the same period of the previous year as repayment of long term debt in the first half of 2008 exceeded the amount spent on share buybacks in the first half of 2007.

Quarterly comparison:
During 2Q 08 cash generated from operations decreased by 12.8% to EUR 367.1 million mainly due to an increase in accounts receivable and a decrease in accounts payable.

Cash outflow from investing activities decreased from EUR 300.4 million in 2Q 07 to EUR 191.0 million in 2Q 08 mainly due to the acquisition costs of eTel in the

Cash flow and net debt

in EUR million	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Cash generated from operations	367.1	420.9	-12.8%	672.2	796.3	-15.6%
Cash used in investing activities	-191.0	-300.4	-36.4%	-346.0	-467.8	-26.0%
Cash used in financing activities	-169.4	-121.6	39.3%	-349.1	-333.8	4.6%
Effect of exchange rate changes	-1.3	1.9	-	9.2	1.5	-
Net decrease in cash and cash equivalents	**5.5**	**0.8**	**-**	**-13.7**	**-3.8**	**-**

in EUR million	June 30, 08	Dec. 31, 07	% change
Net debt	4,402.1	4,407.2	-0.1%

amount of EUR 91.3 million included in 2Q 07 and lower capital expenditures in 2Q 08.

Cash used in financing activities increased from a net outflow of EUR 121.6 million in 2Q 07 to a net outflow of EUR 169.4 million in 2Q 08 as repayment of long term debt in 2Q 08 exceeded the amount spent on share buybacks in 2Q 07.

Personnel

The total number of employees of the Telekom Austria Group grew by 1,623 to 17,684 employees at the end of June 2008 compared to the same period of the previous year.

The workforce in the Fixed Net segment decreased by 325 to 9,454 full time equivalents primarily due to voluntary redundancy programs and to a lesser extent due to the sale of eTel Polska.

The number of employees of the Mobile Communication segment increased by 1,948 to 8,230 employees mainly as a result of the acquisition of Velcom and personnel hired in the Republic of Serbia and in the Republic of Macedonia.

Other Events

On April 24, 2008 the Telekom Austria Group acquired 37.5% of Infotech Holding GmbH for a purchase price of approximately EUR 7 million. InfoTech Holding GmbH is aiming to bundle companies in Austria to become a comprehensive ICT service provider for business customers.

At the Annual General Meeting held on May 20, 2008 the Management Board was authorized to acquire treasury shares up to the maximum amount permitted by law, during a period of 18 months at a minimum price of EUR 9 and a maximum price of EUR 30 per share. The authorization also includes the use of these acquired shares and, inter alia, permits the Management Board to decrease the share capital of the company by up to EUR 100,326,000 by cancelling treasury shares without further shareholders' resolution and/or to issue these treasury shares to employees of the Telekom Austria Group, with or without consideration. The Supervisory Board is authorized to resolve upon amendments of the Articles of Association required upon the cancellation of shares.

Henrietta Egerth-Stadlhuber as well as Peter J. Oswald were elected as members of the Supervisory Board. Wolfgang C. Berndt and Johann Haider resigned from the Supervisory Board as both have exceeded the statutory age limit. All other capital representatives have been re-elected and remain members of the Supervisory Board.

Moreover, the Annual General Meeting approved a dividend distribution amounting to EUR 0.75 per eligible share or EUR 331.7 million for the year 2007.

Major Subsequent Events after June 30, 2008

Rudolf Fischer, the Vice Chairman of the Board and CEO of the Fixed Net segment will resign as of August 31, 2008. He will continue to support the Fixed Net segment for another year to foster an efficient transition. Boris Nemsic, CEO of Telekom Austria Group and CEO of mobilkom austria will take over Rudolf Fischer's position and head the Fixed Net segment as of September 1, 2008.

On August 6, 2008 the Company issued debut promissory notes with a total volume of EUR 300 million and a maturity of four years. The notes consist of a fixed interest tranche of EUR 100 million with a coupon of 6.08% and a floating tranche

	End of period			Average of period		
Personnel (full-time equivalent)	**June 30, 08**	**June 30, 07**	**change**	**1H 08**	**1H 07**	**change**
Fixed Net	9,454	9,779	-325	9,514	9,765	-251
Mobile Communication	8,230	6,282	1,948	8,143	6,183	1,960
Telekom Austria Group	**17,684**	**16,061**	**1,623**	**17,657**	**15,948**	**1,709**

of EUR 200 million with an initial coupon valid for the first 6 month period at 6.20%.

Risks & Uncertainties

The Telekom Austria Group faces various risks and uncertainties that could affect its results. These risks include, but are not limited to, a further reduction of prices for mobile communication services in Austria and an acceleration of fixed-to-mobile substitution resulting in further access line loss and a decline of fixed net minutes.

The Telekom Austria Group is also subject to risks related to the planned reduction of the number of employees in the Fixed Net segment. Furthermore the Telekom Austria Group is subject to intensive regulation.

Through its expansion into the Eastern and South-Eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-Eastern European region involve uncertainties, including foreign exchange and tax uncertainties that typically do not exist in other markets.

The Telekom Austria Group was not involved in the management of Velcom prior to the acquisition. As a result, Telekom Austria Group's assessment of the risks and opportunities as well as the effects of the acquisition on Telekom Austria Group's financial results may not be accurate and there may be risks of which Telekom Austria Group is not aware.

Outlook for 2008

The Telekom Austria Group fully reiterates its outlook for the full year 2008 as published on the occasion of the 2007 full-year results as well as of the results of the first quarter 2008.

Accelerated by the consolidation of recently acquired Velcom in Belarus, international operations will continue to drive operating results of the Telekom Austria Group in 2008.

The Telekom Austria Group expects revenues in 2008 to increase by approximately 5% compared to the previous year. EBITDA is expected to grow by about 3%, with growth from international operations over-compensating for a lower contribution from the Fixed Net segment. Operating income is expected to remain stable. Net debt increased in 2007 due to the acquisition of Velcom in Belarus and higher shareholder remuneration. This will lead to higher interest expenses and a decline in net income of approximately 12% in 2008.

Nevertheless, higher EBITDA and a reduction of approximately 5% in capital expenditures will allow for an increase in

Outlook 2008	**As of Aug. 20, 08**	**As of May 14, 08**	**As of Feb. 27, 08**
Telekom Austria Group			
Revenues	5%	5%	5%
EBITDA	3%	3%	3%
Operating income	Stable	Stable	Stable
Net income	-12%	-12%	-12%
Capital Expenditures	-5%	-5%	-5%
Fixed Net			
Revenues	-3%	-3%	-3%
EBITDA	-12%	-12%	-12%
Mobile Communications			
Revenues	10%	10%	10%
EBITDA	10%	10%	10%

operating free cash flow by about 10%.

The Fixed Net segment is expected to continue to operate in a challenging environment characterized by fixed to mobile substitution for voice and broadband internet services. Primarily, as a result of the loss of access lines incurred in 2007 and a continuing reduction of the access line base in 2008 as well as a lower broadband ARPU, revenues are expected to decrease by approximately 3%, while EBITDA will show a decline of about 12%.

In the Mobile Communication segment revenues and EBITDA are expected to grow by about 10% due to strong international operations, primarily driven by the consolidation of Velcom in Belarus as well as improving results from the start- up operations in the Republic of Serbia and the Republic of Macedonia.

Based on the expected strong cash flow generation of the Telekom Austria Group the Management Board plans to propose a dividend of at least EUR 0.75 per eligible share for 2008 to be paid after approval by the Annual General Meeting held in 2009.

Disclaimer: This news release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are usually accompanied by words such as "believe," "intend," "anticipate," "plan," "expect" and similar expressions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- the level of demand for telecommunications services or equipment, particularly with regard to access lines, traffic, bandwidth and new products;
- competitive forces in liberalized markets, including pricing pressures, technological developments, alternative routing developments and new access technologies, and our ability to retain market share in the face of competition from existing and new market entrants;
- the effects of our tariff reduction or other marketing initiatives;
- the regulatory developments and changes, including the levels of tariffs, the terms of interconnection, unbundling of access lines and international settlement arrangements;
- our ability to achieve cost savings and realize productivity improvements;
- the success of new business, operating and financial initiatives, many of which involve start-up costs, and new systems and applications, particularly with regard to the integration of service offerings;
- our ability to secure the licenses we need to offer new services and the cost of these licenses and related network infrastructure build-outs;
- the progress of our domestic and international investments, joint ventures and alliances
- the impact of our new business strategies and transformation program;
- the availability, terms and deployment of capital and the impact of regulatory and competitive developments on capital expenditure;
- the outcome of litigation in which we are involved;
- the level of demand in the market for our shares which can affect our business strategies;
- changes in the law including regulatory, civil servants and social security law, including pensions and tax law; and general economic conditions, government and regulatory policies, and business conditions in the markets we serve.
- Through its expansion into the Eastern and South-eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-eastern European region involve uncertainties, including tax uncertainties that typically do not exist in other markets.

Due to rounding differences deviations in subtotals and totals may occur.

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Balance Sheets

in EUR millions	June 30, 08 unaudited	Dec. 31, 07 audited
ASSETS		
Current Assets		
Cash and cash equivalents	195.4	209.1
Short-term investments	33.8	19.5
Accounts receivable - trade, net of allowances	759.8	751.2
Receivables due from related parties	6.1	3.3
Inventories	124.8	128.3
Prepaid expenses	128.1	124.8
Income taxes receivable	53.3	30.9
Non-current assets held for sale	0.2	0.2
Other current assets	60.8	58.9
Total Current Assets	**1,362.3**	**1,326.2**
Long-term assets		
Investments in associates	13.0	5.7
Financial assets long-term	44.2	60.0
Goodwill	1,900.2	1,939.6
Other intangible assets, net	2,306.7	2,433.0
Property, plant and equipment, net	3,048.2	3,186.5
Other assets	9.2	8.5
Deferred tax assets	28.0	44.1
Receivables due from related parties, long-term finance	2.1	0.1
Total Long-Term Assets	**7,351.6**	**7,677.5**
TOTAL ASSETS	**8,713.9**	**9,003.7**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	-1,552.9	-1,236.1
Accounts payable - trade	-549.9	-637.1
Provisions and accrued liabilities	-225.9	-229.3
Payables to related parties	-11.2	-17.3
Income taxes payable	-17.9	-21.8
Other current liabilities	-241.2	-237.8
Deferred income	-177.3	-177.8
Total Current Liabilities	**-2,776.3**	**-2,557.2**
Long-Term Liabilities		
Long-term debt, net of current portion	-2,472.8	-2,793.8
Lease obligations, net of current portion	-24.6	-49.7
Employee benefit obligation	-117.4	-113.0
Provisions long-term	-96.9	-89.6
Deferred tax liabilities	-190.0	-195.4
Other liabilities and deferred income	-642.8	-639.7
Total Long-Term Liabilities	**-3,544.5**	**-3,881.2**
Stockholders' equity		
Common stock	-1,003.3	-1,003.3
Treasury shares	334.4	334.4
Additional paid-in capital	-548.9	-548.9
Retained earnings	-1,280.0	-1,385.7
Revaluation reserve	-0.8	-0.1
Translation adjustments	105.6	38.3
Equity attributable to equity holders of the parent	**-2,393.0**	**-2,565.3**
Minority interests	-0.1	0.0
Total Stockholders' equity	**-2,393.1**	**-2,565.3**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**-8,713.9**	**-9,003.7**

Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Operations*

in EUR millions, except per share information (unaudited)	**2Q 08**	**2Q 07**	**1H 08**	**1H 07**
Revenues	1,276.2	1,208.0	2,535.8	2,353.8
Other operating income	23.6	13.2	57.6	27.0
Operating expenses				
Materials	-94.3	-92.2	-194.8	-174.7
Employee costs, including benefits and taxes	-213.6	-194.7	-418.0	-386.9
Depreciation and amortization	-294.4	-268.0	-577.8	-532.2
Other operating expenses	-522.8	-468.2	-1,012.9	-876.8
Operating income	**174.7**	**198.1**	**389.9**	**410.2**
Other income (expense)				
Interest income	4.8	5.0	11.4	10.1
Interest expense	-56.1	-35.4	-113.5	-70.7
Foreign exchange differences	0.2	0.1	0.0	0.5
Income (Loss) from investments	0.1	0.1	1.9	0.2
Equity in earnings of affiliates	-0.2	0.1	0.1	0.0
Income before income taxes	**123.5**	**168.0**	**289.8**	**350.3**
Income tax expense	-27.2	-37.4	-63.8	-72.5
Net income	**96.3**	**130.6**	**226.0**	**277.8**
Attributable to:				
Equity holders of the parent	96.3	130.6	225.9	277.8
Minority interests	0.0	0.0	0.1	0.0
Basic and fully diluted earnings per share	**0.22**	**0.29**	**0.51**	**0.61**
Weighted-average number of ordinary shares outstanding	**442,211,742**	**457,650,055**	**442,211,742**	**459,161,582**

* Consolidated 2Q 08 and 1H 08 financial statements of the Telekom Austria Group include financial figures for Velcom. Velcom's financial results are not included in 2Q 07 and 1H 07 results.

Consolidated Financials Statements Telekom Austria Group

Condensed Consolidated Statements of Cash Flows*

in EUR millions (unaudited)	2Q 08	2Q 07	1H 08	1H 07
Cash flows from operating activities				
Net Income	96.4	130.6	226.0	277.8
Adjustments to reconcile net income to cash generated from operations				
Depreciation, amortization and impairment charges	294.4	268.0	577.8	532.2
Write-offs from and appreciation to investments, net	0.1	0.0	0.1	0.0
Employee benefit obligation (long- and short-term) - non-cash	2.2	1.9	4.6	3.5
Allowance for doubtful accounts	9.1	8.0	19.3	15.2
Change in deferred taxes	4.0	9.0	15.4	18.8
Equity in earnings of affiliates less than (in excess of) dividends received	0.2	-0.1	-0.1	0.0
Stock compensation	3.2	2.7	-6.9	2.5
Asset retirement obligation - accretion expense	1.3	0.9	2.5	1.8
Result on sale of investments	0.1	0.0	-1.7	-0.1
Result on disposal / retirement of equipment	-5.3	-0.8	-10.3	-0.5
Other	0.8	1.2	0.1	1.1
	406.4	421.4	826.8	852.3
Changes in assets and liabilities, net of effect of business acquired				
Accounts receivable - trade	-48.0	-33.9	-28.8	-6.1
Receivables due from related parties	-0.8	-0.3	-0.0	0.3
Inventories	3.9	-14.1	3.6	-3.5
Prepaid expenses and other assets	2.1	-1.5	-28.2	1.5
Accounts payable - trade	-7.1	38.5	-91.5	-59.6
Employee benefit obligation (long- and short-term)	-0.3	-3.9	-0.8	-11.6
Provisions and accrued liabilities	-12.1	-15.6	-2.1	-13.5
Payables due to related parties	6.2	-1.0	-6.1	-4.6
Other liabilities and deferred income	16.8	31.3	-0.6	41.1
	-39.3	-0.5	-154.6	-56.0
Cash generated from operations	**367.1**	**420.9**	**672.2**	**796.3**
Cash flows from investing activities				
Capital expenditures, including interest capitalized	-190.7	-209.4	-350.3	-376.7
Acquisitions and investments, net of cash acquired	-7.3	-92.9	-9.3	-96.4
Sale of subsidiary, net of cash	0.0	0.0	1.4	0.0
Proceeds from sale of equipment	9.9	2.5	16.8	4.5
Purchase of investments	-3.2	-2.3	-6.3	-2.6
Proceeds from sale of investments	0.3	1.7	1.7	3.4
Cash used in investing activities	**-191.0**	**-300.4**	**-346.0**	**-467.8**
Cash flows from financing activities				
Proceeds from issuance of long term debt	137.5	150.0	137.5	150.0
Principal payments on long-term debt	0.0	0.0	-327.3	-77.3
Changes in short-term bank borrowings	24.8	205.4	172.4	111.6
Purchase of treasury shares	0.0	-134.0	0.0	-175.1
Dividends paid	-331.7	-343.0	-331.7	-343.0
Cash used in financing activities	**-169.4**	**-121.6**	**-349.1**	**-333.8**
Effect of exchange rate changes	**-1.3**	**1.9**	**9.2**	**1.5**
Net increase in cash and cash equivalents	**5.5**	**0.8**	**-13.7**	**-3.8**
Cash and cash equivalents at beginning of period	189.9	120.5	209.1	125.1
Cash and cash equivalents at end of period	195.4	121.3	195.4	121.3

* Consolidated 2Q 08 and 1H 08 financial statements of the Telekom Austria Group include financial figures for Velcom. Velcom's financial results are not included in 2Q 07 and 1H 07 results.

Consolidated Financials Statements Telekom Austria Group

Condensed Consolidated Statement of Changes in Stockholders´ Equity

in EUR millions (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Minority interest	Total stockholders' equity
Balance January 1, 2008	**1,003.3**	**-334.4**	**548.9**	**1,385.7**	**0.1**	**-38.3**	**2,565.3**		**2,565.3**
Net unrealized result on securities, net of EUR 0.0 deferred income tax					-0.5		-0.5		-0.5
Unrealized net result on hedging activities, net of EUR 0.0 deferred income tax					1.3		1.3		1.3
Foreign currency translation adjustment, net of EUR 0.0 deferred income tax						-67.2	-67.2		-67.2
Net result recognized directly in equity							-66.7		-66.7
Net income				**225.9**			**225.9**	**0.1**	**226.0**
Total recognized income for the period							159.4	0.1	159.5
Distribution of dividends				-331.7			-331.7		-331.7
Balance June 30, 2008	**1,003.3**	**-334.4**	**548.9**	**1,280.0**	**0.8**	**-105.6**	**2,393.0**	**0.1**	**2,393.1**

in EUR millions (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Revaluation reserve	Translation adjustment	Total	Minority interest	Total stockholders' equity
Balance January 1, 2007	**1,090.5**	**-654.6**	**461.6**	**1,924.7**	**0.4**	**0.9**	**2,823.5**		**2,823.5**
Net unrealized result on securities, net of EUR 0 deferred income tax					0.2		0.2		0.2
Foreign currency translation adjustment, net of EUR 0.0 deferred income tax						1.5	1.5		1.5
Net result recognized directly in equity							1.7		1.7
Net income				**277.8**			**277.8**		277.8
Total recognized income for the period							279.5		279.5
Distribution of dividends				-343.0			-343.0		-343.0
Purchase of treasury shares		-175.1					-175.1		-175.1
Retirement of Treasury shares	-87.2	688.5	87.2	-688.5					0.0
Balance June 30, 2007	**1,003.3**	**-141.2**	**548.9**	**1,171.0**	**0.6**	**2.4**	**2,584.9**		**2,584.9**

	June 30, 08	**December 31, 07**	**June 30, 07**
Number of shares of common stock	460,000,000	460,000,000	460,000,000
Number of treasury shares	17,788,258	17,788,258	7,255,000
Average purchase price of treasury shares	18.80	18.80	19.47

Consolidated Financials Statements Telekom Austria Group

Condensed Segment Reporting*

	1H 08				
in EUR millions (unaudited)	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	Consolidated
External revenues	963.7	1,572.1	0.0	0.0	2,535.8
Intersegmental revenues	80.1	38.7	0.0	-118.8	0.0
Total revenues	**1,043.8**	**1,610.8**	**0.0**	**-118.8**	**2,535.8**
Other operating income	31.0	37.1	3.3	-13.8	57.6
Segment expenses	-762.2	-981.8	-14.0	132.3	-1,625.7
EBITDA	**312.6**	**666.1**	**-10.7**	**-0.3**	**967.7**
Depreciation and amortization	-259.4	-318.6	0.0	0.2	-577.8
Operating income	**53.2**	**347.5**	**-10.7**	**-0.1**	**389.9**
Segment assets	2,530.3	7,420.5	6,459.8	-7,696.7	8,713.9
Segment liabilities	-1,015.3	-4,969.6	-4,755.4	4,419.5	-6,320.8
Capital expenditures	132.5	217.8	0.0	0.0	350.3

	1H 07				
in EUR millions (unaudited)	Fixed Net	Mobile Communication	Corporate & Other	Eliminations	Consolidated
External revenues	957.2	1,396.6	0.0	0.0	2,353.8
Intersegmental revenues	87.0	37.0	0.0	-124.0	0.0
Total revenues	**1,044.2**	**1,433.6**	**0.0**	**-124.0**	**2,353.8**
Other operating income	29.3	6.7	3.8	-12.8	27.0
Segment expenses	-691.5	-859.7	-13.0	125.8	-1,438.4
EBITDA	**382.0**	**580.6**	**-9.2**	**-11.0**	**942.4**
Depreciation and amortization	-281.7	-250.7	0.0	0.2	-532.2
Operating income	**100.3**	**329.9**	**-9.2**	**-10.8**	**410.2**
Segment assets	2,730.5	5,255.6	5,067.3	-5,547.9	7,505.5
Segment liabilities	-1,204.3	-2,625.4	-3,540.3	2,449.4	-4,920.6
Capital expenditures	123.9	252.8	0.0	0.0	376.7

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Net Debt

in EUR millions	June 30, 08	Dec. 31, 07
	unaudited	audited
Long-term debt	3,038.2	3,389.3
Short-term borrowings	1,552.9	1,236.1
- Short-term portion of capital and cross border lease	-27.5	-8.7
+ Capital lease obligations	0.9	1.0
Cash and cash equivalents, short-term and long-term investments, financing with related parties	-221.6	-230.4
Derivative financial instruments for hedging purposes	59.2	19.9
Net debt	**4,402.1**	**4,407.2**
Net debt/EBITDA (last 12 months)	**2.3x**	**2.4x**

Results by Segments*

in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues						
Fixed Net	521.9	533.4	-2.2%	1,043.8	1,044.2	0.0%
Mobile Communication	814.3	739.5	10.1%	1,610.8	1,433.6	12.4%
Corporate, Other & Eliminations	-60.0	-64.9	-7.6%	-118.8	-124.0	-4.2%
Revenues	**1,276.2**	**1,208.0**	**5.6%**	**2,535.8**	**2,353.8**	**7.7%**
Mobile Communication on a comparable basis, excl. Velcom	743.8	739.5	0.6%	1,475.8	1,433.6	2.9%
EBITDA						
Fixed Net	155.3	187.7	-17.3%	312.6	382.0	-18.2%
Mobile Communication	320.2	293.4	9.1%	666.1	580.6	14.7%
Corporate, Other & Eliminations	-6.4	-14.9	-57.0%	-11.0	-20.2	-45.5%
EBITDA	**469.1**	**466.1**	**0.6%**	**967.7**	**942.4**	**2.7%**
Mobile Communication on a comparable basis, excl. Velcom	285.2	293.4	-2.8%	599.1	580.6	3.2%
Operating income						
Fixed Net	22.9	44.7	-48.8%	53.2	100.3	-47.0%
Mobile Communication	158.1	167.8	-5.8%	347.5	329.9	5.3%
Corporate, Other & Eliminations	-6.3	-14.4	-56.3%	-10.8	-20.0	-46.0%
Operating income	**174.7**	**198.1**	**-11.8%**	**389.9**	**410.2**	**-4.9%**
Mobile Communication on a comparable basis, excl. Velcom	141.2	167.8	-15.9%	317.3	329.9	-3.8%

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Capital expenditures*

in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Fixed Net tangible	52.2	59.8	-12.7%	100.8	108.5	-7.1%
Mobile Communication tangible	100.2	110.4	-9.2%	173.8	183.4	-5.2%
Tangible	**152.4**	**170.2**	**-10.5%**	**274.6**	**291.9**	**-5.9%**
Fixed Net intangible	12.2	4.7	159.6%	31.7	15.4	105.8%
Mobile Communication intangible	26.1	34.5	-24.3%	44.0	69.4	-36.6%
Intangible	**38.3**	**39.2**	**-2.3%**	**75.7**	**84.8**	**-10.7%**
Total capital expenditures	**190.7**	**209.4**	**-8.9%**	**350.3**	**376.7**	**-7.0%**
Mobile Communication capital expenditures on a comparable basis, excl. Velcom	118.6	144.9	-18.2%	205.7	252.8	-18.6%

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Personnel

	End of period			Average of period		
Personnel (full-time equivalent)	**June 30, 08**	**June 30, 07**	**change**	**1H 08**	**1H 07**	**change**
Fixed Net	9,454	9,779	-325	9,514	9,765	-251
Mobile Communication	8,230	6,282	1,948	8,143	6,183	1,960
Telekom Austria Group	**17,684**	**16,061**	**1,623**	**17,657**	**15,948**	**1,709**

Operational Data Fixed Net

Lines and channels (in '000):	June 30, 08	June 30, 07	% change
PSTN access lines	1,976.0	2,134.3	-7.4%
Basic ISDN access lines	342.1	375.5	-8.9%
Multi ISDN access lines	6.5	6.9	-6.3%
Naked broadband lines	42.3	24.8	70.4%
Access lines	**2,366.9**	**2,541.6**	**-6.9%**
Fixed Net broadband retail lines	757.5	625.9	21.0%
Fixed Net broadband wholesale lines	68.9	98.1	-29.8%
Fixed Net broadband lines	**826.4**	**724.0**	**14.1%**
Lines unbundled	297.5	255.7	16.4%

Traffic minutes (in millions of minutes):	2Q 08	2Q 07	% change	1H 08	1H 07	% change
National	673	746	-9.8%	1,406	1,546	-9.1%
Fixed-to-mobile	186	188	-0.7%	375	371	1.1%
International	101	103	-1.7%	208	204	1.8%
Total voice minutes	**960**	**1,037**	**-7.4%**	**1,988**	**2,120**	**-6.2%**
Internet dial up	84	177	-52.4%	203	424	-52.1%
Total Fixed Net minutes	**1,045**	**1,214**	**-13.9%**	**2,192**	**2,545**	**-13.9%**
Total voice market share				61.7%	63.3%	
Total market share (incl. Internet dial up)				65.9%	63.3%	

Average voice telephony tariff (EUR/min.)	0.079	0.077	3.1%	0.078	0.076	2.4%
Fixed Net average revenues per access line	32.6	33.3	-2.1%	32.7	33.5	-2.4%
Fixed Net broadband ARPU residential (EUR)	15.3	26.5	-42.3%	16.6	26.9	-38.4%
Fixed Net broadband penetration in Austria				50.8%	44.2%	

Fixed Net revenues in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Switched voice traffic revenues	79.0	85.6	-7.7%	162.9	172.3	-5.5%
Switched voice monthly rental & other voice telephony revenues	117.0	120.8	-3.1%	233.7	242.2	-3.5%
Payphones & value added services	10.0	11.6	-13.8%	21.0	22.7	-7.5%
Data & IT-solutions including wholesale	124.1	105.6	17.5%	232.4	210.6	10.4%
Internet access & media	60.6	72.5	-16.4%	121.5	141.2	-14.0%
Wholesale voice telephony & Internet	103.8	109.6	-5.3%	214.6	201.2	6.7%
Other	27.4	27.7	-1.1%	57.7	54.0	6.9%
Fixed Net revenues	**521.9**	**533.4**	**-2.2%**	**1,043.8**	**1,044.2**	**0.0%**

Operational Data Mobile Communication*

Mobile Communication in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	814.3	739.5	10.1%	1,610.8	1,433.6	12.4%
EBITDA	320.2	293.4	9.1%	666.1	580.6	14.7%
Operating income	158.1	167.8	-5.8%	347.5	329.9	5.3%
Data as a portion of traffic-related revenues	24.4%	23.7%				

Mobile Communication, on a comparable basis, excl. Velcom (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	743.8	739.5	0.6%	1,475.8	1,433.6	2.9%
EBITDA	285.2	293.4	-2.8%	599.1	580.6	3.2%
Operating income	141.2	167.8	-15.9%	317.3	329.9	-3.8%

	June 30, 08	June 30, 07	% change
Subscribers ('000)	16,468.8	10,802.1	52.5%
Subscribers ('000), on a comparable basis, excl. Velcom	13,099.8	10,802.1	21.3%

mobilkom austria** in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	397.4	419.9	-5.4%	806.4	837.7	-3.7%
EBITDA	139.7	151.6	-7.8%	309.8	312.9	-1.0%
Operating income	76.6	88.3	-13.3%	183.4	186.2	-1.5%
Monthly ARPU (EUR)	28.1	32.0	-12.2%	28.4	31.9	-11.0%
Data as a portion of traffic-related revenues	31.0%	26.4%		31.3%	26.8%	
Subscriber acquisition cost (SAC)	12.3	12.0	2.5%	23.6	33.3	-29.1%
Subscriber retention cost (SRC)	16.4	18.7	-12.3%	34.8	38.2	-8.9%
Churn (3 months)	3.3%	3.2%		7.3%	7.5%	
Monthly MOU charged/ø subscriber	177.1	174.4	1.5%	180.2	172.7	4.3%

	June 30, 08	June 30, 07	% change
Subscribers ('000)	4,257.4	3,764.0	13.1%
Contract share	67.5%	64.1%	
Market share	42.5%	39.6%	
Market penetration	119.8%	114.7%	

Mobiltel, Bulgaria in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	165.6	158.9	4.2%	320.0	300.7	6.4%
EBITDA	95.8	91.5	4.7%	188.6	173.3	8.8%
Operating income	51.7	54.6	-5.3%	104.5	100.1	4.4%
Monthly ARPU (EUR)	9.9	10.3	-3.9%	9.6	10.1	-5.0%

	June 30, 08	June 30, 07	% change
Subscribers ('000)	5,154.2	4,554.1	13.2%
Contract share	47.3%	38.7%	
Market share	50.5%	50.6%	
Market penetration	133.8%	117.4%	

* Consolidated 2Q 08 and 1H 08 financial statements of Telekom Austria include financial figures for Velcom. Velcom financial results are not included in 2Q 07 and 1H 07 results.

** The reported operating income represents the contribution of the subsidiaries to the consolidated operating income of operations of the Telekom Austria Group including amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the results of the single financial statements.

Operational Data Mobile Communication

Velcom, Belarus in EUR millions (unaudited)	**2Q 08**	**2Q 07**	**% change**	**1H 08**	**1H 07**	**% change**
Revenues	71.1	-	n.a.	135.6	-	n.a.
EBITDA	35.0	-	n.a.	67.0	-	n.a.
Operating income	16.9	-	n.a.	30.2	-	n.a.
Monthly ARPU (EUR)	6.9	-	n.a.	6.7	-	n.a.

	June 30, 08	**June 30, 07**	**% change**
Subscribers ('000)	3,369.0	-	n.a.
Market share	44.4%	-	
Market penetration	78.2%	-	

Vipnet*, Croatia in EUR millions (unaudited)	**2Q 08**	**2Q 07**	**% change**	**1H 08**	**1H 07**	**% change**
Revenues	128.2	124.3	3.1%	244.7	226.7	7.9%
EBITDA	49.4	47.8	3.3%	91.8	85.7	7.1%
Operating income	31.1	29.3	6.1%	55.3	48.3	14.5%
Monthly ARPU (EUR)	14.9	15.6	-4.5%	14.7	15.1	-2.6%

	June 30, 08	**June 30, 07**	**% change**
Subscribers ('000)	2,272.2	2,015.4	12.7%
Contract share	21.5%	19.3%	
Market share	42.2%	42.7%	
Market penetration	122.1%	107.1%	

Si.mobil, Slovenia in EUR millions (unaudited)	**2Q 08**	**2Q 07**	**% change**	**1H 08**	**1H 07**	**% change**
Revenues	46.4	42.8	8.4%	90.5	79.0	14.6%
EBITDA	15.4	12.8	20.3%	30.1	24.1	24.9%
Operating income	10.0	6.8	47.1%	19.8	12.0	65.0%
Monthly ARPU (EUR)	23.6	23.3	1.3%	23.5	22.2	5.9%

	June 30, 08	**June 30, 07**	**% change**
Subscribers ('000)	534.7	463.4	15.4%
Contract share	64.1%	59.7%	
Market share	27.2%	26.2%	
Market penetration	98.0%	88.1%	

* The reported operating income represents the contribution of the subsidiaries to the consolidated operating income of operations of the Telekom Austria Group including amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the results of the single financial statements.

Operational Data Mobile Communication

Vip mobile, Republic of Serbia in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	12.7	-	n.a.	24.8	-	n.a.
EBITDA	-9.5	-	n.a.	-22.9	-	n.a.
Operating income	-21.7	-	n.a.	-45.3	-	n.a.

	June 30, 08	June 30, 07	% change
Subscribers ('000)	666.6	-	n.a.
Market share	7.2%	-	
Market penetration	123.9%	-	

Vip operator, Republic of Macedonia in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	2.5	-	n.a.	4.3	-	n.a.
EBITDA	-5.2	-	n.a.	-11.2	-	n.a.
Operating income	-6.1	-	n.a.	-13.0	-	n.a.

	June 30, 08	June 30, 07	% change
Subscribers ('000)	209.2	-	n.a.
Market share	9.9%	-	
Market penetration	103.8%	-	

mobilkom liechtenstein in EUR millions (unaudited)	2Q 08	2Q 07	% change	1H 08	1H 07	% change
Revenues	5.7	6.2	-8.1%	10.3	10.9	-5.5%
EBITDA	0.9	0.8	12.5%	1.7	1.5	13.3%
Operating income	0.7	0.6	16.7%	1.3	1.1	18.2%

	June 30, 08	June 30, 07	% change
Subscribers ('000)	5.5	5.2	5.8%

Selected Explanatory Notes

Basis of Presentation

The consolidated interim financial statements, in the opinion of management, include all adjustments necessary for a fair presentation in accordance with International Financial Reporting Standards (IFRS).

These financial results in accordance with IAS 34 "Interim Financial Reporting" are unaudited and should be read in connection with the Company's annual consolidated financial statements according to IFRS for the year ended December 31, 2007. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

No major related party transactions, commitments, contingencies and guarantees occurred since December 31, 2007.

The preparation of the interim financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The Company has applied the same accounting policies and methods of computation in the interim financial statements as in the annual financial statements as of and for the year ended December 31, 2007 except for the following:

During 2007 and as of January 1, 2008, IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions", IFRIC 12 "Service Concession Arrangements" and IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset" became effective. The Company has adopted these standards as of January 1, 2008. The effects, if any, on its consolidated financial statements were insignificant.

Compared to other economic sectors the telecommunications industry is in general little cyclical. Within the telecommunication sector the seasonality of the Company's Fixed Net and Mobile Communications segment shows the same pattern as other European incumbents, having lower margins in the year-end quarter due to Christmas promotions, equipment provided to customers and increases in sales commissions. However, in the Mobile Communications segment customer and visitor roaming revenues are above average in the third quarter due to the summer vacation season. In Austria visitor roaming is also above average in the first quarter due to winter sports tourism.

Business Combination

On March 28, 2008 the Company acquired the Austrian mobile operation of Tele2, MobilNet, for a purchase price of EUR 2.1 million. MobilNet has

Acquisition of MobilNet **in EUR millions (unaudited)**	**Fair values on acquisition**	**Fair value adjustments**	**Carrying amounts before the combination**
Property, plant and equipment	0.9	0.0	0.9
Intangible assets	1.9	1.9	0.0
Deferred tax assets	4.4	-0.6	5.0
Trade and other receivables	0.8	0.0	0.8
Trade and other payables	-6.0	0.0	-6.0
Net identifiable assets and liabilities	**2.1**	**1.3**	**0.8**

previously operated as a mobile virtual network operator on a competitor's network.

The table above summarizes assets, liabilities and contingent liabilities of the acquiree immediately before the combination and the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

The investment in MobilNet is presented in the Mobile Communication segment.

Since the effect of the acquired entity prior to the acquisitions on the consolidated financial statements of the Company is not considered significant, no pro-forma information as if the acquisition had taken place as of January 1, 2008 and 2007, is presented.

In February 2008, the Company sold its stake in eTel Polska for a purchase price of EUR 3.2 million, of which EUR 0.8 million are still outstanding.

On April 24, 2008 the Company acquired 37.47% of Infotech Holding GmbH in the Fixed Net segment for a purchase price of EUR 7.2 million. InfoTech Holding GmbH is targeting to bundle companies in Austria to become a comprehensive ICT service provider for business customers.

Long-Term Debt, Short-Term Borrowings and Net Debt

An amount of EUR 327.3 million of long term debt was repaid and EUR 137.5 debt with maturity dates of June 30, 2010 and November 29, 2013 and interest rates from 3.7% to 5.7% was issued in the six month period ended June 30, 2008. Short-term debt increased mainly due to the issuance of multi-currency notes and the shift of maturing long-term debt to short-term borrowings.

Income Taxes

The effective tax rate for the six month periods ended June 30, 2008 and 2007 was 22.0% and 20.7%. In the six month period ended June 30, 2008, the effective tax rate was less than the Austrian statutory tax rate of 25% mainly due to foreign income tax rate differentials and tax-exempted income related to investments in associated companies.

Net deferred tax liabilities of EUR 151.3 million as of December 31, 2007 increased to EUR 162.0 million mainly due to the recognition of deferred tax liabilities due to the write down of treasury shares for tax purposes which was partially compensated by the reduction of deferred tax liabilities due to foreign exchange differences and the amortization and depreciation of the fair value adjustments of assets acquired in business combinations.

Stock Based Compensation

In the first quarter 2008 the Company launched the fifth tranche (or "ESOP 2008+) of the stock option plan 2004.

For the six month period ended June 30, the Company recorded a benefit of EUR 6.9 million in 2008 and an expense of EUR 2.5 million in 2007 excluding related payroll taxes and social contributions, mainly due to the decline of the Telekom Austria share price on June 30, 2008 compared to December 31, 2007.

ESOP Parameters	June 30, 08	Dec. 31, 07
Expected average dividend per share	0.76 - 1.04 Euro	0.75-1.00Euro
Expected volatility	32%	27%
Risk - free interest rate range	4.265% - 5.090%	3.618% - 4.585 %
Stock price	13.8 Euro	19.0 Euro
Fair value per option first tranche	-	7.34 Euro
Fair value per option second tranche	1.88 Euro	5.61 Euro
Fair value per option third tranche	0.80 Euro	2.17 Euro
Fair value per option fourth tranche	0.91 Euro	1.98 Euro
Fair value per option fifth tranche	1.09 Euro	-

Compensation expense is measured based on the fair value of the options at each reporting date and recognized over the service period on a straight-line basis. The fair value estimation is based on a binomial option pricing model by applying the parameters summarized in table "ESOP Parameters".

Stockholders' equity

The foreign currency translation adjustment mainly results from the consolidation of Velcom.

The purchase price liability resulting from the acquisition of Velcom at a present value of USD 860 Mio at acquisition date will be due in the fourth quarter of 2010. Therefore the Company entered into forward exchange contracts, which were designated as Hedging Instrument starting in the second quarter of 2008 (Cash Flow Hedge according IAS 39). The interest element of the forward rate together with the addition of the accrued interest of the purchase price liability now establish the effective interest, which is reported in the financial result until third quarter 2010.

Interest Expense

In compliance with IAS 8.14 the Company shows interest expense resulting from employee benefit obligations in the financial result beginning September 30, 2007. The Company has reclassified the interest expense as this provides a more relevant view on the financial result than by including it in employee cost. Comparative figures for the six month period ended June 30, 2007 were adjusted accordingly.

Segment Reporting

The Company operates in three segments: Fixed Net, Mobile Communication and Corporate & Other.

In 2008, the Company reduced estimated useful lives of certain technical and office equipment due to the rapid development of technological environment in the relevant areas. The change in estimate resulted in an increase of depreciation by EUR 3.3 million in the Mobile Communication and by EUR 0.2 million in the Fixed Net segment.

In the second quarter 2008 the Company increased both the interest rate for calculation of asset retirement obligation from 5.00% to 6.00% and the inflation rate from 2% to 3% based on general development of both factors. This change in estimate resulted in a reduction of the asset retirement obligation of EUR 0.5 million in the Mobile Communication and EUR 0.4 million in the Fixed Net segment.

Subsequent Events

Rudolf Fischer, the Vice Chairman of the Board and CEO of the Fixed Net segment will resign as of August 31, 2008, he will continue to support the Fixed Net segment for another year to foster an efficient transition. Boris

Nemsic, CEO of Telekom Austria Group and CEO of mobilkom austria will take over Rudolf Fischer's position and head the Fixed Net segment as of September 1, 2008.

On August 6, 2008 the Company issued debut promissory notes with a total volume of EUR 300 million and a maturity of four years. The notes consist of a fixed interest tranche of EUR 100 million with a coupon of 6.08% and a floating tranche of EUR 200 million with an initial coupon valid for the first 6 month period at 6.20%.

Waiver of Review

This half-yearly financial report of the Telekom Austria Group has not been audited or reviewed.

Statement of all Legal Representatives

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the International Financial Reporting Standards (IFRS) and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, August 20, 2008

The Management Board

Boris Nemsic, CEO   Rudolf Fischer, Deputy CEO   Hans Tschuden, CFO