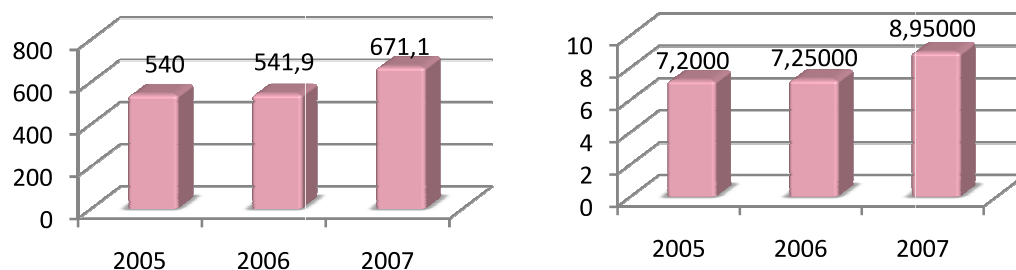


7. CABLE SYSTEMS

The largest cable system operator in the Republic of Serbia, in terms of the number of customers, is Serbia Broadband – Srpske kablovske mreže (SBB) with 55% of the market share. Therefore, pursuant to the Telecommunications Law (*Official Gazette of RS*, nos. 44/03 and 36/06) and the Statutes of the Republic Telecommunication Agency (*Official Gazette of RS*, no. 75/05), RATEL's Managing Board, in its session of 16 February 2007 adopted a Decision on declaring a public telecommunications operator with significant market power for the service of radio and television programs distribution via cable distribution network, whereby the company Serbia Broadband – Srpske kablovske mreže (SBB) was declared an SMP operator. Along with SBB, significant players in the market of RTV program distribution via cable distribution network are also PE PTT KDS and IKOM d.o.o.

Unlike the previous year, in 2007 most of the subscribers were connected to HFC network. In this way, along with the radio and TV program distribution, the end user has also been given a possibility of broadband Internet access.

Figure 63. Total Number of Users (thousands)/Number of Users per 100 Inhabitants

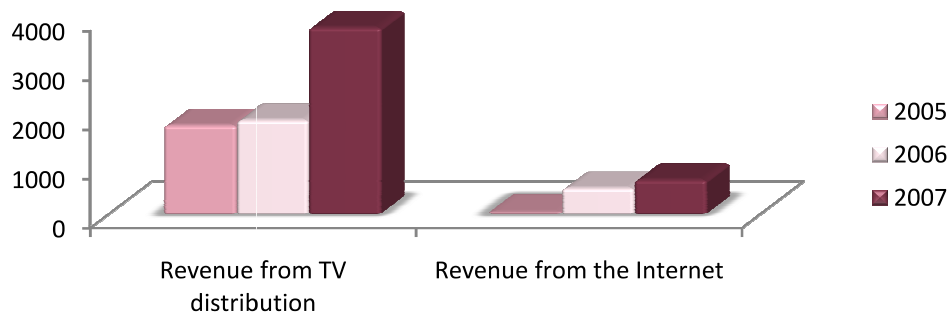


Source: RATEL

The total number of cable operators has doubled. This growth tendency is mainly explained by the increase in the number of customers of the TV and Internet distribution services, but also by the increase in the prices of the radio and TV program distribution.



Figure 64. Increase in Cable Operators Revenue (RSD mn)

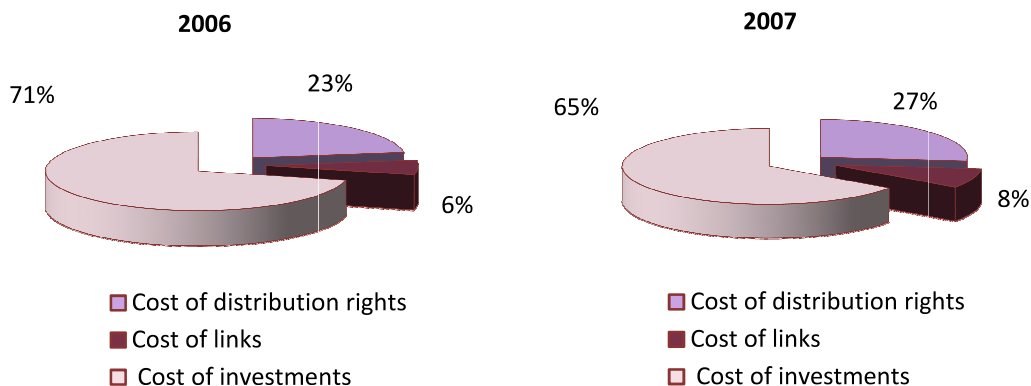


Source: RATEL

The total costs of distribution rights and lease of transmission capacities amount to approximately €13 million, which is an increase of over 100% compared with the previous year. If we consider the total costs of the cable operators, most was spent on investments, which were increased by 40% in 2007, amounting to €24.5 million.

This growth trend of the development and investments has a considerable impact on the development of the ICTs in Serbia.

Figure 65. Costs Allocation(RSD mn)

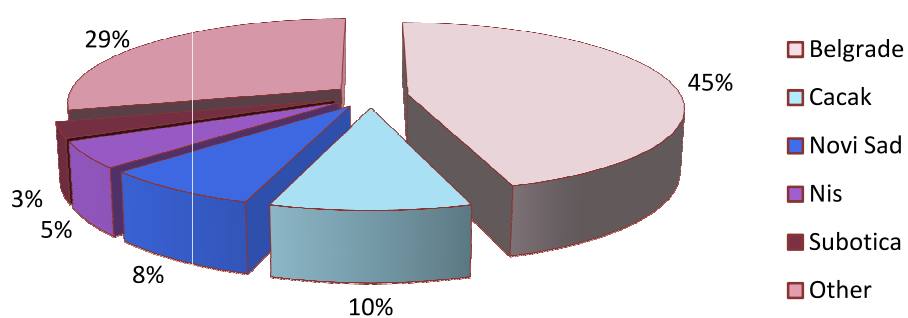


Source: RATEL

As for the geographic distribution of cable customers in Serbia, most of them are in Belgrade, 45%. Other towns, such as Čačak, Novi Sad, Niš and Subotica, have around 26% of

the total number of subscribers, while the remaining 29% go to the rest of Serbia 1/6 in other large towns and 40% in the rest of Serbia. Such distribution is not surprising, considering the number of inhabitants and the development level of these areas.

Figure 66. Geographic Distribution of Cable Customers



Source: RATEL