

Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

Македонски Телеком  
АД за електронски комуникации Скопје  
Број 056-355454 /  
Датум 28-10-2011

To: Securities and Exchange Commission of the RoM  
26 Dimitrija Cupovski, 1000 Skopje

Date: 28.10.2011

Subject: Financial Statements for the third quarter of 2011

Dear Sirs/Madams,

In accordance with Articles 157, 160 and 164 of the Law on Securities, related to the reporting obligation for the third quarter of 2011 of Makedonski Telekom AD – Skopje, enclosed is the complete material for the third quarter of 2011, which includes:

1. The consolidated and non-consolidated unaudited income statement and the analysis of the consolidated and non-consolidated operating profit/loss prepared in accordance with the International Financial Reporting Standards (IFRS);
2. Explanations on the operation of Makedonski Telekom AD - Skopje for the third quarter of 2011 (the same refer to the consolidated and non-consolidated unaudited income statement);
3. Statements for info accuracy.

In accordance with the respective by-laws, the complete material for the third quarter of 2011 shall be posted in an electronic format on the website of the Securities and Exchange Commission through the respective module.

Yours faithfully,

  
Oliver Kosturanov  
President of the Board of Directors

  
Daniel Szasz  
Chief Executive Officer

Makedonski Telekom AD – Skopje  
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Makedonski Telekom AD Skopje  
Orca Nikolov bb 1000 Skopje

**To:** Securities and Exchange Commission of RoM  
26 Dimitrija Cupovski, 1000 Skopje

**Date:** 28.10.2011

**Subject:** Explanation on the operation of Makedonski Telekom AD - Skopje for the period from 01.07.2011 until 30.09.2011

The following analysis refers to the consolidated financial reports of the Makedonski Telekom AD – Skopje Group, which includes Makedonski Telekom AD - Skopje, T-Mobile Macedonia AD Skopje and the e-Makedonija – Skopje Foundation.

During the third quarter of 2011, the sales revenues at Group level decreased by 10.2% compared to the same period in 2010, mainly due to the decrease in the revenues from the mobile segment compared to the same period of the previous year.

The voice revenues in the fix segment services decreased due to the decreased number of fixed line customers by 8.5% compared to the same quarter of the previous year, resulting in a customer base of 318 thousand at the end of September 2011 and a decrease of the outgoing traffic by 6.7% amounting to 191,757 thousand minutes in the third quarter of 2011. However, Makedonski Telekom has managed to maintain its leading market position with a market share of 77% (estimated internally) in the fixed line segment with internet broadband market share of 57% (estimated internally). The revenues from internet and digital television via Internet protocol ("IPTV") decreased by 2.1% compared to the third quarter of the previous year. The focus on the double and triple play packages resulted in an increased number of DSL customers by 8.5%, resulting in DSL customer base of 157 thousand at the end of September 2011. Makedonski Telekom, with its IPTV service, entered as a challenger on the market already dominated by the CATV providers. However, due to the high quality service, the interactivity and the unique TV experience, Makedonski Telekom achieved an increase of the number of IPTV customers by 51.0% compared to end of September 2010, amounting to 35 thousand at the end of September 2011.

The mobile revenues decrease is mainly a result of the intensified competition, especially in the prepaid and the business segment. The decline in mobile revenues is mostly due to the decrease in the voice retail revenues, mainly as a result of the slight decrease in the subscriber base resulting to 1,294 thousand subscribers at the end of September 2011. In addition, the Average Revenue Per User (ARPU) decreased by 6.5%. This decrease is partly compensated by the increased revenues in Voice wholesale and also the increase in Mobile internet services, which remains our focus with continuous introduction of various promotions, innovative internet based services and newest smart phones on the market. Nevertheless, even with this strong price competition, T-Mobile Macedonia has maintained its leading market position with a market share of 50.3% (estimated internally).

On the cost side, during the third quarter of 2011, the operating expenses declined by 4.5% compared to the same period in 2010. The decline is mainly resulting from the decrease in the caption Services.

The above-stated movements on the revenues and costs side resulted in a decrease of the net profit for the third quarter of 2011 by 18.2% compared to the same period of the previous year, resulting in a net profit of MKD 1,542,768 thousand.

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*On 13 February 2006, Magyar Telekom Plc. ("Magyar Telekom"), the controlling owner of the Company, via Stonebridge Communications AD - Skopje (under liquidation), majority shareholder of the Company, announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom to determine whether the contracts were entered into in violation of Magyar Telekom's policies or the applicable laws or regulations. Magyar Telekom's Audit Committee retained White & Case as its independent legal counsel to conduct the internal investigation. Subsequent to this, on 19 February 2007, the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company and the Audit Committee of Magyar Telekom, adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*For further information about the internal investigation, please refer to the financial statements of the Company for the year ended 31 December 2010.*

*According to the information provided to the Company by Magyar Telekom, on 2 December 2009, the Audit Committee of Magyar Telekom provided Magyar Telekom's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated 30 November 2009 (the "Final Report"). The Audit Committee of Magyar Telekom indicated that it considers that, with the delivery of the Final Report based on the currently available facts, White & Case completed its independent internal investigation.*

*According to the information provided to the Company by Magyar Telekom, the Final Report includes the following findings and conclusions related to Magyar Telekom's Macedonian affiliates, based upon the evidence available to the Audit Committee of Magyar Telekom and its counsel:*

- *As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by Magyar Telekom and its affiliates.*
- *Between 2000 and 2006, a small group of former senior executives at Magyar Telekom and Magyar Telekom's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between Magyar Telekom and its subsidiaries, on one hand, and affiliates of a Cyprus-based consulting company, on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."*
- *"The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements."*
- *In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics:*
  - *intentional circumvention of internal controls;*
  - *false and misleading corporate documents and records;*
  - *lack of due diligence concerning and failure to monitor the performance of contractors and agents in circumstances carrying a high risk of corruption;*
  - *lack of evidence of performance; and*
  - *expenditures that were not for the purposes stated in the contracts under which they were made, but were rather intended to obtain benefits for the Magyar Telekom subsidiaries that could only be conferred by government action.*
- *The Final Report states that "the investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials." However, the counsel of Magyar Telekom's Audit*

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*Committee did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.*

*As previously disclosed, Magyar Telekom has taken remedial measures to address issues previously identified by the independent investigation, including steps designed to revise and enhance Magyar Telekom Group's internal controls, as well as for establishing the Corporate Compliance Program. According to the information provided to the Company by Magyar Telekom, due to these measures, no modifications to the Corporate Compliance Program were viewed as necessary in response to the Final Report. This conclusion has been discussed with the Audit Committee of Magyar Telekom. The Audit Committee of Magyar Telekom has not made recommendations either relating to Magyar Telekom's compliance program or to the internal controls.*

*In relation to the issuance of the Final Report and the information provided to the Company by Magyar Telekom, in January 2010, the Chairman of the Company's Board of Directors requested third-party legal and tax expertise for the assessment of the potential accounting and tax implications arising from the transactions conducted by the Company and its subsidiary subject to the Final Report.*

*The external experts prepared reports (the "Reports") on their assessment and submitted the Reports to the Chairman of the Company's BoD and the Management of the Company and its subsidiary accordingly. As a result, based on the analysis of the tax and legal experts and the information available to the Management related to the transactions subject to the Final Report, an amount of MKD 248,379 thousand has been identified as potential tax impact (together with the related penalty interest) as of 31 December 2009, arising from the transactions conducted by the Company and its subsidiary subject to the Final Report. In 2010, the amount related to the identified potential tax impact (together with the related penalty interest) amounted to MKD 261,834 thousand, out of which MKD 227,972 thousand, related to the Company, were paid in 2010 upon an executive decision issued by the Public Revenue Office. In addition, the value of one contract of MKD 105,147 thousand, capitalised within treasury shares, is now corrected and accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares, as originally reported. The other contracts that were identified in the Final Report and the reports of the tax and legal experts related to transactions undertaken by the Company and its subsidiary were expensed in the related periods (2001-2007).*

*In May 2008, the Ministry of Interior ("Mol") of the Republic of Macedonia ("RoM") submitted to the Company an official written request for information and documentation regarding certain payments for consultancy services and advance dividend, as well as certain procurements and contracts. In June 2008, the Company submitted copies from the requested documents. In the same period, T-Mobile Macedonia also received similar requests for the submission of certain documentation to the Ministry of Interior of RoM, which documentation was submitted accordingly.*

*In October 2008, the Investigation Judge from the Primary Court Skopje 1 - Skopje (the criminal court), issued an official written order to the Company to handover certain original documentation. Later, in October 2008, the Company officially and personally handed over the requested documentation. Additional Mol written requests were submitted and the Company provided the requested documentation.*

*We understand, based on public information available as of 10 December 2008, that the Mol Organized Crime Department submitted the files to the Basic Public Prosecution Office of Organized Crime and Corruption, with a proposal to bring criminal charges against Attila Szendrei (former CEO of Makedonski Telekom AD - Skopje), Rolf Plath (former CFO of Makedonski Telekom AD - Skopje), Mihail Kefaloyannis (former member of the Board of Directors in Stonebridge and former member of the Board of Directors in Telemacedonia) and Zoltan Kisjuhász (former CEO of Stonebridge and former non-executive member of the Board of Directors of Makedonski Telekom AD - Skopje), on account of a reasonable doubt for a committed criminal act. These individuals are proposed to be charged with having committed "abuse of office and authorizations" in their position in Makedonski Telekom AD - Skopje by concluding consultancy contracts for which there was no intention or need for any services in return.*

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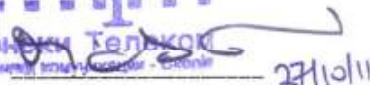
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*The Primary Court Skopje 1 in Skopje, Investigative Department for Organized Crime, delivered a summons to the Company in connection with the criminal charges against the above-stated persons and asked for a statement as to whether the Company suffered any damages on the basis of the said consultancy contracts.*

*After several postponements of the court hearing related to the investigation procedure handled in the Primary Court Skopje 1 Skopje, at the hearing held on 13 April 2009, the representatives of Makedonski Telekom AD Skopje declared the position of the Company that taking into consideration the ongoing independent internal investigation conducted by White & Case, approved by the Company's BoD, it was premature to preannounce any damage which may be caused by means of the implementation of the mentioned contracts or with reference to them. Upon the completion of the independent internal investigation, the Company will inform the court on its final position in respect of the possible damage and the criminal prosecution of the accused persons. On 9 April 2010, the Company received a notification from the Bureau of Judicial Expertise that based on the order of the Primary Court Skopje 1 Skopje the Bureau would perform expertise on the case. The expertise was performed on 11 May 2010 and the experts from Ministry of Justice of the Republic of Macedonia - Court Expertise Office - Skopje, asked for some additional documents from Company in order to prepare the expertise. The Company received a notification from the Court Expertise Office - Skopje that the expertise would continue on 18 October 2010. The experts asked for additional information related to certain agreements concluded in 2005 and 2006, and the related invoices. The Company collected and submitted the requested information/documentation to the Court Expertise Office on 1 November 2010. On 14 March 2011, the Company, through its counsel (the Law Firm Polenak), received from the Primary Court Skopje 1 a copy of the "Finding and Opinion", dated November 2010, issued by the Bureau of Judicial Expertise to the Primary Court Skopje 1 as a result of the expertise procedure. The "Finding and Opinion" addresses and contains conclusions regarding five contracts entered into with Chaptex and Cosmotelco in 2005 and 2006 and formerly reviewed by the Audit Committee of Magyar Telekom. The "Finding and Opinion" concludes that, based on these contracts, expenditures in the amount of EUR 3.975 million were made by the Company and Stonebridge to Chaptex "without evidence for performed services"; accordingly, the shareholders of the Company and Stonebridge, in the proportion of their shareholding, suffered damages in the aforementioned aggregate amount as result of decreased proceeds for the payment of dividend in 2005 and 2006. The Company understands that the Public Prosecutor will consider whether to bring an accusation act against the above cited individuals in this case.*

*We have become aware of no information as a result of a request from any regulators or other external parties, other than as described above, from which we have concluded that the financial statements may be misstated, including also the effects of a possible illegal act.*

  
Makedonski Telekom  
A.D. za elektronski prenos podataka - Skopje

  
27/10/11  
Daniel Szasz  
Chief Executive Officer

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Makedonski Telekom AD Skopje  
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CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS (BY COST NATURE)

Company	MAKEDONSKI TELEKOM, JOINT STOCK COMPANY FOR ELECTRONIC COMMUNICATIONS - SKOPJE		
Reporting period	01.01.2011 - 30.09.2011 - consolidated	ID number	5168660

(in thousands of MKD)

No.	Item	Previous year		Current year		Indices	
		Cumulative from the beginning of the year	Current quarter	Cumulative from the beginning of the year	Current quarter	Compared to the previous year	Compared to the previous quarter
1	OPERATING INCOME	13,251,431	4,560,765	11,991,720	4,096,370	90	90
2	Sales revenues	12,987,128	4,506,833	11,791,820	4,047,423	91	90
2a	Domestic sales revenue	11,712,643	4,000,291	10,446,493	3,553,707	89	89
2b	Foreign sales revenue	1,274,485	506,542	1,345,327	493,716	106	97
3	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
4	Other operating income	264,303	53,932	199,900	48,947	76	91
5	OPERATING EXPENSES	(8,322,444)	(2,714,364)	(7,840,785)	(2,591,130)	94	95
6	Cost value of trade goods	(1,048,149)	(311,232)	(1,031,797)	(313,498)	96	101
7	Materials, small inventory and services	(3,563,861)	(1,174,436)	(3,291,726)	(1,067,343)	92	91
7a	Raw materials and small inventory	(54,635)	(17,023)	(55,065)	(16,748)	101	98
7b	Services	(3,509,226)	(1,157,413)	(3,236,661)	(1,050,595)	92	91
8	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
9	Employee-related costs	(1,174,363)	(405,198)	(1,174,587)	(386,581)	100	95
10	Depreciation, amortization and provisions	(2,337,184)	(757,430)	(2,258,285)	(778,418)	97	103
10a	Depreciation	(2,230,643)	(744,448)	(2,348,621)	(776,885)	105	104
10b	Impairment of fixed assets	(4,761)	(139)	(4,853)	(1,323)	102	952
10c	Provisions for costs and risks	(101,780)	(12,843)	95,189	(210)	(94)	2
11	Other operating expenses	(198,887)	(66,068)	(84,390)	(45,290)	42	69
12	OPERATING PROFIT/LOSS	4,928,987	1,846,401	4,150,935	1,505,240	84	82
13	Financial income	2,790	-	3,281	-	118	-
14	Income from investments, loans, interest and FX rate movements	288,854	64,723	174,080	60,550	60	94
15	Other financing income	-	-	-	-	-	-
16	Financial expenses	(100)	(50)	-	-	-	-
17	Expenses for interest, FX rate movements and similar expenses	(76,310)	(9,325)	(34,525)	(23,022)	45	247
18	Other financing expenses	-	-	-	-	-	-
19	Profit/loss from regular operations before tax	5,144,221	1,901,749	4,293,771	1,542,768	83	81
20	Income tax	(43,307)	(15,342)	-	-	-	-
21	Net profit/loss after tax	5,100,914	1,886,407	4,293,771	1,542,768	84	82
22	Minority interest	-	-	-	-	-	-
23	Net profit/loss for the fiscal year	5,100,914	1,886,407	4,293,771	1,542,768	84	82

  
 Даниел Сзаш  
 Chief Executive Officer



Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

ANALYSIS OF CONSOLIDATED OPERATING PROFIT/LOSS ACCORDING TO IFRS (BY COST NATURE)

Company	MAKEDONSKI TELEKOM, JOINT STOCK COMPANY FOR ELECTRONIC COMMUNICATIONS - SKOPJE		
Reporting period	01.01.2011 - 30.09.2011 - consolidated	ID number	5168660

(in thousands of MKD)

No,	Item	Previous year		Current year		Indices	
		Cumulative from the beginning of the year	Current quarter	Cumulative from the beginning of the year	Current quarter	Compared to the previous year	Compared to the previous quarter
1	Sales revenues	12,987,128	4,506,833	11,791,820	4,047,423	91	90
2	Other operating income	264,303	53,932	199,900	48,947	76	91
3	Cost value of goods and services sold	(1,048,149)	(311,232)	(1,031,797)	(313,498)	98	101
4	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
5	Raw materials, materials and small inventory	(54,635)	(17,023)	(55,065)	(16,748)	101	98
6	Impairment charges	(74,435)	(35,125)	(34,638)	(7,109)	47	20
7	Employee-related costs	(1,174,363)	(405,198)	(1,174,587)	(386,581)	100	95
8	Sales costs	(2,561,455)	(831,573)	(2,515,934)	(853,388)	98	103
9	Costs for services provided by other parties	(3,280,194)	(1,083,131)	(2,974,159)	(974,302)	91	90
10	Other operating expenses	(129,213)	(31,082)	(54,605)	(39,504)	42	127
11	OPERATING PROFIT/LOSS	4,928,987	1,846,401	4,150,935	1,505,240	84	82

  
Македонски Телеком  
Daniel Szasz  
Chief Executive Officer

23/10/11



Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

To: Securities and Exchange Commission of RoM  
26 Dimitrija Cupovski, 1000 Skopje

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Date: 28.10.2011  
Subject: Explanation on the operation of Makedonski Telekom AD - Skopje for the period from 01.07.2011 until 30.09.2011

The following analysis refers to the stand-alone financial reports of Makedonski Telekom AD – Skopje.

During the third quarter of 2011, the sales revenues mark decrease of 6.7% compared to the same period of the previous year. The voice revenues decreased due to the decreased number of fixed line customers by 8.5% compared to the same quarter of the previous year, resulting in a customer base of 318 thousand at the end of September 2011 and a decrease of the outgoing traffic by 6.7% amounting to 191,757 thousand minutes in the third quarter of 2011. However, Makedonski Telekom has managed to maintain its leading market position with a market share of 77% (estimated internally) in the fixed line segment with internet broadband market share of 57% (estimated internally). The revenues from internet and digital television via Internet protocol ("IPTV") decreased by 2.1% compared to the third quarter of the previous year. The focus on the double and triple play packages resulted in an increased number of DSL customers by 8.5%, resulting in DSL customer base of 157 thousand at the end of September 2011. Makedonski Telekom, with its IPTV service, entered as a challenger on the market already dominated by the CATV providers. However, due to the high quality service, the interactivity and the unique TV experience, Makedonski Telekom achieved an increase of the number of IPTV customers by 51.0% compared to end of September 2010, amounting to 35 thousand at the end of September 2011.

On the cost side, the operating expenses remained stable in the third quarter of 2011 compared to the same period of the previous year.

The above-stated movements resulted in a decrease of the net profit for the third quarter of 2011 by 22.3% compared to the same period of the previous year, resulting in net profit of MKD 459,899 thousand.

*On 13 February 2006, Magyar Telekom Plc. ("Magyar Telekom"), the controlling owner of the Company, via Stonebridge Communications AD - Skopje (under liquidation), majority shareholder of the Company, announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom to determine whether the contracts were entered into in violation of Magyar Telekom's policies or the applicable laws or regulations. Magyar Telekom's Audit Committee retained White & Case as its independent legal counsel to conduct the internal investigation. Subsequent to this, on 19 February 2007, the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company and the Audit Committee of Magyar Telekom, adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*For further information about the internal investigation, please refer to the financial statements of the Company for the year ended 31 December 2010.*

*According to the information provided to the Company by Magyar Telekom, on 2 December 2009, the Audit Committee of Magyar Telekom provided Magyar Telekom's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated 30 November 2009 (the "Final Report"). The Audit Committee of Magyar Telekom indicated that it considers that, with the delivery of the Final Report based on the currently available facts, White & Case completed its independent internal investigation.*

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- *As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by Magyar Telekom and its affiliates.*
- *Between 2000 and 2006, a small group of former senior executives at Magyar Telekom and Magyar Telekom's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between Magyar Telekom and its subsidiaries, on one hand, and affiliates of a Cyprus-based consulting company, on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."*
- *"The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements."*
- *In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics:*
  - *intentional circumvention of internal controls;*
  - *false and misleading corporate documents and records;*
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  - *lack of evidence of performance; and*
  - *expenditures that were not for the purposes stated in the contracts under which they were made, but were rather intended to obtain benefits for the Magyar Telekom subsidiaries that could only be conferred by government action.*
- *The Final Report states that "the investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials." However, the counsel of Magyar Telekom's Audit Committee did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.*

*As previously disclosed, Magyar Telekom has taken remedial measures to address issues previously identified by the independent investigation, including steps designed to revise and enhance Magyar Telekom Group's internal controls, as well as for establishing the Corporate Compliance Program. According to the information provided to the Company by Magyar Telekom, due to these measures, no modifications to the Corporate Compliance Program were viewed as necessary in response to the Final Report. This conclusion has been discussed with the Audit Committee of Magyar Telekom. The Audit Committee of Magyar Telekom has not made recommendations either relating to Magyar Telekom's compliance program or to the internal controls.*

*In relation to the issuance of the Final Report and the information provided to the Company by Magyar Telekom, in January 2010, the Chairman of the Company's Board of Directors requested third-party legal and tax expertise for the assessment of the potential accounting and tax implications arising from the transactions conducted by the Company and its subsidiary subject to the Final Report.*

*The external experts prepared reports (the "Reports") on their assessment and submitted the Reports to the Chairman of the Company's BoD and the Management of the Company and its subsidiary accordingly. As a result, based on the analysis of the tax and legal experts and the information available to the Management related to the*

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*transactions subject to the Final Report, an amount of MKD 216,577 thousand has been identified as potential tax impact (together with the related penalty interest) as of 31 December 2009, arising from the transactions conducted by the Company subject to the Final Report. In 2010, the amount related to the identified potential tax impact (together with the related penalty interest) amounted to MKD 227,972 thousand, which were paid in 2010 upon an executive decision issued by the Public Revenue Office. In addition, the value of one contract of MKD 105,147 thousand, capitalised within treasury shares, is now corrected and accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares, as originally reported. The other contracts that were identified in the Final Report and the reports of the tax and legal experts related to transactions undertaken by the Company were expensed in the related periods (2001-2007).*

*In May 2008, the Ministry of Interior ("Mol") of the Republic of Macedonia ("RoM") submitted to the Company an official written request for information and documentation regarding certain payments for consultancy services and advance dividend, as well as certain procurements and contracts. In June 2008, the Company submitted copies from the requested documents. In the same period, T-Mobile Macedonia also received similar requests for the submission of certain documentation to the Ministry of Interior of RoM, which documentation was submitted accordingly.*

*In October 2008, the Investigation Judge from the Primary Court Skopje 1 – Skopje (the criminal court), issued an official written order to the Company to handover certain original documentation. Later, in October 2008, the Company officially and personally handed over the requested documentation. Additional Mol written requests were submitted and the Company provided the requested documentation.*

*We understand, based on public information available as of 10 December 2008, that the Mol Organized Crime Department submitted the files to the Basic Public Prosecution Office of Organized Crime and Corruption, with a proposal to bring criminal charges against Attila Szendrei (former CEO of Makedonski Telekom AD - Skopje), Rolf Plath (former CFO of Makedonski Telekom AD - Skopje), Mihail Ketaloyannis (former member of the Board of Directors in Stonebridge and former member of the Board of Directors in Telemacedonia) and Zoltan Kisjuhász (former CEO of Stonebridge and former non-executive member of the Board of Directors of Makedonski Telekom AD - Skopje), on account of a reasonable doubt for a committed criminal act. These individuals are proposed to be charged with having committed "abuse of office and authorizations" in their position in Makedonski Telekom AD - Skopje by concluding consultancy contracts for which there was no intention or need for any services in return.*

*The Primary Court Skopje 1 in Skopje, Investigative Department for Organized Crime, delivered a summons to the Company in connection with the criminal charges against the above-stated persons and asked for a statement as to whether the Company suffered any damages on the basis of the said consultancy contracts.*

*After several postponements of the court hearing related to the investigation procedure handled in the Primary Court Skopje 1 Skopje, at the hearing held on 13 April 2009, the representatives of Makedonski Telekom AD Skopje declared the position of the Company that taking into consideration the ongoing independent internal investigation conducted by White & Case, approved by the Company's BoD, it was premature to preannounce any damage which may be caused by means of the implementation of the mentioned contracts or with reference to them. Upon the completion of the independent internal investigation, the Company will inform the court on its final position in respect of the possible damage and the criminal prosecution of the accused persons. On 9 April 2010, the Company received a notification from the Bureau of Judicial Expertise that based on the order of the Primary Court Skopje 1 Skopje the Bureau would perform expertise on the case. The expertise was performed on 11 May 2010 and the experts from Ministry of Justice of the Republic of Macedonia – Court Expertise Office – Skopje, asked for some additional documents from Company in order to prepare the expertise. The Company received a notification from the Court Expertise Office – Skopje that the expertise would continue on 18 October 2010. The experts asked for additional information related to certain agreements concluded in 2005 and 2006, and the related invoices. The Company collected and submitted the requested information/documentation to the Court Expertise Office on 1 November 2010. On 14 March 2011, the Company, through its counsel (the Law Firm Polenak), received from the Primary Court Skopje 1 a copy of the "Finding and Opinion", dated November 2010, issued by the Bureau of Judicial Expertise to the Primary Court Skopje 1 as a result of the expertise procedure. The*

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Makodonski Telekom AD Skopje  
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*"Finding and Opinion" addresses and contains conclusions regarding five contracts entered into with Chaptex and Cosmotelco in 2005 and 2006 and formerly reviewed by the Audit Committee of Magyar Telekom. The "Finding and Opinion" concludes that, based on these contracts, expenditures in the amount of EUR 3.975 million were made by the Company and Stonebridge to Chaptex "without evidence for performed services"; accordingly, the shareholders of the Company and Stonebridge, in the proportion of their shareholding, suffered damages in the aforementioned aggregate amount as result of decreased proceeds for the payment of dividend in 2005 and 2006. The Company understands that the Public Prosecutor will consider whether to bring an accusation act against the above cited individuals in this case.*

*We have become aware of no information as a result of a request from any regulators or other external parties, other than as described above, from which we have concluded that the financial statements may be misstated, including also the effects of a possible illegal act.*



Daniel Szasz  
Chief Executive Officer



Makedonski Telekom AD Skopje  
Orca Nikolov bb, 1000 Skopje

NON-CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS (BY COST NATURE)

Company	MAKEDONSKI TELEKOM, JOINT STOCK COMPANY FOR ELECTRONIC COMMUNICATIONS - SKOPJE		
Reporting period	01.01.2011 - 30.09.2011 - non - consolidated	ID number	5168660

(in thousands of MKD)

No,	Item	Previous year		Current year		Indices	
		Cumulative from the beginning of the year	Current quarter	Cumulative from the beginning of the year	Current quarter	Compared to the previous year	Compared to the previous quarter
1	OPERATING INCOME	6,461,215	2,203,307	6,214,559	2,040,730	96	93
2	Sales revenues	6,278,457	2,164,680	6,093,058	2,020,254	97	93
2a	Domestic sales revenue	5,297,162	1,761,843	4,954,185	1,614,967	94	92
2b	Foreign sales revenue	981,295	402,837	1,138,873	405,287	116	101
3	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
4	Other operating income	182,758	38,627	121,501	20,476	66	53
5	OPERATING EXPENSES	(4,858,790)	(1,649,659)	(4,809,581)	(1,604,704)	99	97
6	Cost value of trade goods	(277,002)	(74,289)	(263,483)	(67,231)	95	90
7	Materials, small inventory and services	(2,463,181)	(849,955)	(2,424,273)	(824,371)	98	97
7a	Raw materials and small inventory	(33,353)	(10,455)	(36,405)	(12,668)	109	121
7b	Services	(2,429,828)	(839,500)	(2,387,868)	(811,703)	98	97
8	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
9	Employee-related costs	(795,042)	(266,736)	(795,377)	(253,958)	100	95
10	Depreciation, amortization and provisions	(1,242,110)	(426,612)	(1,341,715)	(442,641)	108	104
10a	Depreciation	(1,241,956)	(426,600)	(1,338,364)	(441,441)	108	103
10b	Impairment of fixed assets	(154)	(12)	(3,351)	(1,200)	2,176	10,000
10c	Provisions for costs and risks	-	-	-	-	-	-
11	Other operating expenses	(81,455)	(32,067)	15,267	(16,503)	(19)	51
12	OPERATING PROFIT/LOSS	1,602,425	553,648	1,404,978	436,026	88	79
13	Financial income	4,021,920	-	3,746,235	-	93	-
14	Income from investments, loans, interest and FX rate movements	194,317	45,820	130,693	43,286	67	94
15	Other financing income	-	-	-	-	-	-
16	Financial expenses	-	-	-	-	-	-
17	Expenses for interest, FX rate movements and similar expenses	(17,102)	(4,696)	(22,122)	(19,413)	129	413
18	Other financing expenses	-	-	-	-	-	-
19	Profit/loss from regular operations before tax	5,801,560	594,772	5,259,784	459,899	91	77
20	Income tax	(11,006)	(2,590)	-	-	-	-
21	Net profit/loss after tax	5,790,554	592,182	5,259,784	459,899	91	78
22	Minority interest	-	-	-	-	-	-
23	Net profit/loss for the fiscal year	5,790,554	592,182	5,259,784	459,899	91	78



Daniel Szasz  
Chief Executive Officer



Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

ANALYSIS OF NON-CONSOLIDATED OPERATING PROFIT/LOSS ACCORDING TO IFRS (BY COST NATURE)

Company	MAKEDONSKI TELEKOM, JOINT STOCK COMPANY FOR ELECTRONIC COMMUNICATIONS - SKOPJE		
Reporting period	01.01.2011 - 30.09.2011 - non - consolidated	ID number	5168060

(in thousands of MKD)

No,	Item	Previous year		Current year		Indices	
		Cumulative from the beginning of the year	Current quarter	Cumulative from the beginning of the year	Current quarter	Compared to the previous year	Compared to the previous quarter
1	Sales revenues	6,278,457	2,164,680	6,093,058	2,020,254	97	93
2	Other operating income	182,758	38,627	121,501	20,476	66	53
3	Cost value of goods and services sold	(277,002)	(74,289)	(263,483)	(67,231)	95	90
4	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
5	Raw materials, materials and small inventory	(33,353)	(10,455)	(36,405)	(12,668)	109	121
6	Impairment charges	(17,609)	(17,807)	22,736	9,343	(129)	(52)
7	Employee-related costs	(795,042)	(266,736)	(795,377)	(253,958)	100	95
8	Sales costs	(1,397,105)	(474,858)	(1,511,371)	(489,748)	108	103
9	Costs for services provided by other parties	(2,274,679)	(791,242)	(2,214,862)	(763,397)	97	96
10	Other operating expenses	(64,000)	(14,272)	(10,819)	(27,045)	17	189
11	OPERATING PROFIT/LOSS	1,602,425	553,648	1,404,978	436,026	88	79

  
Makedonski Telekom  
Daniel Szasz  
Chief Executive Officer

27/10/11



Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

To: Securities and Exchange Commission of the RoM  
26 Dimitrija Cupovski, 1000 Skopje  
Date: 28.10.2011

## STATEMENT

In accordance with the Law on Securities of the RoM as well as the respective by-laws I, Daniel Szasz, Chief Executive Officer of Makedonski Telekom AD – Skopje hereby affirm that the complete delivered material for the third quarter of 2011 prepared on consolidated basis is accurate and reliable.

*On 13 February 2006, Magyar Telekom Plc. ("Magyar Telekom"), the controlling owner of the Company, via Stonebridge Communications AD - Skopje (under liquidation), majority shareholder of the Company, announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom to determine whether the contracts were entered into in violation of Magyar Telekom's policies or the applicable laws or regulations. Magyar Telekom's Audit Committee retained White & Case as its independent legal counsel to conduct the internal investigation. Subsequent to this, on 19 February 2007, the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company and the Audit Committee of Magyar Telekom, adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*For further information about the internal investigation, please refer to the financial statements of the Company for the year ended 31 December 2010.*

*According to the information provided to the Company by Magyar Telekom, on 2 December 2009, the Audit Committee of Magyar Telekom provided Magyar Telekom's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated 30 November 2009 (the "Final Report"). The Audit Committee of Magyar Telekom indicated that it considers that, with the delivery of the Final Report based on the currently available facts, White & Case completed its independent internal investigation.*

*According to the information provided to the Company by Magyar Telekom, the Final Report includes the following findings and conclusions related to Magyar Telekom's Macedonian affiliates, based upon the evidence available to the Audit Committee of Magyar Telekom and its counsel:*

- *As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by Magyar Telekom and its affiliates.*
- *Between 2000 and 2006, a small group of former senior executives at Magyar Telekom and Magyar Telekom's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between Magyar Telekom and its subsidiaries, on one hand, and affiliates of a Cyprus-based consulting company, on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."*
- *"The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements."*

Makedonski Telekom AD Skopje  
 Orce Nikolov bb 1000 Skopje

- *In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics:*
  - *intentional circumvention of internal controls;*
  - *false and misleading corporate documents and records;*
  - *lack of due diligence concerning and failure to monitor the performance of contractors and agents in circumstances carrying a high risk of corruption;*
  - *lack of evidence of performance; and*
  - *expenditures that were not for the purposes stated in the contracts under which they were made, but were rather intended to obtain benefits for the Magyar Telekom subsidiaries that could only be conferred by government action.*
- *The Final Report states that "the Investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials." However, the counsel of Magyar Telekom's Audit Committee did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.*

*As previously disclosed, Magyar Telekom has taken remedial measures to address issues previously identified by the independent investigation, including steps designed to revise and enhance Magyar Telekom Group's internal controls, as well as for establishing the Corporate Compliance Program. According to the information provided to the Company by Magyar Telekom, due to these measures, no modifications to the Corporate Compliance Program were viewed as necessary in response to the Final Report. This conclusion has been discussed with the Audit Committee of Magyar Telekom. The Audit Committee of Magyar Telekom has not made recommendations either relating to Magyar Telekom's compliance program or to the internal controls.*

*In relation to the issuance of the Final Report and the information provided to the Company by Magyar Telekom, in January 2010, the Chairman of the Company's Board of Directors requested third-party legal and tax expertise for the assessment of the potential accounting and tax implications arising from the transactions conducted by the Company and its subsidiary subject to the Final Report.*

*The external experts prepared reports (the "Reports") on their assessment and submitted the Reports to the Chairman of the Company's BoD and the Management of the Company and its subsidiary accordingly. As a result, based on the analysis of the tax and legal experts and the information available to the Management related to the transactions subject to the Final Report, an amount of MKD 248,379 thousand has been identified as potential tax impact (together with the related penalty interest) as of 31 December 2009, arising from the transactions conducted by the Company and its subsidiary subject to the Final Report. In 2010, the amount related to the identified potential tax impact (together with the related penalty interest) amounted to MKD 261,834 thousand, out of which MKD 227,972 thousand, related to the Company, were paid in 2010 upon an executive decision issued by the Public Revenue Office. In addition, the value of one contract of MKD 105,147 thousand, capitalised within treasury shares, is now corrected and accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares, as originally reported. The other contracts that were identified in the Final Report and the reports of the tax and legal experts related to transactions undertaken by the Company and its subsidiary were expensed in the related periods (2001-2007).*

*In May 2008, the Ministry of Interior ("MoI") of the Republic of Macedonia ("RoM") submitted to the Company an official written request for information and documentation regarding certain payments for consultancy services and advance dividend, as well as certain procurements and contracts. In June 2008, the Company submitted copies from the requested documents. In the same period, T-Mobile Macedonia also received similar requests for the submission of certain documentation to the Ministry of Interior of RoM, which documentation was submitted accordingly.*

Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

*In October 2008, the Investigation Judge from the Primary Court Skopje 1 - Skopje (the criminal court), issued an official written order to the Company to handover certain original documentation. Later, in October 2008, the Company officially and personally handed over the requested documentation. Additional Mol written requests were submitted and the Company provided the requested documentation.*

*We understand, based on public information available as of 10 December 2008, that the Mol Organized Crime Department submitted the files to the Basic Public Prosecution Office of Organized Crime and Corruption, with a proposal to bring criminal charges against Attila Szendrei (former CEO of Makedonski Telekom AD - Skopje), Rolf Plath (former CFO of Makedonski Telekom AD - Skopje), Mihail Kefaloyannis (former member of the Board of Directors in Stonebridge and former member of the Board of Directors in Telemacedonia) and Zoltan Kisjuhász (former CEO of Stonebridge and former non-executive member of the Board of Directors of Makedonski Telekom AD - Skopje), on account of a reasonable doubt for a committed criminal act. These individuals are proposed to be charged with having committed "abuse of office and authorizations" in their position in Makedonski Telekom AD - Skopje by concluding consultancy contracts for which there was no intention or need for any services in return.*

*The Primary Court Skopje 1 in Skopje, Investigative Department for Organized Crime, delivered a summons to the Company in connection with the criminal charges against the above-stated persons and asked for a statement as to whether the Company suffered any damages on the basis of the said consultancy contracts.*

*After several postponements of the court hearing related to the investigation procedure handled in the Primary Court Skopje 1 Skopje, at the hearing held on 13 April 2009, the representatives of Makedonski Telekom AD Skopje declared the position of the Company that taking into consideration the ongoing independent internal investigation conducted by White & Case, approved by the Company's BoD, it was premature to preannounce any damage which may be caused by means of the implementation of the mentioned contracts or with reference to them. Upon the completion of the independent internal investigation, the Company will inform the court on its final position in respect of the possible damage and the criminal prosecution of the accused persons. On 9 April 2010, the Company received a notification from the Bureau of Judicial Expertise that based on the order of the Primary Court Skopje 1 Skopje the Bureau would perform expertise on the case. The expertise was performed on 11 May 2010 and the experts from Ministry of Justice of the Republic of Macedonia - Court Expertise Office - Skopje, asked for some additional documents from Company in order to prepare the expertise. The Company received a notification from the Court Expertise Office - Skopje that the expertise would continue on 18 October 2010. The experts asked for additional information related to certain agreements concluded in 2005 and 2006, and the related invoices. The Company collected and submitted the requested information/documentation to the Court Expertise Office on 1 November 2010. On 14 March 2011, the Company, through its counsel (the Law Firm Polenak), received from the Primary Court Skopje 1 a copy of the "Finding and Opinion", dated November 2010, issued by the Bureau of Judicial Expertise to the Primary Court Skopje 1 as a result of the expertise procedure. The "Finding and Opinion" addresses and contains conclusions regarding five contracts entered into with Chaptex and Cosmotelco in 2005 and 2006 and formerly reviewed by the Audit Committee of Magyar Telekom. The "Finding and Opinion" concludes that, based on these contracts, expenditures in the amount of EUR 3.975 million were made by the Company and Stonebridge to Chaptex "without evidence for performed services"; accordingly, the shareholders of the Company and Stonebridge, in the proportion of their shareholding, suffered damages in the aforementioned aggregate amount as result of decreased proceeds for the payment of dividend in 2005 and 2006. The Company understands that the Public Prosecutor will consider whether to bring an accusation act against the above cited individuals in this case.*

*We have become aware of no information as a result of a request from any regulators or other external parties, other than as described above, from which we have concluded that the financial statements may be misstated, including also the effects of a possible illegal act.*

Македонски Телеком  
17 на Братството  
Daniel Szasz  
Chief Executive Officer  
27/10/11

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Contact: Phone +389 2 3100 200; Fax +389 2 3100 300; Contact center 171  
e-mail: kontakt@telekom.mk, www.telekom.mk  
ID number 5168660

Handwritten initials/signature in the bottom left corner.



Makedonski Telekom AD Skopje  
Orco Nikolov bb 1000 Skopje

To: Securities and Exchange Commission of the RoM  
26 Dimitrija Cupovski, 1000 Skopje

Date: 28.10.2011

### STATEMENT

In accordance with the Law on Securities of the RoM as well as the respective by-laws, I, Daniel Szasz, Chief Executive Officer of Makedonski Telekom AD – Skopje hereby affirm that the complete delivered material for the third quarter of 2011 prepared on nonconsolidated basis is accurate and reliable.

*On 13 February 2006, Magyar Telekom Plc. ("Magyar Telekom"), the controlling owner of the Company, via Stonebridge Communications AD - Skopje (under liquidation), majority shareholder of the Company, announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom to determine whether the contracts were entered into in violation of Magyar Telekom's policies or the applicable laws or regulations. Magyar Telekom's Audit Committee retained White & Case as its independent legal counsel to conduct the internal investigation. Subsequent to this, on 19 February 2007, the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company and the Audit Committee of Magyar Telekom, adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*For further information about the internal investigation, please refer to the financial statements of the Company for the year ended 31 December 2010.*

*According to the information provided to the Company by Magyar Telekom, on 2 December 2009, the Audit Committee of Magyar Telekom provided Magyar Telekom's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated 30 November 2009 (the "Final Report"). The Audit Committee of Magyar Telekom indicated that it considers that, with the delivery of the Final Report based on the currently available facts, White & Case completed its independent internal investigation.*

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Makedonski Telekom AD Skopje  
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*The external experts prepared reports (the "Reports") on their assessment and submitted the Reports to the Chairman of the Company's BoD and the Management of the Company and its subsidiary accordingly. As a result, based on the analysis of the tax and legal experts and the information available to the Management related to the transactions subject to the Final Report, an amount of MKD 216,577 thousand has been identified as potential tax impact (together with the related penalty interest) as of 31 December 2009, arising from the transactions conducted by the Company subject to the Final Report. In 2010, the amount related to the identified potential tax impact (together with the related penalty interest) amounted to MKD 227,972 thousand, which were paid in 2010 upon an executive decision issued by the Public Revenue Office. In addition, the value of one contract of MKD 105,147 thousand, capitalised within treasury shares, is now corrected and accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares, as originally reported. The other contracts that were identified in the Final Report and the reports of the tax and legal experts related to transactions undertaken by the Company were expensed in the related periods (2001-2007).*

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*We understand, based on public information available as of 10 December 2008, that the Mol Organized Crime Department submitted the files to the Basic Public Prosecution Office of Organized Crime and Corruption, with a proposal to bring criminal charges against Attila Szendrei (former CEO of Makedonski Telekom AD - Skopje), Rolf Plath (former CFO of Makedonski Telekom AD - Skopje), Mihail Kefaloyannis (former member of the Board of Directors in Stonebridge and former member of the Board of Directors of Telemacedonia) and Zoltan Kisjuhász (former CEO of Stonebridge and former non-executive member of the Board of Directors of Makedonski Telekom AD - Skopje), on account of a reasonable doubt for a committed criminal act. These individuals are proposed to be charged with having committed "abuse of office and authorizations" in their position in Makedonski Telekom AD - Skopje by concluding consultancy contracts for which there was no intention or need for any services in return.*

*The Primary Court Skopje 1 in Skopje, Investigative Department for Organized Crime, delivered a summons to the Company in connection with the criminal charges against the above-stated persons and asked for a statement as to whether the Company suffered any damages on the basis of the said consultancy contracts.*

*After several postponements of the court hearing related to the investigation procedure handled in the Primary Court Skopje 1 Skopje, at the hearing held on 13 April 2009, the representatives of Makedonski Telekom AD Skopje declared the position of the Company that taking into consideration the ongoing independent internal investigation conducted by White & Case, approved by the Company's BoD, it was premature to preannounce any damage which may be caused by means of the implementation of the mentioned contracts or with reference to them. Upon the completion of the independent internal investigation, the Company will inform the court on its final position in respect of the possible damage and the criminal prosecution of the accused persons. On 9 April 2010, the Company received a notification from the Bureau of Judicial Expertise that based on the order of the Primary Court Skopje 1 Skopje the Bureau would perform expertise on the case. The expertise was performed on 11 May 2010 and the experts from Ministry of Justice of the Republic of Macedonia - Court Expertise Office - Skopje, asked for some additional documents from Company in order to prepare the expertise. The Company received a notification from the Court Expertise Office - Skopje that the expertise would continue on 18 October 2010. The experts asked for additional information related to certain agreements concluded in 2005 and 2006, and the related invoices. The Company collected and submitted the requested information/documentation to the Court Expertise Office on 1 November 2010. On 14 March 2011, the Company, through its counsel (the Law Firm Polenak), received from the Primary Court Skopje 1 a copy of the "Finding and Opinion", dated November 2010, issued by the Bureau of Judicial Expertise to the Primary Court Skopje 1 as a result of the expertise procedure. The "Finding and Opinion" addresses and contains conclusions regarding five contracts entered into with Chaptex and Cosmotelco in 2005 and 2006 and formerly reviewed by the Audit Committee of Magyar Telekom. The "Finding and Opinion" concludes that, based on these contracts, expenditures in the amount of EUR 3.975 million were made by the Company and Stonebridge to Chaptex "without evidence for performed services"; accordingly, the shareholders of the Company and Stonebridge, in the proportion of their shareholding, suffered damages in the aforementioned aggregate amount as result of decreased proceeds for the payment of dividend in 2005 and 2006. The Company understands that the Public Prosecutor will consider whether to bring an accusation act against the above cited individuals in this case.*

*We have become aware of no information as a result of a request from any regulators or other external parties, other than as described above, from which we have concluded that the financial statements may be misstated, including also the effects of a possible illegal act.*

  
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