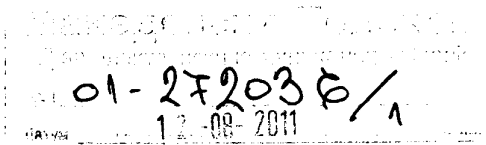


Makedonski Telekom AD Skopje
Orce Nikolov bb 1000 Skopje



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

Date: 12.08.2011

Subject: Semi - annual report for the year 2011

Dear Sirs / Madams,

Pursuant to Articles 156, 160 and 164 of the Law on Securities, related to the semi - annual reporting obligation of Makedonski Telekom AD – Skopje for 2011, enclosed is the complete material for the semi - annual reporting for 2011, which includes:

1. Semi - annual reporting of basic data of Makedonski Telekom AD Skopje for the year 2011;
2. Unaudited consolidated and non-consolidated financial statements for the period ended 30 June 2011 prepared in accordance with the International Financial Reporting Standards (IFRS);
3. Explanations on the operation of Makedonski Telekom AD – Skopje for the period from 01.01.2011 until 30.06.2011 (the same refer to the consolidated and non-consolidated unaudited financial statements);
4. Statements for info accuracy.

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

Yours faithfully,

Makedonski Telekom

Daniel Szasz
Chief Executive Officer and
Executive member of the Board of Directors



Makedonski Telekom AD Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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

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Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

To: Securities and Exchange Commission of the RoM
Date: 12.08.2011
Subject: Semi - annual Reporting of Basic Data of Makedonski Telekom AD - Skopje
for the year 2011

1. General data

Name of the company	MAKEDONSKI TELEKOM, JOINT STOCK COMPANY FOR ELECTRONIC COMMUNICATIONS - SKOPJE
Address of the registered office	Orce Nikolov bb, Skopje
Telephone and fax	3100 200; 3100 300
E-mail address	kontakt@telekom.mk
URL address	http://www.telekom.mk

2. Legal status

Registration number	5168660
Activity code	61.10
Activities description (main activity)	wire line telecommunications
Decision number from the Central Registry	08-03/3843/1 dated 11.05.2006
Date of establishment (day, month and year)	29.01.2001
Status changes of the company (acquisition, merger, transformation and division)	<ul style="list-style-type: none">- 29.01.2001 (Privatization and change of the company's status from a state owned joint stock company for telecommunications Makedonski Telekomunikacii - Skopje into a Joint Stock Company for telecommunications Makedonski Telekomunikacii - Skopje),- 05.03.1998 (Transformation of the public enterprise for telecommunications Makedonski Telekomunikacii C.O. Skopje into a state owned joint stock company for telecommunications Makedonski Telekomunikacii - Skopje),- 12.08.1997 (Establishment - organization of a public enterprise for telecommunications Makedonski Telekomunikacii C.O. Skopje).
Number of branch offices	46
Number of employees at the end of the period	1,261
Management system <ul style="list-style-type: none">o One tiero Two tier	One tier
Name and last name of the procurist	Nikolai Beckers

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Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

3. Data on the capital and changes of the capital of the company

Total value of the share capital	9,583,887,733.00 MKD
Number of issued shares	
- Ordinary shares	95,838,780
- Preference shares (Golden share)	1
Nominal value of the shares	100.00 MKD per ordinary share and 9,733.00 MKD per preference share
Has a share issue been performed in the respective period of the shares of the joint stock company	No
-Type of share issue	/
-Number of issued shares	0
-Total value of issued shares	/
Data on the purchase of treasury shares by the joint stock company	
- date and manner of purchase	At the Government auction / regular trading held from 5 th till 9 th of June 2006, the Company purchased 10.00% of the Government shareholding in Makedonski Telekom AD - Skopje.
- legal basis for purchase	The treasury shares were purchased in accordance with Resolution No. 021-98576/1 of the Company's Shareholders' Assembly.
- quantity	9,583,878
- price per share	Out of 9,583,878 purchased treasury shares, 9,488,040 shares were purchased for a price of MKD 389 and 95,838 shares were purchased for a price of MKD 390.
Has a split of shares of the joint stock company been performed in the period and data relating thereto	/
Number of shareholders at the end of the reporting period	4,019
Number and percentage of treasury ordinary and preference shares in the share capital at the end of the reporting period (percentage rounded up to two decimals)	9,583,878 ordinary treasury shares (10.00% of the total number of issued shares of Makedonski Telekom - AD Skopje).
International identification number of the shares issued by the Company – ISIN number	Ordinary shares MKMTSK101019; Preference shares MKMTSK121017
Account (s) / transaction account (s) of the joint stock company and the title of the institution keeping it	200000090141316, Stopanska banka AD - Skopje 200000025661051, Stopanska banka AD - Skopje

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Makedonski Telekom AD Skopje
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4. Financial data and financial condition of the joint stock company

Price of the ordinary shares if they have been traded on the stock exchange or another organized market	
- highest	MKD 568.00
- lowest	MKD 450.00
Price of the preference shares if they have been traded on the stock exchange or another organized market	
- highest	/
- lowest	/
Market capitalization	MKD 47,919 million
More detail explanation of the operation of the Company with which the data published in the previous annual report are updated	The explanation of the operation is given in attach.

Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

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12-08-2011

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

Date: 12.08.2011

Subject: Explanation on the operation of Makedonski Telekom AD - Skopje for the period from 01.01.2011 until 30.06.2011

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

During the first half of 2011, the revenues mark a slight decrease of 1% compared to the same period of the previous year. The voice revenues decreased due to the decreased number of fix line customers for 8.5% compared to the same period of the previous year, resulting in a customer base of 324 thousand at the end of June 2011 and a decrease of the outgoing traffic by 3.9% amounting to 425,472 thousand minutes in the first half of 2011. However, Makedonski Telekom has managed to maintain its leading market position with 78% market share (estimated internally) in the fixed line segment and at the same time increased its internet broadband market share to 59% (estimated internally). The revenues from internet and digital television via Internet protocol ("IPTV") increased for 2.5% compared to the same period of the previous year. The focus on the double and triple play packages resulted in an increased number of DSL customers for 9.2%, resulting in DSL customer base of 155 thousand at the end of June 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 for 60.4% compared to the same period of the previous year, amounting to 34 thousand at the end of June 2011. The foreign sales revenues have also increased.

The finance income marks a 6.85% decline in the first half of 2011 compared to the same period of the previous year as a result of the lower dividend income from the fully owned subsidiary T-Mobile Macedonia.

On the cost side, the operating expenses remained stable in the first half 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 first half of 2011 by 7.7% compared to the same period of the previous year, resulting in net profit of MKD 4,799,885 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.

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Makedonski Telekom AD Skopje
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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 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

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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 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 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.

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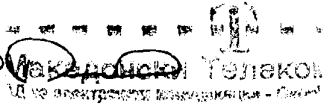
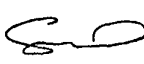




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After several postponements of the court hearing related to the investigation procedure handled in the Primary Court Skopje 1 Skopje, at the hearing held on 13 April 2009, the representatives of Makedonski Telekom AD Skopje declared the position of 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
UD za elektronski komunikacioni sektor - Skopje

Daniel Szasz
Chief Executive Officer



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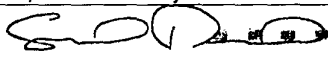
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INCOME STATEMENT ACCORDING TO IFRS (BY COST NATURE)

Company	Makedonski Telekom AD - Skopje	ID number	5168660
Reporting period	01.01.2011 - 30.06.2011		

(in MKD thousands)

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	4,257,908	2,167,579	4,173,829	2,095,489	98	97
2	Sales revenues	4,113,777	2,136,957	4,072,804	2,022,612	99	95
2a	Domestic sales revenue	3,535,319	1,780,840	3,339,218	1,645,336	94	92
2b	Foreign sales revenue	578,458	356,117	733,586	377,276	127	106
3	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
4	Other operating income	144,131	30,622	101,025	72,877	70	238
5	OPERATING EXPENSES	(3,209,131)	(1,646,917)	(3,204,877)	(1,574,903)	100	96
6	Cost value of trade goods	(202,713)	(100,140)	(196,252)	(85,493)	97	85
7	Materials, small inventory and services	(1,613,226)	(851,812)	(1,599,902)	(809,713)	99	95
7a	Raw materials and small inventory	(22,898)	(10,678)	(23,737)	(13,426)	104	126
7b	Services	(1,590,328)	(841,134)	(1,576,165)	(796,287)	99	95
8	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
9	Employee-related costs	(528,306)	(267,212)	(541,419)	(270,470)	102	101
10	Depreciation, amortization and provisions	(815,498)	(414,316)	(899,074)	(450,322)	110	109
10a	Depreciation	(815,356)	(414,314)	(896,923)	(448,324)	110	108
10b	Impairment of fixed assets	(142)	(2)	(2,151)	(1,998)	1,515	99,900
10c	Provisions for costs and risks	-	-	-	-	-	-
11	Other operating expenses	(49,388)	(13,437)	31,770	41,095	(64)	(306)
12	OPERATING PROFIT/LOSS	1,048,777	520,662	968,952	520,586	92	100
13	Financial income	4,021,920	4,021,920	3,746,235	3,281	93	0
14	Income from investments, loans, interest and FX rate movements	148,497	73,323	87,407	34,241	59	47
15	Other financing income	-	-	-	-	-	-
16	Financial expenses	-	-	-	-	-	-
17	Expenses for interest, FX rate movements and similar expenses	(12,406)	(7,053)	(2,709)	(588)	22	8
18	Other financing expenses	-	-	-	-	-	-
19	Profit/loss from regular operations before tax	5,206,788	4,608,852	4,799,885	557,520	92	12
20	Income tax	(8,416)	(3,665)	-	-	-	-
21	Net profit/loss after tax	5,198,372	4,605,187	4,799,885	557,520	92	12
22	Minority interest	-	-	-	-	-	-
23	Net profit/loss for the fiscal year	5,198,372	4,605,187	4,799,885	557,520	92	12


MAKEDONSKI TELEKOM
 Daniel Szasz
 Chief Executive Officer

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Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje


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

Company	Makedonski Telekom AD - Skopje		
Reporting period	01.01.2011 - 30.06.2011	ID number	5168660

(in MKD thousands)

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	4,113,777	2,136,957	4,072,804	2,022,612	99	95
2	Other operating income	144,131	30,622	101,025	72,877	70	238
3	Cost value of goods and services sold	(202,713)	(100,140)	(196,252)	(85,493)	97	85
4	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
5	Raw materials, materials and small inventory	(22,898)	(10,678)	(23,737)	(13,426)	104	126
6	Impairment charges	198	13,959	13,393	3,938	6,764	28
7	Employee-related costs	(528,306)	(267,212)	(541,419)	(270,470)	102	101
8	Sales costs	(922,248)	(461,125)	(1,021,623)	(497,623)	111	108
9	Costs for services provided by other parties	(1,483,436)	(794,323)	(1,451,465)	(746,988)	98	94
10	Other operating expenses	(49,728)	(27,398)	16,226	35,159	(33)	(128)
11	OPERATING PROFIT/LOSS	1,048,777	520,662	968,952	520,586	92	100

 Makedonski Telekom
AD - Skopje

Daniel Szasz
Chief Executive Officer

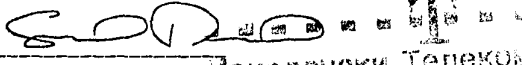
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Makedonski Telekom AD Skopje
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BALANCE SHEET ACCORDING TO IFRS

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Item	Previous year	Current year	Indices
ASSETS			
NON-CURRENT ASSETS	15,542,949	14,929,137	96
Intangible assets	612,041	543,896	89
Property, plant and equipment	11,758,333	11,205,574	95
Investments in subsidiaries	-	-	-
Investments in associate companies	2,792,171	2,792,171	100
Investments in securities	65,125	72,988	112
Other tangible assets	-	-	-
Other long-term receivables	315,279	314,508	100
Deferred tax assets	-	-	-
CURRENT ASSETS	8,827,268	7,635,988	87
Inventories	215,224	236,811	110
Trade receivables	1,388,407	1,373,379	99
Other receivables	190,475	108,062	57
Short-term investments	7,016,973	5,898,714	84
Cash and cash equivalents	16,189	19,022	117
TOTAL ASSETS	24,370,217	22,565,125	93
OFF-BALANCE SHEET RECORDS - ASSETS	-	-	-
EQUITY AND LIABILITIES			
EQUITY	21,479,895	20,332,301	95
Shareholders' equity	6,386,189	6,386,189	100
Reserves	1,916,777	1,916,777	100
Accumulated profit (loss)	13,176,929	12,029,335	91
Minority interest	-	-	-
LIABILITIES	2,890,322	2,232,824	77
CURRENT LIABILITIES	2,369,933	1,856,408	78
Trade payables and other liabilities	2,309,177	1,772,211	77
Short-term borrowings	-	-	-
Short-term provision	60,753	53,347	88
Payables to the state	3	30,850	1,028,333
LONG-TERM LIABILITIES	520,389	376,416	72
Long-term borrowings	-	-	-
Trade payables and other long-term liabilities	-	-	-
Other long-term provision	520,389	376,416	72
TOTAL EQUITY AND LIABILITY	24,370,217	22,565,125	93
OFF-BALANCE SHEET RECORDS - LIABILITIES	-	-	-


 Daniel Szasz
 Chief Executive Officer

Makedonski Telekom AD - Skopje
 Address Orce Nikolov bb 1000 Skopje R.Macedonia
 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



Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

CASH FLOW STATEMENT ACCORDING TO IFRS

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Item	Previous year	Current year	Indices
A) Cash flows from operating activities	3,141,034	1,739,935	55
Net profit / loss after tax	5,972,860	4,799,885	80
Adjustment for			
Depreciation	1,753,139	896,923	51
Amortization and impairment charges	76,538	4,827	6
Increase / decrease of inventories	(80,309)	(21,587)	27
Increase / decrease of customers	(85,180)	15,028	(18)
Increase / decrease of advance payments receivables	23,150	(3,257)	(14)
Increase / decrease of other short-term receivables	(93,390)	90,833	(97)
Increase / decrease of prepaid expenses	(14,962)	(9,207)	62
Increase / decrease of trade payables	(77,279)	(21,600)	28
Increase / decrease of payables for received advances	5,943	368	6
Increase / decrease of other short-term liabilities	(8,901)	93,783	(1,054)
Increase / decrease of differed income	(94,575)	(202,976)	215
Interest income / expense	(270,891)	(87,411)	32
Dividend paid / charged	(4,021,920)	(3,746,235)	93
Tax paid	73,686	30,847	42
Capital profit / loss from sale of fixed assets	(22,042)	(14,485)	66
Capital profit / loss from sale of investments	-	-	-
Other cash flows from operating activities	5,167	(85,801)	(1,661)
B) Cash flows from investing activities	3,247,272	4,210,377	130
Acquisition of property, plant and equipment, intangible assets, etc.	(1,893,822)	(796,529)	42
Disposal of property, plant and equipment, intangible assets, etc.	28,545	50,186	176
Cash flows from disposal of bearer or debt securities to other legal persons and participation in joint ventures	-	-	-
Cash payments for acquisition of bearer or debt securities to other legal persons and participation in joint ventures	-	-	-
Cash advances and loans provided to other parties (excluding financial institutions)	1,713	421	25
Cash flows from collection of advances and loans provided to other parties (excluding financial institutions)	-	-	-
Cash flows from interests	353,200	91,095	26
Cash flows from dividends	4,021,920	3,746,235	93
Other cash flows from investing activities	735,716	1,118,969	152

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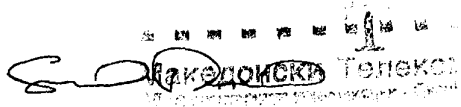
Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

CASH FLOW STATEMENT ACCORDING TO IFRS (CONTINUED)

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Item	Previous year	Current year	Indices
C) Cash flows from financing activities	(6,470,029)	(5,947,479)	92
Cash flows from increase of equity through issuing stock or other bearer securities	-	-	-
Cash payments for repayments of loans	-	-	-
Cash flows from issued debt securities and other short-term and long-term loans and borrowings	-	-	-
Acquisition of minority interests	-	-	-
Dividend paid	(6,470,029)	(5,947,479)	92
Treasury shares purchased/ sold	-	-	-
Cash payments for reduction of financial leasing payables	-	-	-
Increase / decrease of cash and cash equivalents	(81,723)	2,833	(3)
Cash and cash equivalents at the beginning of the year	97,912	16,189	17
D) Cash and cash equivalents at the end of the period	16,189	19,022	117

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Makedonski Telekom AD – Skopje
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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



Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

STATEMENT OF CHANGES IN EQUITY ACCORDING TO IFRS

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Changes	Shareholders' equity				Minority interest	Total equity
	Shareholders' equity	Share premium	Reserves	Accumulated profit (loss)		
Balances at 1 January of the previous year	5,845,530	540,659	1,916,777	13,674,098	-	21,977,064
Payment of shares	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-
Conversion of securities	-	-	-	-	-	-
Profit (loss) for the fiscal year	-	-	-	5,972,860	-	5,972,860
Distribution of the profits as transfer to the reserves	-	-	-	-	-	-
Distribution of the profits for dividends and other payouts to the shareholders	-	-	-	(6,470,029)	-	(6,470,029)
Distribution of the profits for rewards and benefits for the employees	-	-	-	-	-	-
Other company reserves	-	-	-	-	-	-
Evaluation of tangible assets	-	-	-	-	-	-
Adjustments of investments available-for-sale at fair value	-	-	-	-	-	-
Realized capital gain from the sale of securities	-	-	-	-	-	-
Recording losses of subsidiaries using the equity method	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-
Recognized income and expenses, net	-	-	-	-	-	-
Foreign exchange rate movements	-	-	-	-	-	-
Other increase / decrease of assets, net	-	-	-	-	-	-
Balances at 31 December of the previous year	5,845,530	540,659	1,916,777	13,176,929	-	21,479,895
Payment of shares	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-
Conversion of securities	-	-	-	-	-	-
Profit (loss) for the fiscal year	-	-	-	4,799,885	-	4,799,885
Distribution of the profits as transfer to the reserves	-	-	-	-	-	-
Distribution of the profits for dividends and other payouts to the shareholders	-	-	-	(5,947,479)	-	(5,947,479)
Distribution of the profits for rewards and benefits for the employees	-	-	-	-	-	-
Other company reserves	-	-	-	-	-	-
Evaluation of tangible assets	-	-	-	-	-	-
Adjustments of investments available-for-sale at fair value	-	-	-	-	-	-
Realized capital gain from the sale of securities	-	-	-	-	-	-

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Makedonski Telekom AD - Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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

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 Orce Nikolov bb, 1000 Skopje

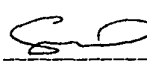
STATEMENT OF CHANGES IN EQUITY ACCORDING TO IFRS (CONTINUED)

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Changes	Shareholders' equity				Minority interest	Total equity
	Shareholders' equity	Share premium	Reserves	Accumulated profit (loss)		
Recording losses of subsidiaries using the equity method	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-
Recognized income and expenses, net	-	-	-	-	-	-
Foreign exchange rate movements	-	-	-	-	-	-
Other increase / decrease of assets, net	-	-	-	-	-	-
Balances at 30 June of the current year	5,845,530	540,659	1,916,777	12,029,335	-	20,332,301

File

 **МАКЕДОНСКИ ТЕЛЕКОМ**
 Makedonski Telekom AD

Daniel Szasz
 Chief Executive Officer

Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

Makedonski Telekom
01 - 272036/3
17-08-2011

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

Date: 12.08.2011

Subject: Explanation on the operation of Makedonski Telekom AD - Skopje for the period from 01.01.2011 until 30.06.2011

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

During the first half of 2011, the revenues on group level decreased by 9% 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 fix line customers for 8.5% compared to the same period of the previous year, resulting in a customer base of 324 thousand at the end of June 2011 and a decrease of the outgoing traffic by 3.9% amounting to 425,472 thousand minutes in the first half of 2011. However, Makedonski Telekom has managed to maintain its leading market position with 78% market share (estimated internally) in the fixed line segment and at the same time increased its internet broadband market share to 59% (estimated internally). The revenues from internet and digital television via Internet protocol ("IPTV") increased for 2.5% compared to the same period of the previous year. The focus on the double and triple play packages resulted in an increased number of DSL customers for 9.2%, resulting in DSL customer base of 155 thousand at the end of June 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 for 60.4% compared to the same period of the previous year, amounting to 34 thousand at the end of June 2011. The foreign sales revenues have also increased.

The mobile revenues decrease is mainly a result of the intensified competition, especially in the prepaid and business segment. The decline in mobile revenues is mostly due to the decrease in the voice retail revenues, mainly as a result of the 3.2% decrease in the subscriber base resulting to 1,277 thousand subscribers at the end of June 2011. In addition, the Average Revenue Per User (ARPU) decreased by 6.6%. 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 50% market share (estimated internally).

On the cost side, during the first half of 2011, the operating expenses declined for 6.4% compared to the same period in 2010. The decline is mainly resulting from the decrease in the captions Services and Provision for cost and risks.

The above-stated movements on the revenues and costs side resulted in a decrease of the net profit for the first half of 2011 by 14.4% compared to the same period of the previous year, resulting in net profit of MKD 2,751,003 thousand.

Makedonski Telekom AD – Skopje
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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



Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

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.*

Makedonski Telekom AD - Skopje
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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
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- *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.

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 MoI 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 MoI 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

Makedonski Telekom AD – Skopje
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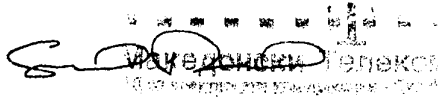
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 Orce Nikolov bb, 1000 Skopje

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.



Daniel Szasz
 Chief Executive Officer

Makedonski Telekom AD - Skopje
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 Contact Phone +389 2 3100 200; Fax +389 2 3100 300; Contact center 171
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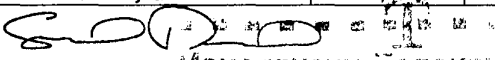
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Orce Nikolov bb, 1000 Skopje

CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS (BY COST NATURE)

Company	Makedonski Telekom AD - Skopje	ID number	5168660
Reporting period	01.01.2011 - 30.06.2011		

(in MKD thousands)

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	8,690,666	4,432,825	7,895,350	4,011,442	91	90
2	Sales revenues	8,480,295	4,374,348	7,744,397	3,911,412	91	89
2a	Domestic sales revenue	7,712,352	3,915,365	6,892,786	3,473,970	89	89
2b	Foreign sales revenue	767,943	458,983	851,611	437,442	111	95
3	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
4	Other operating income	210,371	58,477	150,953	100,030	72	171
5	OPERATING EXPENSES	(5,608,080)	(2,715,644)	(5,249,655)	(2,684,756)	94	99
6	Cost value of trade goods	(736,917)	(338,585)	(718,299)	(388,797)	97	115
7	Materials, small inventory and services	(2,389,425)	(1,238,599)	(2,224,383)	(1,121,032)	93	91
7a	Raw materials and small inventory	(37,612)	(17,377)	(38,317)	(22,381)	102	129
7b	Services	(2,351,813)	(1,221,222)	(2,186,066)	(1,098,651)	93	90
8	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
9	Employee-related costs	(769,165)	(380,279)	(788,006)	(385,246)	102	101
10	Depreciation, amortization and provisions	(1,579,754)	(695,500)	(1,479,867)	(787,621)	94	113
10a	Depreciation	(1,486,195)	(743,905)	(1,571,736)	(784,843)	106	106
10b	Impairment of fixed assets	(4,622)	(984)	(3,530)	(2,213)	76	225
10c	Provisions for costs and risks	(88,937)	49,389	95,399	(565)	(107)	(1)
11	Other operating expenses	(132,819)	(62,681)	(39,100)	(2,060)	29	3
12	OPERATING PROFIT/LOSS	3,082,586	1,717,181	2,645,695	1,326,686	86	77
13	Financial income	2,790	2,790	3,281	3,281	118	118
14	Income from investments, loans, interest and FX rate movements	224,131	118,768	113,530	43,857	51	37
15	Other financing income	-	-	-	-	-	-
16	Financial expenses	(50)	(3)	-	-	-	-
17	Expenses for interest, FX rate movements and similar expenses	(66,985)	(61,632)	(11,503)	(5,090)	17	8
18	Other financing expenses	-	-	-	-	-	-
19	Profit/loss from regular operations before tax	3,242,472	1,777,104	2,751,003	1,368,734	85	77
20	Income tax	(27,965)	(9,159)	-	-	-	-
21	Net profit/loss after tax	3,214,507	1,767,945	2,751,003	1,368,734	86	77
22	Minority interest	-	-	-	-	-	-
23	Net profit/loss for the fiscal year	3,214,507	1,767,945	2,751,003	1,368,734	86	77


Makedonski Telekom

Daniel Szasz
Chief Executive Officer

Makedonski Telekom AD - Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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




Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

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

Company	Makedonski Telekom AD - Skopje		
Reporting period	01.01.2011 - 30.06.2011	ID number	5168660

(in MKD thousands)

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	8,480,295	4,374,348	7,744,397	3,911,412	91	89
2	Other operating income	210,371	58,478	150,953	100,030	72	171
3	Cost value of goods and services sold	(736,917)	(338,586)	(718,299)	(388,797)	97	115
4	Changes in the stock of finished products and work in progress	-	-	-	-	-	-
5	Raw materials, materials and small inventory	(37,612)	(17,378)	(38,317)	(22,381)	102	129
6	Impairment charges	(39,310)	(7,236)	(27,529)	(14,853)	70	205
7	Employee-related costs	(769,165)	(380,279)	(788,006)	(385,246)	102	101
8	Sales costs	(1,729,882)	(765,017)	(1,662,546)	(864,859)	96	113
9	Costs for services provided by other parties	(2,197,063)	(1,150,721)	(1,999,857)	(1,019,200)	91	89
10	Other operating expenses	(98,131)	(56,428)	(15,101)	10,580	15	(19)
11	OPERATING PROFIT/LOSS	3,082,586	1,717,181	2,645,695	1,326,686	86	77

 Мaкeдoнcки Тeлeкoм
AD - Скопје

Daniel Szasz
Chief Executive Officer

Makedonski Telekom AD - Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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



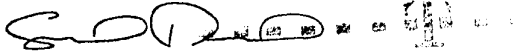
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Orce Nikolov bb, 1000 Skopje

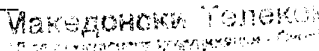
CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Item	Previous year	Current year	Indices
ASSETS			
NON-CURRENT ASSETS	17,944,344	16,938,035	94
Intangible assets	2,639,485	2,407,607	91
Property, plant and equipment	14,924,150	14,137,623	95
Investments in subsidiaries	-	-	-
Investments in associate companies	-	-	-
Investments in securities	65,125	72,988	112
Other tangible assets	-	-	-
Other long-term receivables	315,584	319,817	101
Deferred tax assets	-	-	-
CURRENT ASSETS	13,347,809	10,028,929	75
Inventories	504,994	659,538	131
Trade receivables	2,644,944	2,601,271	98
Other receivables	400,535	276,469	69
Short-term investments	9,719,596	6,369,907	66
Cash and cash equivalents	77,740	121,744	157
TOTAL ASSETS	31,292,153	26,966,964	86
OFF-BALANCE SHEET RECORDS - ASSETS	-	-	-
EQUITY AND LIABILITIES			
EQUITY	26,528,143	23,331,667	88
Shareholders' equity	6,386,189	6,386,189	100
Reserves	2,475,068	2,475,068	100
Accumulated profit (loss)	17,666,886	14,470,410	82
Minority interest	-	-	-
LIABILITIES	4,764,010	3,635,297	76
CURRENT LIABILITIES	4,138,868	3,164,301	76
Trade payables and other liabilities	3,721,903	2,790,012	75
Short-term borrowings	-	-	-
Short-term provision	388,202	293,442	76
Payables to the state	28,763	80,847	281
LONG-TERM LIABILITIES	625,142	470,996	75
Long-term borrowings	-	-	-
Trade payables and other long-term liabilities	-	-	-
Other long-term provision	625,142	470,996	75
TOTAL EQUITY AND LIABILITY	31,292,153	26,966,964	86
OFF-BALANCE SHEET RECORDS - LIABILITIES	-	-	-


Daniel Szasz
Chief Executive Officer


Makedonski Telekom
BEOGRAD, BEOGRADSKA ULICA 111, 11000 BEOGRAD, SRBIJA

Makedonski Telekom AD - Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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



Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

CONSOLIDATED CASH FLOW STATEMENT ACCORDING TO IFRS

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Item	Previous year	Current year	Indices
A) Cash flows from operating activities	8,119,709	3,803,051	47
Net profit / loss after tax	6,050,206	2,751,003	45
Adjustment for			
Depreciation	3,065,973	1,571,736	51
Amortization and impairment charges	95,378	4,827	5
Increase / decrease of inventories	24,345	(154,544)	(635)
Increase / decrease of customers	(188,512)	43,673	(23)
Increase / decrease of advance payments receivables	68,506	(9,335)	(14)
Increase / decrease of other short-term receivables	(91,185)	83,431	(91)
Increase / decrease of prepaid expenses	(141,132)	43,563	(31)
Increase / decrease of trade payables	(542,624)	(306,378)	56
Increase / decrease of payables for received advances	6,733	264	4
Increase / decrease of other short-term liabilities	2,478	102,095	4,120
Increase / decrease of differed income	69,522	(67,879)	(98)
Interest income / expense	(381,778)	(112,879)	30
Dividend paid / charged	(2,789)	(3,281)	118
Tax paid	66,295	52,085	79
Capital profit / loss from sale of fixed assets	(13,809)	(14,129)	102
Capital profit / loss from sale of investments	-	-	-
Other cash flows from operating activities	32,102	(181,201)	(564)
B) Cash flows from investing activities	(1,733,248)	2,188,432	(126)
Acquisition of property, plant and equipment, intangible assets, etc.	(2,968,723)	(1,332,859)	45
Disposal of property, plant and equipment, intangible assets, etc.	34,698	53,267	154
Cash flows from disposal of bearer or debt securities to other legal persons and participation in joint ventures	-	-	-
Cash payments for acquisition of bearer or debt securities to other legal persons and participation in joint ventures	-	-	-
Cash advances and loans provided to other parties (excluding financial institutions)	-	-	-
Cash flows from collection of advances and loans provided to other parties (excluding financial institutions)	1,713	(4,583)	(268)
Cash flows from interests	473,357	118,927	25
Cash flows from dividends	2,789	3,281	118
Other cash flows from investing activities	722,918	3,350,399	463

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Makedonski Telekom AD - Skopje
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e-mail: kontakt@telekom.mk; www.telekom.mk
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Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

CONSOLIDATED CASH FLOW STATEMENT ACCORDING TO IFRS (CONTINUED)

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Item	Previous year	Current year	Indices
C) Cash flows from financing activities	(6,470,029)	(5,947,479)	92
Cash flows from increase of equity through issuing stock or other bearer securities	-	-	-
Cash payments for repayments of loans	-	-	-
Cash flows from issued debt securities and other short-term and long-term loans and borrowings	-	-	-
Acquisition of minority interests	-	-	-
Dividend paid	(6,470,029)	(5,947,479)	92
Treasury shares purchased/ sold	-	-	-
Cash payments for reduction of financial leasing payables	-	-	-
Increase / decrease of cash and cash equivalents	(83,568)	44,004	(53)
Cash and cash equivalents at the beginning of the year	161,308	77,740	48
D) Cash and cash equivalents at the end of the period	77,740	121,744	157


Makedonski Telekom

Daniel Szasz
Chief Executive Officer

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Address Orce Nikolov bb 1000 Skopje R.Macedonia
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



Makedonski Telekom AD Skopje
Orce Nikolov bb, 1000 Skopje

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ACCORDING TO IFRS

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Changes	Shareholders' equity				Minority interest	Total equity
	Shareholders' equity	Share premium	Reserves	Accumulated profit (loss)		
Balances at 1 January of the previous year	5,845,530	540,659	2,475,068	18,086,709	-	26,947,966
Payment of shares	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-
Conversion of securities	-	-	-	-	-	-
Profit (loss) for the fiscal year	-	-	-	6,050,206	-	6,050,206
Distribution of the profits as transfer to the reserves	-	-	-	-	-	-
Distribution of the profits for dividends and other payouts to the shareholders	-	-	-	(6,470,029)	-	(6,470,029)
Distribution of the profits for rewards and benefits for the employees	-	-	-	-	-	-
Other company reserves	-	-	-	-	-	-
Evaluation of tangible assets	-	-	-	-	-	-
Adjustments of investments available-for-sale at fair value	-	-	-	-	-	-
Realized capital gain from the sale of securities	-	-	-	-	-	-
Recording losses of subsidiaries using the equity method	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-
Recognized income and expenses, net	-	-	-	-	-	-
Foreign exchange rate movements	-	-	-	-	-	-
Other increase / decrease of assets, net	-	-	-	-	-	-
Balances at 31 December of the previous year	5,845,530	540,659	2,475,068	17,666,886	-	26,528,143
Payment of shares	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-
Conversion of securities	-	-	-	-	-	-
Profit (loss) for the fiscal year	-	-	-	2,751,003	-	2,751,003
Distribution of the profits as transfer to the reserves	-	-	-	-	-	-
Distribution of the profits for dividends and other payouts to the shareholders	-	-	-	(5,947,479)	-	(5,947,479)
Distribution of the profits for rewards and benefits for the employees	-	-	-	-	-	-
Other company reserves	-	-	-	-	-	-
Evaluation of tangible assets	-	-	-	-	-	-
Adjustments of investments available-for-sale at fair value	-	-	-	-	-	-
Realized capital gain from the sale of securities	-	-	-	-	-	-

Makedonski Telekom AD - Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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

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Makedonski Telekom AD Skopje
 Orce Nikolov bb, 1000 Skopje


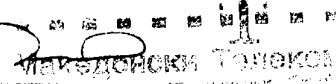
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ACCORDING TO IFRS (CONTINUED)

Company	Makedonski Telekom AD - Skopje		
Reporting period	30.06.2011	ID number	5168660

(in MKD thousands)

Changes	Shareholders' equity				Minority interest	Total equity
	Shareholders' equity	Share premium	Reserves	Accumulated profit (loss)		
Recording losses of subsidiaries using the equity method	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-
Recognized income and expenses, net	-	-	-	-	-	-
Foreign exchange rate movements	-	-	-	-	-	-
Other increase / decrease of assets, net	-	-	-	-	-	-
Balances at 30 June of the current year	5,845,530	540,659	2,475,068	14,470,410	-	23,331,667

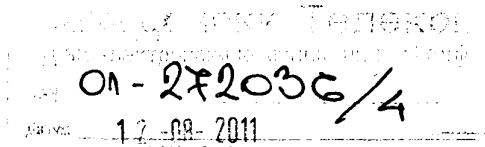
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Daniel Szasz
 Chief Executive Officer

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 Address Orce Nikolov bb 1000 Skopje R.Macedonia
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 ID number 5168660

Makedonski Telekom AD Skopje
Orce Nikolov bb 1000 Skopje



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

Date: 12.08.2011

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 semi - annual reporting for 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.

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
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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



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 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 ("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.

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

Makedonski Telekom AD – Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
Contact Phone +389 2 3100 200; Fax +389 2 3100 300; Contact center 171
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Orce Nikolov bb 1000 Skopje

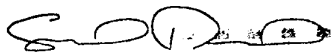
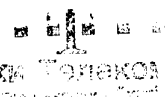
Company officially and personally handed over the requested documentation. Additional Mol written requests were submitted and the Company provided the requested documentation.

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.

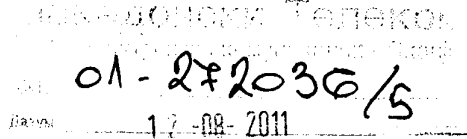
We have become aware of no information as a result of a request from any regulators or other external parties, other than as described above, from which we have concluded that the financial statements may be misstated, including also the effects of a possible illegal act.

Daniel Szasz
Chief Executive Officer

Makedonski Telekom AD – Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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To: Securities and Exchange Commission of the RoM
26 Dimitrija Cupovski, 1000 Skopje

Date: 12.08.2011

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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."*

Makedonski Telekom AD - Skopje
Address Orce Nikolov bb 1000 Skopje R. Macedonia
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



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.

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

Makedonski Telekom AD – Skopje
Address Orce Nikolov bb 1000 Skopje R.Macedonia
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



Makedonski Telekom AD Skopje
 Orce Nikolov bb 1000 Skopje

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.

Daniel Szasz
 Chief Executive Officer

Makedonski Telekom AD - Skopje
 Address Orce Nikolov bb 1000 Skopje R.Macedonia
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 e-mail: kontakt@telekom.mk; www.telekom.mk
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