

MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija

**To:** Macedonian Stock Exchange AD Skopje  
Orce Nikolov 75, 1000 Skopje

**Date:** August 2014

**Subject:** Explanation on the operation of Makedonski Telekom AD - Skopje Group for the period from 01.01.2014 until 30.06.2014

The following analysis refers to the unaudited consolidated financial statements of Makedonski Telekom AD – Skopje Group, which includes Makedonski Telekom AD - Skopje, T-Mobile Macedonia AD Skopje and the e-Makedonija – Skopje Foundation for the period 01.01.2014 - 30.06.2014, prepared in accordance with International Financial Reporting Standards (IFRSs). For comparative purposes, the previous year items are consistent with the current year presentation.

## I Revenues

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The revenues at Group level in the first half of 2014 amounted to MKD 5,344,730 thousand, which represents a decrease of 13.5% compared to the same period of 2013.

### Fixed line services

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#### Voice

Makedonski Telekom has managed to maintain the **leading position on the fixed voice market** with 65.4% (internal estimation) or 243.7 thousand customers<sup>1</sup> at the end of first half of 2014.

**The voice revenues** in the fixed segment services have decreased by 11.3% due to the decreased number of fixed line customers compared to the same period of the previous year. Outgoing traffic has been also decreased by 21.9% compared to the first half of 2013.



#### Internet and TV

The focus on the double and triple play packages resulted in an increased number of DSL customers by 5.5%, resulting in DSL customer base of 190 thousand at the end of the first half of 2014 and **broadband Internet market share** of 51.5% (internal estimation).

Regarding the **TV market**, Makedonski Telekom has the **largest market share** encompassing 22.5% (internal estimation) of the total TV market. IPTV service with its high quality, interactivity and the unique TV experience, is well accepted on the market and the Company achieved an increase of the number of

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<sup>1</sup> With the finished PSTN Migration on IMS platform MKT has new reporting methodology of Fix line customers since PSTN and ISDN customer segmentation has been no longer used. The new methodology which is IMS based consist only of IMS customers. Implicitly the current figures are lower than the previously reported since until 2013 YE MKT was reporting the number of ISDN Channels as number of customers.

MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija

IPTV customers by 18.6% compared to the first half of 2013, which has resulted in a customer base of 95 thousand customers at the end of the first half of 2014.

The **revenues from Internet and digital television via Internet protocol ("IPTV")** in the first half of 2014 have increased by 3.2% compared to the same period of the previous year.



### Other revenues

The **revenues from sale of equipment** in the first half of 2014 have decreased by 41.2% compared to the same period of the previous year. The decline is mainly a result of the one-time effect of the sale of telecommunication equipment in the previous period.

**System integration and IT revenues** in the first half of 2014 have increased by 46.2% compared to the same period of the previous year mainly due to the increased revenues from Cloud Computing.

## Mobile services

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### Voice

T-Mobile Macedonia has a **leading market position with a market share of 46.4%** (internal estimation). The subscriber base remained relatively stable amounting to 1,166 thousand subscribers at the end of the first half of 2014.

**Mobile voice revenues** in the first half of 2014 have decreased by 21% compared to the same period of the previous year as a result of the tariff decrease. The trend of increased usage of mobile services has continued whereby more and more minutes are bundled into the packages for the same price. This has resulted in an increase in the minutes of usage (MOU) partially driven by the continuous tariff decline. Consequently, reflecting the tariff pressure and competition ARPU has declined by 19.8% compared to the previous period amounting to MKD 361.



### Non-voice

**Non-voice revenues** have decreased by 9.1% compared to the previous period, as a result of the lower number of SMSs sent, decreased SMS interconnect price and content revenue, which is partially compensated with the increased mobile internet revenue due to higher GPRS traffic and increased usage of data tariff plans.

MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija



### Other revenues

The **revenues from sale of equipment** in the first half of 2014 have increased by 10.6% compared to the same period of the previous year. The increase is mainly driven by higher number of handsets sold in acquisition, with higher average selling price and higher sales of accessories and other equipment.

## II Expenses

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### Operating expenses

On the cost side, during the first half of 2014, the operating expenses decreased by 10.8% compared to the same period of the previous year.

The employee related expenses have decreased by 22% in the first half of 2014 compared to the same period of the previous year due to the lower expenses for salaries, social security contribution mainly as a result of the lower number of employees.

The cost for depreciation and amortization in the first half of 2014 has decreased by 9.6% compared to the same period of the previous year. Generally the decline is due to shortened useful life of PSTN migration affected assets causing higher depreciation in the first half of 2013 and lower software base in the first half of 2014 compared to the same period of the previous year.

The cost of goods and services sold has been also decreased compared to the same period of the previous year.



### Capital expenditures

The total Capital expenditures (CAPEX), for the first half of 2014 is MKD 350,501 thousand.

## III Net profit

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The total net profit for the first half of 2014 amounts MKD 182,588 thousand and it is decreased by 83% compared to the same period of the previous year. This is a result of the changes in the profit tax legislation in 2014 whereby the profit tax is payable at the moment of dividend distribution regardless of the ownership structure. Excluding the profit tax impact in amount of MKD 521,837 thousand in the first half of 2014, the net profit would have decline by 35.5% compared to the same period of the previous year.



MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija

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*On 13 February 2006, Magyar Telekom Plc., the controlling owner of the Company, (via Stonebridge Communications AD - Skopje, majority shareholder of the Company), announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom Plc. to determine whether the contracts were entered into in violation of Magyar Telekom Plc. policy or applicable law or regulation. 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 Plc., adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*Based on publicly available information, as well as information obtained from Magyar Telekom and as previously disclosed, Magyar Telekom's Audit Committee conducted an internal investigation regarding certain contracts relating to the activities of Magyar Telekom and/or its affiliates in Montenegro and Macedonia that totaled more than EUR 31 million. In particular, the internal investigation examined whether Magyar Telekom and/or its Montenegrin and Macedonian affiliates had made payments prohibited by U.S. laws or regulations, including the U.S. Foreign Corrupt Practices Act (the "FCPA"). The Company has previously disclosed the results of the internal investigation.*

*Magyar Telekom's Audit Committee informed the U.S. Department of Justice (the "DOJ") and the U.S. Securities and Exchange Commission (the "SEC") of the internal investigation. The DOJ and the SEC commenced investigations into the activities that were the subject of the internal investigation. On 29 December 2011, Magyar Telekom announced that it had entered into final settlements with the DOJ and the SEC to resolve the DOJ's and the SEC's investigations relating to Magyar Telekom. The settlements concluded the DOJ's and the SEC's investigations. Magyar Telekom disclosed the key terms of the settlements with the DOJ and the SEC on 29 December 2011. In particular, Magyar Telekom disclosed that it had entered into a two-year deferred prosecution agreement (the "DPA") with the DOJ. The DPA expired on 5 January 2014, and further to the DOJ's request filed in accordance with the DPA, the U.S. District Court for the Eastern District of Virginia dismissed the charges against Magyar Telekom on 5 February 2014.*

*According to the information provided to the Company by Magyar Telekom Plc., on 2 December 2009, the Audit Committee of Magyar Telekom Plc., provided the 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"). 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 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 information available to the Management related to the transactions subject of the Final Report, amount of MKD 248,379 thousand has been identified as potential tax impact, together with 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 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 2012 the amount of MKD 36,724 thousand related to the identified potential tax impact, together with related penalty interest, in the subsidiary was paid upon an executive decision issued by the Public Revenue Office. In addition, the value of one contract of MKD 105,147 thousand capitalized within treasury shares was corrected in 2009 consolidated financial statements and was accounted for as though these payments had been expensed in*

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Company Reg. No. 5168660 | Principal capital MKD 9.583.887.733,00

MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija

*2006 rather than capitalized as part of treasury shares as originally reported. The other contracts that were identified by 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 October 2008 the Investigation Judge from the Primary Court Skopje 1 – Skopje (the criminal court), has 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 requests in written were submitted and the Company provided the requested documentation.*

*The Primary Court Skopje 1 in Skopje, Investigative Department for Organized Crime delivered a summon to the Company in connection with the criminal charges against the former CEO of Makedonski Telekom AD- Skopje, Mr. Szendrei, the former CFO of the company, Mr. Plath, the former member of the BoD in Stonebridge and former member of the BoD in Makedonski Telekom AD – Skopje, Mr. Kefaloyannis and the former CEO of the Stonebridge, Mr. Kisjuhász and asked for a statement whether the Company has suffered any damages on the basis of the said consultancy contracts.*

*On 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. An 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's side in order to prepare the expertise. The Company has collected and submitted the requested information/documentation to the Court Expertise Office.*

*On 14 March 2011, the Company 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, 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 payment of dividend in 2005 and 2006.*

*Based on publically available information, we understand that the Public Prosecutor has filed an indictment in 2011 against Mr. Szendrei, Mr. Kisjuhász and Mr. Plath, but not against Mr. Kefaloyannis. The Company, as a damaged party in this case, has not received an official court invitation for the hearing.*

*Pursuant to the questions posed by the investigative judge, it could be concluded that the public prosecutor has addressed the Company as a party damaged by the actions of the defendants. However, based on the content of the order for expertise issued by the investigative judge, and on the basis of the expert opinion, it can be concluded that now damaged parties are shareholders of the Company (Stonebridge AD Skopje, the Republic of Macedonia and minority shareholders) and therefore the state budget, as the Republic of Macedonia is a shareholder in the Company. Therefore, the public prosecutor should clear out who is considered as damaged party in this particular case, which is of significant importance for the position of the Company in this proceeding and its further actions. At the moment there aren't any indications that the Company could be found liable and made to pay any penalties or*



MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija

*finis for the criminal procedure which is initiated against the individuals and accordingly the Group did not record any provision.*

*On 23 February 2012 the Company received a request for documentation from the Financial Police Office of the Ministry of Finance of the RoM related to certain consultancy contract and underlying documentation, which were also provided to White & Case during the internal investigation. The Company responded to the request accordingly.*

*We have not become aware of any 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 from the effects of a possible illegal act.*

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Andreas Maierhofer  
Chief Executive Officer

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Slavko Projkoski  
Chief Financial Officer

# ***Financial Statements***

Company:	<b>Makedonski Telekom AD Skopje</b>
ID:	<b>5168660</b>
Consolidated	<b>Yes</b>
Audited	<b>No</b>
Period:	<b>01.01 - 30.06</b>
Year:	<b>2014</b>

## Content

[BS: Balance sheet](#)

[IS: Income statement](#)

[CF: Cash flow statement](#)

[CE: Changes in equity statement](#)

## Balance Sheet

*In 000 MKD*

Position	Previous Period	Curent Period	Indexes
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	<b>17,348,771</b>	<b>16,348,554</b>	<b>94</b>
Intagible assets	2,357,548	2,199,271	93
<b>Property, plant and equipment</b>	<b>14,593,172</b>	<b>13,759,500</b>	<b>94</b>
Property	3,837,844	3,763,086	98
Plant and equipment	9,077,794	8,723,446	96
Biological assets	0	0	0
Other Long Term Assets	1,677,534	1,272,968	76
<b>Investment properties (Real Estate)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Long Term Financial Instruments</b>	<b>132,863</b>	<b>124,346</b>	<b>94</b>
Investments in subsidiaries	0	0	0
Investments in associates	0	0	0
Long term Loans, Receivables	88,489	77,232	87
Financial investments	43,762	46,502	106
Other Long Term Financial investments	612	612	100
<b>Other long-term receivables</b>	<b>265,188</b>	<b>265,437</b>	<b>100</b>
<b>Deferred income tax assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT ASSETS</b>	<b>6,564,757</b>	<b>5,248,413</b>	<b>80</b>
Inventories	433,634	398,227	92
Trade recivables	2,074,566	2,298,747	111
Other recivables / Current assets	560,127	810,427	145
Short-term financial investments	1,565,249	0	0
Cash and cash equivalents	1,403,643	1,100,008	78
Prepaid Expenses	527,538	641,004	122
<b>TOTAL ASSETS</b>	<b>23,913,528</b>	<b>21,596,967</b>	<b>90</b>
<b>OFF-BALANCE-SHEET ASSETS</b>	<b>49,274</b>	<b>55,012</b>	<b>112</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	<b>19,458,278</b>	<b>17,196,228</b>	<b>88</b>
Subscribed capital and revaluation reserves	6,386,189	6,386,189	100
Reserves	1,237,534	1,237,534	100
Retained earnings	11,834,555	9,572,505	81
Minority interest	0	0	0
<b>LIABILITIES</b>	<b>4,455,250</b>	<b>4,400,739</b>	<b>99</b>
<b>CURRENT LIABILITIES</b>	<b>3,895,308</b>	<b>3,836,754</b>	<b>98</b>
Trade liabilities and other short-term liabilities	1,040,857	841,760	81
Short-term Borrowings	0	0	0
Short-term provisions	117,884	242,607	206
Deffered Tax Liabilities	141,749	109,738	77
Other Current Liabilities	434,522	793,607	183
Accrued Expenses	2,160,296	1,849,042	86
Liabilities related to disposal assets	0	0	0
<b>LONG TERM LIABILITIES</b>	<b>559,942</b>	<b>563,985</b>	<b>101</b>
Long-term Borrowings	0	0	0
Trade payables and other long-term liabilities	502,874	519,574	103
Long-term Provisions	57,068	44,411	78
Long Term Tax Liabilities	0	0	0
<b>TOTAL CAPITAL AND RESERVES</b>	<b>23,913,528</b>	<b>21,596,967</b>	<b>90</b>
<b>OFF-BALANCE-SHEET LIABILITIES</b>	<b>49,274</b>	<b>55,012</b>	<b>112</b>



## Income Statement

*In 000 MKD*

	Position	Previous Period	Curent Period	Indexes
		Year to date	Year to date	curent year / previous year
1	<b>Total Operating revenues</b>	<b>6,237,633</b>	<b>5,387,438</b>	<b>86</b>
2	Sales revenues	6,177,195	5,344,730	87
2a	Revenues from domestic market	5,425,304	4,724,743	87
2b	Revenues from foreign markets	751,891	619,987	82
3	Change in the value of inventories	XXXXX	XXXXXX	xxxxx
4	Inventories of finished and unfinished goods at the beginning of the period	0	0	0
5	Inventories of finished and unfinished goods at the end of the period	0	0	0
6	Capitalised own products and services	0	0	0
7	Other operating revenues	60,438	42,708	71
8	<b>Total Operating expenses</b>	<b>5,201,461</b>	<b>4,638,181</b>	<b>89</b>
9	Cost of trading goods sold	732,033	753,650	103
10	Cost of consumed materials and other supplies	188,040	158,184	84
11	Cost of materials, spare parts and other inventory sold	0	0	0
12	Services	1,363,328	1,091,952	80
13	Other Expenditures	549,776	627,483	114
14	Service costs	807,057	626,555	78
15	Amortization And Depreciation	1,480,791	1,338,102	90
16	Impairment losses of Non-current assets	0	0	0
17	Impairment losses of current assets	43,487	29,310	67
18	Provisions	14,480	6,471	45
19	Other operating expenses	22,469	6,474	29
20	<b>Operating profit</b>	<b>1,036,172</b>	<b>749,257</b>	<b>72</b>
21	Total Financial Revenue	92,419	43,111	47
21a	Financial revenues from investment, loans granted and interest and exchange rate gains	92,419	43,111	47
21b	Other Financial Revenue	0	0	0
21c	Income From Associated Companies	0	0	0
22	Total Financial Expenses	36,214	87,943	243
22a	Financial expenses from interests and exchange rate losses	36,214	87,943	243
22b	Other financial expenses	0	0	0
22c	Losses from Associates	0	0	0
23	<b>Profit from ordinary activities</b>	<b>1,092,377</b>	<b>704,425</b>	<b>64</b>
24	Net Profit from Discontinued activities	0	0	0
25	<b>Profit from ordinary activities before taxation</b>	<b>1,092,377</b>	<b>704,425</b>	<b>64</b>
26	Corporate tax	25,993	521,837	2,008
27	<b>Net profit</b>	<b>1,066,384</b>	<b>182,588</b>	<b>17</b>
28	Net profit minority shareholders	462,100	79,121	17
29	<b>Net profit Majority shareholders</b>	<b>604,284</b>	<b>103,467</b>	<b>17</b>
30	Total other comprehensive income	0	0	0
31	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,066,384</b>	<b>182,588</b>	<b>17</b>

## CASH FLOW STATEMENT

*In 000 MKD*

Position	Previous Period	Curent Period	Indexes
<b><i>A. CASH FLOWS FROM OPERATING ACTIVITIES</i></b>	<b><u>2,138,008</u></b>	<b><u>1,757,755</u></b>	<b><u>82</u></b>
<b>Profit for the period</b>	<b>1,066,384</b>	<b>182,588</b>	<b>17</b>
Adjustments for:	0	0	0
Depreciation of property, plant and equipment	1,480,791	1,338,102	90
Gain/Loss from impairment	9,846	136,520	1,387
Increase/Decrease in Inventories	-229,843	29,983	213
Increase/Decrease in Receivables-customers	-292,586	-224,565	123
Increase/Decrease in advance payments	-15,081	9,003	260
Increase/Decrease in other short-term receivables	122,063	-247,052	-202
Increase/Decrease in paid expenses for future periods	72,770	-113,466	-156
Increase/Decrease in payables	-94,760	144,891	353
Increase/Decrease in received advance payments	1,504	8,188	544
Increase/Decrease in other short-term payables	85,856	904,366	1,053
Increase/Decrease in Deferred expenses	-118,478	189,699	360
Interest paid/received	-29,046	1,666	206
Dividends paid/received	-1,640	-2	200
Tax expense	54,509	-595,876	-1,093
Capital gains/losses from sale of property, plant and equipment	-358	-3,359	-738
Capital gains/losses from sale of investments	0	0	0
Other cash receipts and payment from operating activities	26,077	-2,931	-11
<b><i>B. CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	<b><u>4,169,507</u></b>	<b><u>383,248</u></b>	<b><u>9</u></b>
Cash payments to acquire property, plant and equipment, intangibles and other	-1,254,894	-1,222,823	103
Cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;	11,765	10,565	90
Cash payments to acquire equity or debt instruments of other entities and interests in joint ventures	0	0	0
Cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures	0	0	0
Cash advances and loans made to other parties (other than advances and loans made by a financial institution);	0	0	0
Cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution);	11,168	11,257	101
Interest paid/received	68,952	29,285	42
Dividends paid/received	1,640	2	0
Other cash receipts and payment from investing activities	5,330,876	1,554,962	29
<b><i>C. CASH FLOWS FROM FINANCING ACTIVITIES</i></b>	<b><u>-5,646,607</u></b>	<b><u>-2,444,638</u></b>	<b><u>157</u></b>
cash proceeds from issuing shares or other equity instruments;	0	0	0
cash repayments of amounts borrowed;	0	0	0
cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings;	0	0	0
Cash payments to acquire minor interests	0	0	0
Dividends paid	-5,646,607	-2,444,638	157
Repurchase of own shares and stakes	0	0	0
Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.	0	0	0
<b><i>Net increase in cash and cash equivalents</i></b>	<b><u>660,908</u></b>	<b><u>-303,635</u></b>	<b><u>-46</u></b>
Cash and cash equivalents at beginning of period	425,234	1,403,643	330
<b><i>D. Cash and cash equivalents at end of period</i></b>	<b><u>1,086,142</u></b>	<b><u>1,100,008</u></b>	<b><u>101</u></b>

## Statement of changes in equity

In 000 MKD

Changes	Attributable to equity holders of the parent				Minority Interes	Total equity
	Share capital	Share premium	Reserves	Retained profit (Loss)		
<b>Balance at January 1, previous year</b>	<b>5,845,530</b>	<b>540,659</b>	<b>2,475,068</b>	<b>14,253,250</b>	<b>0</b>	<b>23,114,507</b>
Shares issued	0	0	0	0	0	0
Purchased treasury shares	0	0	0	0	0	0
Sold treasury shares	0	0	0	0	0	0
Conversion of securities	0	0	0	0	0	0
Profit (Loss) for the financial period	0	0	0	1,990,378	0	<b>1,990,378</b>
Allocated profit for reservers	0	0	0	0	0	0
Allocated profit for dividends and other rewards (premiums) to shareholders	0	0	0	-5,646,607	0	<b>-5,646,607</b>
Allocated profit for rewards, premiums and other employee benefits	0	0	0	0	0	0
Other reserves	0	0	0	0	0	0
Revaluation of assets	0	0	0	0	0	0
Fair value adjustments of the investments available-for-sale	0	0	0	0	0	0
Realized capital gain from disposal of Investments available-for-sale	0	0	0	0	0	0
Recorded losses from subsidiaries from previous years according to equity method	0	0	0	0	0	0
Minority Interes	0	0	0	0	0	0
Defered tax assets	0	0	0	0	0	0
Recognised revunues and expenses, net	0	0	0	0	0	0
Exchange rate gains/losses	0	0	0	0	0	0
Other Increase/Decrease in Assets, net	0	0	-1,237,534	1,237,534	0	0
<b>Balance at December 31, previous year</b>	<b>5,845,530</b>	<b>540,659</b>	<b>1,237,534</b>	<b>11,834,555</b>	<b>0</b>	<b>19,458,278</b>
Shares issued	0	0	0	0	0	0
Purchased treasury shares	0	0	0	0	0	0
Sold treasury shares	0	0	0	0	0	0
Conversion of securities	0	0	0	0	0	0
Profit (Loss) for the financial period	0	0	0	182,588	0	<b>182,588</b>
Allocated profit for reservers	0	0	0	0	0	0
Allocated profit for dividends and other rewards (premiums) to shareholders	0	0	0	-2,444,638	0	<b>-2,444,638</b>
Allocated profit for rewards, premiums and other employee benefits	0	0	0	0	0	0
Other reserves	0	0	0	0	0	0
Revaluation of assets	0	0	0	0	0	0
Fair value adjustments of the investments available-for-sale	0	0	0	0	0	0
Realized capital gain from disposal of Investments available-for-sale	0	0	0	0	0	0
Recorded losses from subsidiaries from previous years according to equity method	0	0	0	0	0	0
Minority Interes	0	0	0	0	0	0
Defered tax assets	0	0	0	0	0	0
Recognised revunues and expenses, net	0	0	0	0	0	0
Exchange rate gains/losses	0	0	0	0	0	0
Other Increase/Decrease in Assets, net	0	0	0	0	0	0
<b>Balance at December 31, current year</b>	<b>5,845,530</b>	<b>540,659</b>	<b>1,237,534</b>	<b>9,572,505</b>	<b>0</b>	<b>17,196,228</b>

MAKEDONSKI TELEKOM AD - SKOPJE  
Kej 13 Noemvri No. 6, 1000 Skopje, R. Makedonija

**To:** Macedonian Stock Exchange AD Skopje  
Orce Nikolov 75, 1000 Skopje

**Date:** August 2014

**Subject:** Explanation on the operation of Makedonski Telekom AD - Skopje for the period from 01.01.2014 until 30.06.2014

The following analysis refers to the unaudited non-consolidated (stand-alone) financial statements of Makedonski Telekom AD – Skopje for the period 01.01.2014 - 30.06.2014, prepared in accordance with International Financial Reporting Standards (IFRSs). For comparative purposes, the previous year items are consistent with the current year presentation.

## I Revenues

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The revenues of Makedonski Telekom AD - Skopje in the first half of 2014 amounted to MKD 3,021,055 thousand, which represents a decrease of 8.9% compared to the same period of 2013.

### Fixed line services

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#### Voice

Makedonski Telekom has managed to maintain the **leading position on the fixed voice market** with 65.4% (internal estimation) or 243.7 thousand customers<sup>1</sup> at the end of first half of 2014.

The **voice revenues** in the fixed segment services have decreased by 11.3% due to the decreased number of fixed line customers compared to the same period of the previous year. Outgoing traffic has been also decreased by 21.9% compared to the first half of 2013.



#### Internet and TV

The focus on the double and triple play packages resulted in an increased number of DSL customers by 5.5%, resulting in DSL customer base of 190 thousand at the end of the first half of 2014 and **broadband Internet market share of 51.5%** (internal estimation).

Regarding the **TV market**, Makedonski Telekom has the **largest market share encompassing 22.5%** (internal estimation) of the total TV market. IPTV service with its high quality, interactivity and the unique TV experience, is well accepted on the market and the Company achieved an increase of the number of IPTV customers by 18.6% compared to the first half of 2013, which has resulted in a customer base of 95 thousand customers at the end of the first half of 2014.

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<sup>1</sup> With the finished PSTN Migration on IMS platform MKT has new reporting methodology of Fix line customers since PSTN and ISDN customer segmentation has been no longer used. The new methodology which is IMS based consist only of IMS customers. Implicitly the current figures are lower than the previously reported since until 2013 YE MKT was reporting the number of ISDN Channels as number of customers.

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The **revenues from Internet and digital television via Internet protocol ("IPTV")** in the first half of 2014 have increased by 3.2% compared to the same period of the previous year.



#### Other revenues

The **revenues from sale of equipment** in the first half of 2014 have decreased by 41.2% compared to the same period of the previous year. The decline is mainly a result of the one-time effect of the sale of telecommunication equipment in the previous period.

**System integration and IT revenues** in the first half of 2014 have increased by 46.2% compared to the same period of the previous year mainly due to the increased revenues from Cloud Computing.

## II Expenses

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#### Operating expenses

On the cost side, during the first half of 2014, the operating expenses decreased by 11.8% compared to the same period of the previous year.

The employee related expenses have decreased by 17.1% in the first half of 2014 compared to the same period of the previous year due to the lower expenses for salaries, social security contribution mainly as a result of the lower number of employees.

The cost for depreciation and amortization in the first half of 2014 has decreased by 8% compared to the same period of the previous year. Generally the decline is due to shortened useful life of PSTN migration affected assets causing higher depreciation in the first half of 2013 and lower software base in the first half of 2014 compared to the same period of the previous year .

The cost of goods and services sold has been also decreased compared to the same period of the previous year.



#### Capital expenditures

The total Capital expenditures (CAPEX), in the first half of 2014 is MKD 242.684 thousand.

## III Net profit

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The total net profit for the first half of 2014 amounts MKD 1,891,683 thousand and it is decreased by 23.7% compared to the same period of the previous year. This decrease is highly influenced by the changes in the profit tax legislation in 2014 whereby the profit tax is payable at the moment of dividend distribution regardless of the ownership structure. Excluding the profit tax impact in amount of MKD 279,402 thousand in the first half of 2014 the net profit would have decline by 12.7% compared to the same period of the previous year.

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*On 13 February 2006, Magyar Telekom Plc., the controlling owner of the Company, (via Stonebridge Communications AD – Skopje, majority shareholder of the Company), announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom Plc. to determine whether the contracts were entered into in violation of Magyar Telekom Plc. policy or applicable law or regulation. 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 Plc., adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*Based on publicly available information, as well as information obtained from Magyar Telekom and as previously disclosed, Magyar Telekom's Audit Committee conducted an internal investigation regarding certain contracts relating to the activities of Magyar Telekom and/or its affiliates in Montenegro and Macedonia that totaled more than EUR 31 million. In particular, the internal investigation examined whether Magyar Telekom and/or its Montenegrin and Macedonian affiliates had made payments prohibited by U.S. laws or regulations, including the U.S. Foreign Corrupt Practices Act (the "FCPA"). The Company has previously disclosed the results of the internal investigation.*

*Magyar Telekom's Audit Committee informed the U.S. Department of Justice (the "DOJ") and the U.S. Securities and Exchange Commission (the "SEC") of the internal investigation. The DOJ and the SEC commenced investigations into the activities that were the subject of the internal investigation.*

*On 29 December 2011, Magyar Telekom announced that it had entered into final settlements with the DOJ and the SEC to resolve the DOJ's and the SEC's investigations relating to Magyar Telekom. The settlements concluded the DOJ's and the SEC's investigations. Magyar Telekom disclosed the key terms of the settlements with the DOJ and the SEC on 29 December 2011. In particular, Magyar Telekom disclosed that it had entered into a two-year deferred prosecution agreement (the "DPA") with the DOJ. The DPA expired on 5 January 2014, and further to the DOJ's request filed in accordance with the DPA, the U.S. District Court for the Eastern District of Virginia dismissed the charges against Magyar Telekom on 5 February 2014.*

*According to the information provided to the Company by Magyar Telekom Plc., on 2 December 2009, the Audit Committee of Magyar Telekom Plc., provided the 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").*

*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 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 information available to the Management related to the transactions subject of the Final Report, amount of MKD 216,577 thousand has been identified as potential tax impact, together with 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 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 capitalized within treasury shares was corrected in 2009 financial statements and was accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares as originally reported.*

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*The other contracts that were identified by 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 October 2008 the Investigation Judge from the Primary Court Skopje 1 – Skopje (the criminal court), has 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 requests in written were submitted and the Company provided the requested documentation.*

*The Primary Court Skopje 1 in Skopje, Investigative Department for Organized Crime delivered a summon to the Company in connection with the criminal charges against the former CEO of Makedonski Telekom AD- Skopje, Mr. Szendrei, the former CFO of the company, Mr. Plath, the former member of the BoD in Stonebridge and former member of the BoD in Makedonski Telekom AD – Skopje, Mr. Kefaloyannis and the former CEO of the Stonebridge, Mr. Kisjuhász and asked for a statement whether the Company has suffered any damages on the basis of the said consultancy contracts.*

*On 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. An 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's side in order to prepare the expertise. The Company has collected and submitted the requested information/documentation to the Court Expertise Office.*

*On 14 March 2011, the Company 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, 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 payment of dividend in 2005 and 2006.*

*Based on publically available information, we understand that the Public Prosecutor has filed an indictment in 2011 against Mr. Szendrei, Mr. Kisjuhász and Mr. Plath, but not against Mr. Kefaloyannis. The Company, as a damaged party in this case, has not received an official court invitation for the hearing.*

*Pursuant to the questions posed by the investigative judge, it could be concluded that the public prosecutor has addressed the Company as a party damaged by the actions of the defendants. However, based on the content of the order for expertise issued by the investigative judge, and on the basis of the expert opinion, it can be concluded that now damaged parties are shareholders of the Company (Stonebridge AD Skopje, the Republic of Macedonia and minority shareholders) and therefore the state budget, as the Republic of Macedonia is a shareholder in the Company. Therefore, the public prosecutor should clear out who is considered as damaged party in this particular case, which is of significant importance for the position of the Company in this proceeding and its further actions. At the moment there aren't any indications that the Company could be found liable and made to pay any penalties or*

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*finis for the criminal procedure which is initiated against the individuals and accordingly the Company did not record any provision.*

*On 23 February 2012 the Company received a request for documentation from the Financial Police Office of the Ministry of Finance of the RoM related to certain consultancy contract and underlying documentation, which were also provided to White & Case during the internal investigation. The Company responded to the request accordingly.*

*We have not become aware of any 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 from the effects of a possible illegal act.*

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Andreas Maierhofer  
Chief Executive Officer

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Slavko Projkoski  
Chief Financial Officer

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# ***Financial Statements***

Company:	<b>Makedonski Telekom AD Skopje</b>
ID:	<b>5168660</b>
Consolidated	<b>No</b>
Audited	<b>No</b>
Period:	<b>01.01 - 30.06</b>
Year:	<b>2014</b>

## Content

[BS: Balance sheet](#)

[IS: Income statement](#)

[CF: Cash flow statement](#)

[CE: Changes in equity statement](#)

## Balance Sheet

*In 000 MKD*

Position	Previous Period	Curent Period	Indexes
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	<b>16,200,441</b>	<b>15,451,814</b>	<b>95</b>
Intagible assets	715,387	625,443	87
<b>Property, plant and equipment</b>	<b>12,327,867</b>	<b>11,693,202</b>	<b>95</b>
Property	3,591,710	3,522,389	98
Plant and equipment	7,833,539	7,386,172	94
Biological assets	0	0	0
Other Long Term Assets	902,618	784,641	87
<b>Investment properties (Real Estate)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Long Term Financial Instruments</b>	<b>2,909,950</b>	<b>2,902,317</b>	<b>100</b>
Investments in subsidiaries	2,792,171	2,792,171	100
Investments in associates	0	0	0
Long term Loans, Receivables	74,017	63,644	86
Financial investments	43,762	46,502	106
Other Long Term Financial investments	0	0	0
<b>Other long-term receivables</b>	<b>247,237</b>	<b>230,852</b>	<b>93</b>
<b>Deferred income tax assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CURRENT ASSETS</b>	<b>3,433,007</b>	<b>2,822,107</b>	<b>82</b>
Inventories	160,122	169,935	106
Trade recivables	1,127,646	1,190,397	106
Other recivables / Current assets	859,574	826,345	96
Short-term financial investments	430,607	0	0
Cash and cash equivalents	782,696	548,935	70
Prepaid Expenses	72,362	86,495	120
<b>TOTAL ASSETS</b>	<b>19,633,448</b>	<b>18,273,921</b>	<b>93</b>
OFF-BALANCE-SHEET ASSETS	49,274	55,012	112
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	<b>16,445,963</b>	<b>15,893,008</b>	<b>97</b>
Subscribed capital and revaluation reserves	6,386,189	6,386,189	100
Reserves	958,389	958,389	100
Retained earnings	9,101,385	8,548,430	94
Minority interest	0	0	0
<b>LIABILITIES</b>	<b>3,187,485</b>	<b>2,380,913</b>	<b>75</b>
<b>CURRENT LIABILITIES</b>	<b>2,643,151</b>	<b>1,828,582</b>	<b>69</b>
Trade liabilities and other short-term liabilities	772,611	510,529	66
Short-term Borrowings	0	0	0
Short-term provisions	47,661	48,283	101
Deffered Tax Liabilities	64,935	52,849	81
Other Current Liabilities	859,589	678,891	79
Accrued Expenses	898,355	538,030	60
Liabilities related to disposal assets	0	0	0
<b>LONG TERM LIABILITIES</b>	<b>544,334</b>	<b>552,331</b>	<b>101</b>
Long-term Borrowings	0	0	0
Trade payables and other long-term liabilities	502,874	519,574	103
Long-term Provisions	41,460	32,757	79
Long Term Tax Liabilities	0	0	0
<b>TOTAL CAPITAL AND RESERVES</b>	<b>19,633,448</b>	<b>18,273,921</b>	<b>93</b>
OFF-BALANCE-SHEET LIABILITIES	49,274	55,012	112

## Income Statement

*In 000 MKD*

	Position	Previous Period	Curent Period	Indexes
		Year to date	Year to date	curent year / previous year
1	<b>Total Operating revenues</b>	<b>3,323,725</b>	<b>3,024,672</b>	<b>91</b>
2	Sales revenues	3,315,564	3,021,055	91
2a	Revenues from domestic market	2,635,337	2,479,710	94
2b	Revenues from foreign markets	680,227	541,345	80
3	Change in the value of inventories	XXXXX	XXXXXX	xxxxx
4	Inventories of finished and unfinished goods at the beginning of the period	0	0	0
5	Inventories of finished and unfinished goods at the end of the period	0	0	0
6	Capitalised own products and services	0	0	0
7	Other operating revenues	8,161	3,617	44
8	<b>Total Operating expenses</b>	<b>3,334,443</b>	<b>2,940,760</b>	<b>88</b>
9	Cost of trading goods sold	199,880	130,487	65
10	Cost of consumed materials and other supplies	133,308	116,499	87
11	Cost of materials, spare parts and other inventory sold	0	0	0
12	Services	1,069,561	901,347	84
13	Other Expenditures	279,413	350,319	125
14	Service costs	554,654	459,874	83
15	Amortization And Depreciation	1,046,253	962,857	92
16	Impairment losses of Non-current assets	0	0	0
17	Impairment losses of current assets	20,534	12,260	60
18	Provisions	9,648	2,884	30
19	Other operating expenses	21,192	4,233	20
20	<b>Operating profit</b>	<b>-10,718</b>	<b>83,912</b>	<b>983</b>
21	Total Financial Revenue	<b>2,529,335</b>	<b>2,109,027</b>	<b>83</b>
21a	Financial revenues from investment, loans granted and interest and exchange rate gains	2,529,335	2,109,027	83
21b	Other Financial Revenue	0	0	0
21c	Income From Associated Companies	0	0	0
22	Total Financial Expenses	<b>32,980</b>	<b>21,854</b>	<b>66</b>
22a	Financial expenses from interests and exchange rate losses	32,980	21,854	66
22b	Other financial expenses	0	0	0
22c	Losses from Associates	0	0	0
23	<b>Profit from ordinary activities</b>	<b>2,485,637</b>	<b>2,171,085</b>	<b>87</b>
24	Net Profit from Discontinued activities	0	0	0
25	<b>Profit from ordinary activities before taxation</b>	<b>2,485,637</b>	<b>2,171,085</b>	<b>87</b>
26	Corporate tax	5,319	279,402	5,253
27	<b>Net profit</b>	<b>2,480,318</b>	<b>1,891,683</b>	<b>76</b>
28	Net profit minority shareholders	1,074,804	819,729	76
29	<b>Net profit Majority shareholders</b>	<b>1,405,514</b>	<b>1,071,954</b>	<b>76</b>
30	Total other comprehensive income	0	0	0
31	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,480,318</b>	<b>1,891,683</b>	<b>76</b>

## CASH FLOW STATEMENT

*In 000 MKD*

Position	Previous Period	Curent Period	Indexes
<b><i>A. CASH FLOWS FROM OPERATING ACTIVITIES</i></b>	<b><i>570,627</i></b>	<b><i>556,418</i></b>	<b><i>98</i></b>
<b>Profit for the period</b>	<b>2,480,318</b>	<b>1,891,683</b>	<b>76</b>
Adjustments for:	0	0	0
Depreciation of property, plant and equipment	1,046,255	962,857	92
Gain/Loss from impairment	9,694	7,803	80
Increase/Decrease in Inventories	-119,677	-14,450	188
Increase/Decrease in Receivables-customers	-134,090	-46,366	165
Increase/Decrease in advance payments	-19,687	1,853	209
Increase/Decrease in other short-term receivables	-99,501	38,919	239
Increase/Decrease in paid expenses for future periods	-14,512	-14,133	103
Increase/Decrease in payables	3,310	-106,804	-3,227
Increase/Decrease in received advance payments	581	9,706	1,671
Increase/Decrease in other short-term payables	-73,656	131,613	379
Increase/Decrease in Deferred expenses	-67,008	95,854	343
Interest paid/received	-13,154	11,906	291
Dividends paid/received	-2,464,210	-2,079,078	116
Tax expense	14,451	-331,558	-2,294
Capital gains/losses from sale of property, plant and equipment	769	-456	-59
Capital gains/losses from sale of investments	0	0	0
Other cash receipts and payment from operating activities	20,744	-2,931	-14
<b><i>B. CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	<b><i>5,349,861</i></b>	<b><i>1,654,459</i></b>	<b><i>31</i></b>
Cash payments to acquire property, plant and equipment, intangibles and other	-997,268	-879,991	112
Cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;	9,059	5,633	62
Cash payments to acquire equity or debt instruments of other entities and interests in joint ventures	0	0	0
Cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures	0	0	0
Cash advances and loans made to other parties (other than advances and loans made by a financial institution);	0	0	0
Cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution);	9,804	10,373	106
Interest paid/received	36,197	8,785	24
Dividends paid/received	2,464,210	2,079,078	84
Other cash receipts and payment from investing activities	3,827,859	430,581	11
<b><i>C. CASH FLOWS FROM FINANCING ACTIVITIES</i></b>	<b><i>-5,646,607</i></b>	<b><i>-2,444,638</i></b>	<b><i>157</i></b>
cash proceeds from issuing shares or other equity instruments;	0	0	0
cash repayments of amounts borrowed;	0	0	0
cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings;	0	0	0
Cash payments to acquire minor interests	0	0	0
Dividends paid	-5,646,607	-2,444,638	157
Repurchase of own shares and stakes	0	0	0
Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.	0	0	0
<b><i>Net increase in cash and cash equivalents</i></b>	<b><i>273,881</i></b>	<b><i>-233,761</i></b>	<b><i>-85</i></b>
Cash and cash equivalents at beginning of period	237,874	782,696	329
<b><i>D. Cash and cash equivalents at end of period</i></b>	<b><i>511,755</i></b>	<b><i>548,935</i></b>	<b><i>107</i></b>

## Statement of changes in equity

In 000 MKD

Changes	Attributable to equity holders of the parent				Minority Interes	Total equity
	Share capital	Share premium	Reserves	Retained profit (Loss)		
<b>Balance at January 1, previous year</b>	<b>5,845,530</b>	<b>540,659</b>	<b>1,916,777</b>	<b>11,586,773</b>	<b>0</b>	<b>19,889,739</b>
Shares issued	0	0	0	0	0	0
Purchased treasury shares	0	0	0	0	0	0
Sold treasury shares	0	0	0	0	0	0
Conversion of securities	0	0	0	0	0	0
Profit (Loss) for the financial period	0	0	0	2,202,831	0	<b>2,202,831</b>
Allocated profit for reservers	0	0	0	0	0	0
Allocated profit for dividends and other rewards (premiums) to shareholders	0	0	0	-5,646,607	0	<b>-5,646,607</b>
Allocated profit for rewards, premiums and other employee benefits	0	0	0	0	0	0
Other reserves	0	0	0	0	0	0
Revaluation of assets	0	0	0	0	0	0
Fair value adjustments of the investments available-for-sale	0	0	0	0	0	0
Realized capital gain from disposal of Investments available-for-sale	0	0	0	0	0	0
Recorded losses from subsidiaries from previous years according to equity method	0	0	0	0	0	0
Minority Interes	0	0	0	0	0	0
Defered tax assets	0	0	0	0	0	0
Recognised revunues and expenses, net	0	0	0	0	0	0
Exchange rate gains/losses	0	0	0	0	0	0
Other Increase/Decrease in Assets, net	0	0	-958,388	958,388	0	0
<b>Balance at December 31, previous year</b>	<b>5,845,530</b>	<b>540,659</b>	<b>958,389</b>	<b>9,101,385</b>	<b>0</b>	<b>16,445,963</b>
Shares issued	0	0	0	0	0	0
Purchased treasury shares	0	0	0	0	0	0
Sold treasury shares	0	0	0	0	0	0
Conversion of securities	0	0	0	0	0	0
Profit (Loss) for the financial period	0	0	0	1,891,683	0	<b>1,891,683</b>
Allocated profit for reservers	0	0	0	0	0	0
Allocated profit for dividends and other rewards (premiums) to shareholders	0	0	0	-2,444,638	0	<b>-2,444,638</b>
Allocated profit for rewards, premiums and other employee benefits	0	0	0	0	0	0
Other reserves	0	0	0	0	0	0
Revaluation of assets	0	0	0	0	0	0
Fair value adjustments of the investments available-for-sale	0	0	0	0	0	0
Realized capital gain from disposal of Investments available-for-sale	0	0	0	0	0	0
Recorded losses from subsidiaries from previous years according to equity method	0	0	0	0	0	0
Minority Interes	0	0	0	0	0	0
Defered tax assets	0	0	0	0	0	0
Recognised revunues and expenses, net	0	0	0	0	0	0
Exchange rate gains/losses	0	0	0	0	0	0
Other Increase/Decrease in Assets, net	0	0	0	0	0	0
<b>Balance at December 31, current year</b>	<b>5,845,530</b>	<b>540,659</b>	<b>958,389</b>	<b>8,548,430</b>	<b>0</b>	<b>15,893,008</b>