LIFE IS FOR SHARING.

Magyar Telekom

Interim financial report

Analysis of the Financial Statements for the first quarter ended March 31, 2013

TABLE OF CONTENTS

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Company name:	Magyar Telekom Plc.	Company address: e-mail address:	H-1013 Budapest Krisztina krt. 55. investor.relations@telekom.hu
IR contacts:	Position:	Telephone:	E-mail address:
Linda László Rita Walfisch Márton Teremi	Head of Investor Relations IR manager IR manager	+36-1-457-6084 +36-1-457-6036 +36-1-457-6229	laszlo.linda@telekom.hu walfisch.rita@telekom.hu teremi.marton@telekom.hu

Revenue target raised; utility tax and higher proportion of lower margin revenues compressing EBITDA margins

Budapest – May 8, 2013 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, today reported its consolidated financial results for the first quarter of 2013, in accordance with International Financial Reporting Standards (IFRS).

1. Highlights

MAGYAR TELEKOM **Group Financial Results - IFRS** (HUF million, except per share amounts and margins)	**Q1 2012** (Unaudited)	**Q1 2013** (Unaudited)	% change	**1-3. months 2012** (Unaudited)	**1-3. months 2013** (Unaudited)	% change
Total revenues	**146,648**	**156,609**	**6.8%**	**146,648**	**156,609**	**6.8%**
Operating profit	**26,264**	**14,248**	**(45.8%)**	**26,264**	**14,248**	**(45.8%)**
Profit attributable to:						
Owners of the parent	13,018	1,695	(87.0%)	13,018	1,695	(87.0%)
Non-controlling interest	1,922	1,234	(35.8%)	1,922	1,234	(35.8%)
	14,940	**2,929**	**(80.4%)**	**14,940**	**2,929**	**(80.4%)**
EBITDA	51,576	39,027	(24.3%)	51,576	39,027	(24.3%)
EBITDA margin	35.2%	24.9%	n.a.	35.2%	24.9%	n.a.
Basic and diluted earnings per share (HUF)	**12.49**	**1.63**	**(87.0%)**	**12.49**	**1.63**	**(87.0%)**
CAPEX to Sales				**16.3%**	**10.7%**	**n.a.**
ROA				**1.2%**	**0.2%**	**n.a.**
ROE				**2.7%**	**0.4%**	**n.a.**
Net debt				**283,624**	**282,938**	**(0.2%)**
Net debt / (Equity + Net debt)				**33.6%**	**35.2%**	**n.a.**

- **Revenues increased by 6.8% in the first quarter of 2013 compared to the same period of 2012, from HUF 146.6 billion to HUF 156.6 billion.** The significant increase in revenues from energy services and the growing revenues from SI/IT, mobile non-voice services and fixed and mobile equipment sales more than offset the voice revenue declines suffered in Hungary and Macedonia.

- **EBITDA declined by 24.3%, from HUF 51.6 billion to HUF 39.0 billion,** with an **EBITDA margin of 24.9%** compared to 35.2% in the same period last year. This decrease reflects the HUF 7.3 billion accounted in relation to the utility tax as well as the increasing contribution of the lower margin retail energy, equipment sale and SI/IT revenues, coupled with the continued decline of high-margin voice revenues.

Details of special, telecom and utility taxes (HUF billion)*	**Q1 2012**	**Q1 2013**
Special tax	6.1	
Telecom tax		5.5
Utility tax		7.3
Total	**6.1**	**12.9**

**Differences might occur due to rounding*

- **Employee-related expenses increased by HUF 1.4 billion in the first quarter** compared to the same period last year driven by the higher headcount, as the previously outsourced labour force related to call center customer care, sales and customer experience services became permanent employees of Magyar Telekom as of April 2012. Excluding this impact, employee related expenses declined reflecting the effect of headcount reduction program.

- **Income tax expense decreased from HUF 3.7 billion in Q1 2012 to HUF 3.6 billion in Q1 2013.** The sharp rise in the effective tax rate is mostly due to the booking in Q1 2013 of the utility tax as the local business tax and the innovation fee paid by the Group are calculated based on statutory gross margin and not on the profit before tax. Further reasons of the higher effective tax are two items that increased the deferred taxes by a total of HUF 1.3 billion. Firstly, the weakening of the forint against the denar during the first quarter of 2013 led to the appreciation of Stonebridge's book value, secondly, the decrease of the statutory reserve in Macedonia from 20% to 10% resulted in increased distributable reserves, which will be subject to withholding tax once distributed.

- Profit attributable to owners of the parent company (**net income**) **decreased from HUF 13.0 billion to HUF 1.7 billion.** The decline is the combined result of the lower direct margin, and the HUF 7.3 billion utility tax.

- **Net cash generated from operating activities decreased by HUF 9.3 billion year-on-year, from HUF 22.3 billion to HUF 13.0 billion**. The deterioration is driven by the HUF 12.5 billion lower EBITDA which was partly mitigated by improvement in working capital and lower interest payments. The negative impact on the working capital of the HUF 20.7 billion settlement charge paid in Q1 2012 in connection with the SEC and DOJ investigations was partly counterbalanced by the adverse impacts of the deferred payment options offered for equipment contracts, the strongly seasonal nature of the gas service increasing receivables as well as higher outpayments to suppliers. The decline in interest payments was due to the HUF 1.4bn paid in Q1 2012 in relation to the SEC and DOJ fine and timing difference in interest payments on our loans.

- **Excluding the 900 MHz spectrum license fee (amounting to HUF 10.9 billion in Q1 2012), investment in tangible and intangible assets (CAPEX) increased by HUF 3.8 billion in the first quarter, from HUF 12.9 billion to HUF 16.7 billion**, due principally to the higher investments in relation to the integrated CRM and billing system development. In Q1 2013, Telekom Hungary accounted for HUF 13.5 billion of total CAPEX and T-Systems Hungary HUF 0.3 billion. In Macedonia and Montenegro, CAPEX was HUF 2.3 billion and HUF 0.6 billion, respectively.

- **Free cash flow** (operating cash flow and investing cash flow adjusted for proceeds from / payments for other financial assets) **improved by HUF 7.8 billion in Q1 2013 from HUF -15.2 billion to HUF -7.4 billion**. The lower operating cash flow and higher CAPEX was counterbalanced by the HUF 10.9 billion paid for the 900 MHz spectrum license fee in Q1 2012 and the lower payments to capex creditors (adjustments to cash purchases) in 2013.

- **Net debt decreased slightly from HUF 283.6 billion** at the end of Q1 2012 **to HUF 282.9 billion** at the end of Q1 2013. The **net debt ratio** (net debt to total capital) was **35.2%** at the end of Q1 2013.

Christopher Mattheisen, Chairman and CEO commented:

"Our performance in the first quarter of 2013 bears testimony that our strategy, which is based on retention and cross-selling, is appropriate for the challenging environment that we currently operate in. The majority of the 6.8% growth in group revenues was derived from the rapidly expanding non-core telecom businesses such as retail energy, SI/IT and equipment resale. These businesses, by their very nature, attract lower margins than traditional telecommunication services, but demonstrably augment our customer retention rates: fixed voice churn has now decreased to around 3% per annum while our market share continues to expand in the fixed internet and TV markets. I am also particularly proud that as the largest player, we have increased our mobile voice market share to a level not seen since 2004, and that we have maintained the strong growth momentum of the last two years in mobile broadband revenues and smartphone penetration. Thanks to the outstanding revenue generation in the first quarter and based on my current expectations regarding the environment, I now expect the full year revenues to be approximately flat compared to our previous guidance of flat to -3%.

Our EBITDA decreased by 24.3% in the first quarter as opposed to the 4-7% decline targeted for the full year; however, the principal reason for this underachievement has been the booking in the first quarter of the full year amount of the utility tax. In addition, the regulatory changes in the energy market effective from January 2013 led to a negative energy margin. We are currently still in discussions regarding potential changes that may allow us to maintain our services in the universal segment. Based on our current knowledge, we expect our retail energy business to generate at least 40 billion forint of revenues in 2013.

In April, the first phase of a large-scale CRM and billing project has just been successfully installed which, excluding the 900 MHz spectrum license fee that was accounted for in the first quarter of 2012, led to an increase in our Capex spending for the current quarter. This next generation system, unique in size and complexity in Europe's telecommunications industry, will allow us to realize further corporate synergy opportunities and seek further improvements in efficiency and reductions in operating costs once full functionality is reached by the end of 2014."

2013 public guidance:

HUF billion	2012	Public guidance 2013
Revenue	607.1	Approximately flat
EBITDA	194.8	4-7% decline
CAPEX*	92.4	ca. 5% decline

**Excluding spectrum acquisitions*

2. Operating and financial review – Group

2.1. Exchange rate information

Exchange rate	Q1 2012	Q1 2013	Change
HUF/EUR beginning of period	311.13	291.29	(6.4%)
HUF/EUR period-end	295.60	304.30	2.9%
HUF/EUR cumulative monthly average	295.65	295.48	(0.1%)
HUF/MKD beginning of period	5.06	4.74	(6.3%)
HUF/MKD period-end	4.81	4.94	2.7%
HUF/MKD cumulative monthly average	4.81	4.80	(0.2%)

In Q1 2013, foreign exchange rates had no significant effect on the revenue and expense lines of our foreign subsidiaries expressed in HUF as these are translated at the cumulative average rates.

2.2. Revenues

Total revenues amounted to HUF 156.6 billion in Q1 2013 compared to HUF 146.6 billion in Q1 2012, representing a 6.8% increase quarter over previous year same quarter, caused by the following:

Mobile revenues remained stable in Q1 2013 compared to the same quarter last year and amounted to HUF 73.2 billion. Lower mobile voice revenues were largely offset by higher mobile equipment revenues and increased Internet revenues.

Within mobile telecommunications services, voice revenues represent the largest portion of revenues. Mobile voice revenues declined by 7.5% to HUF 46.6 billion in Q1 2013 compared to HUF 50.4 billion in Q1 2012.

Voice-retail revenues decreased by 5.5% to HUF 39.7 billion in Q1 2013, mainly due to strong competition-driven retail tariff erosion in Hungary. In the prepaid segment, revenue declined as both minutes of use (MOU) and the number of customers decreased. In the postpaid segment, growth in the customer base was able to offset a decline in MOU and slight decrease in tariffs. In Macedonia, lower outgoing mobile voice revenues resulted from the lower customer number and decreased average price per minute, which were only partly offset by higher outgoing MOU. In Montenegro, voice-retail revenues decreased due to lower customer base and decreased average monthly revenue per user (ARPU).

Voice-wholesale revenues were down by 18.4% and amounted to HUF 6.4 billion in the first quarter of 2013, mainly due to mobile termination rate cuts in Hungary and Montenegro.

Non-voice revenues amounted to HUF 16.4 billion in Q1 2013 compared to HUF 15.4 in Q1 2012, representing a 6.8% increase. Higher non-voice revenues were primarily due to higher mobile Internet revenues in Hungary and at our foreign subsidiaries, as both subscriber numbers and usage increased in Q1 2013. By March 31, 2013, the number of mobile broadband subscriptions was 1,522,410, which means a 35.0% increase in the customer base. Our market share in Hungary based on total number of subscriptions was 45.6% in the mobile broadband market.

Mobile equipment revenues increased significantly by 46.4% to HUF 8.5 billion in Q1 2013 compared to HUF 5.8 billion in Q1 2012, mainly attributable to our Hungarian operation. Higher revenues were driven by the growing average handset prices driven by the increased sales ratio of higher priced smartphones. In Macedonia, increase in equipment revenues was mainly due to higher number of handsets sold with higher average price per handset, predominantly in retention in Q1 2013. In Montenegro, mobile equipment revenue increased due to the intensive marketing campaigns in the first quarter of 2013.

Other mobile revenues declined by 17.0% quarter over quarter to HUF 1.7 billion owing to the sale of Pro-M, which resulted in the fallout of Pro-M revenues from September 2012. However, these revenues did not represent a significant part of total mobile revenues.

Fixed line revenues amounted to HUF 54.0 billion in Q1 2013, compared to HUF 55.4 billion in the same period of the previous year representing a 2.5% decline. The slight decrease was driven by falling voice, data and Internet revenues, partly offset by increasing equipment and TV revenues.

Voice-retail revenues decreased by 12.6% to HUF 18.5 billion in Q1 2013 compared to HUF 21.2 billion in Q1 2012, mainly driven by the continuous decline in the number of revenue producing fixed lines and lower average tariff levels.

Voice-wholesale revenues decreased by 3.8% to HUF 3.4 billion in Q1 2013, mainly due to lower mobile termination rates and decreased volume of incoming international minutes.

Internet revenues decreased from HUF 13.4 billion in Q1 2012 to HUF 13.1 in Q1 2013, representing a 2.6% decline. In Hungary, the 2.8% decrease in our ADSL customer base was compensated by higher cablenet and fiber optic connections, but lower ARPU caused by lower prices due to strong competition and by the migration towards T-Home double- and triple-play packages resulted in the decrease of Internet revenues. In Macedonia, Internet revenues decreased due to lower prices, partly compensated by the 8.5% higher number of ADSL accesses. In Montenegro, Internet revenues remained stable quarter over quarter.

Data revenues amounted to HUF 5.1 billion in Q1 2013 compared to HUF 6.0 billion in Q1 2012. The decrease in both broadband and narrowband revenues mainly derived from lower number of leased lines at T-Systems in Q1 2013.

TV revenues amounted to HUF 9.0 billion in Q1 2013 compared to HUF 8.5 billion in Q1 2012, representing an increase of 5.8%. This increase is mainly attributable to higher IPTV revenues driven by the growing IPTV subscriber base, both in Hungary and at our foreign subsidiaries. The fast growth of the IPTV customer base, helped by the development of our high speed Internet network, demonstrates the increasing popularity of interactive television. Growth in satellite TV revenues was also due to the higher number of customers compared to the same quarter last year. These increases were partly offset by lower Cable TV revenues owing to the fact, that an increasing number of existing subscribers have been migrating to IPTV services in Hungary.

Fixed equipment revenues amounted to HUF 2.3 billion in Q1 2013 compared to HUF 0.7 in Q1 2012. The significant increase is mainly owing to the higher sale of TV sets in Hungary and at our foreign subsidiaries. In Hungary, tablet sales also increased significantly in Q1 2013.

System Integration ("SI") and IT revenues increased by 20.2% from HUF 11.7 billion in the first quarter of 2012 to HUF 14.0 billion in the same period of 2013. Increased revenues are due to higher application and infrastructure revenues owing to significant new projects in Q1 2013. These increases were partly offset by lower outsourcing revenues predominantly driven by terminated contracts.

Revenue from **Energy Services** increased significantly to HUF 15.3 billion in Q1 2013 compared to HUF 6.0 billion in Q1 2012. The considerable growth resulted from the increasing demand for our energy retail services (introduced in 2010). As at March 31, 2013, the number of electricity points of delivery had reached 100,108 while the number of gas points of delivery amounted to 68,039.

2.3. Operating expenses

Mobile services-related payments increased by 8.6% in Q1 2013 compared to Q1 2012 and amounted to HUF 19.2 billion. Increased mobile equipment costs owing to the higher ratio of smartphones and tablets sold were partly offset by decreased mobile voice payments.

Fixed line-related payments increased by 20.4% to HUF 10.9 billion in Q1 2013, from HUF 9.1 billion in Q1 2012. The increase is driven by the higher cost of equipment sales, mainly due to the remarkable increase in tablet, notebook and TV-set sales. TV payments were higher by 13.1%, mainly due to the 5.4% higher customer base quarter over quarter.

SI/IT-related payments increased from HUF 6.1 billion in Q1 2012 to HUF 8.6 billion in Q1 2013 in line with higher SI/IT revenues caused by several large infrastructure and application projects.

Energy-related payments in Hungary have been growing (from HUF 5.7 billion in Q1 2012 to HUF 16.5 billion in Q1 2013) in line with the increasing customer base and higher purchase prices in 2013.

Employee-related expenses in Q1 2013 amounted to HUF 22.6 billion compared to HUF 21.2 billion in Q1 2012. This 6.5% increase was mainly attributable to the 13.4% higher headcount figure, as staff previously hired on a temporary basis to perform work in call centers, customer care, sales and customer experience services became permanent employees of Magyar Telekom as of April 2012. Higher severance-related payments in Macedonia also contributed to the increase in Q1 2013.

Depreciation and amortization (D&A) decreased slightly from HUF 25.3 billion in Q1 2012 to 24.8 billion in Q1 2013. In Macedonia, D&A decreased mainly due to the RAN modernization project in TMMK, where the useful life of affected equipment was shortened in 2011 resulting in an increased depreciation charge being taken in Q1 2012. This decrease was partly offset by higher D&A expense in Hungary, owing to the shortened useful life of radiotechnical equipment relating to the NEMO project (mobile telecommunication network modernization project).

Special "crisis" taxes on telecommunications services, retail sales and energy sales as of January 1, 2010 were enacted for a defined period of 2010-2012, and therefore Magyar Telekom is no longer subject to this kind of tax liability in 2013. However, a tax ("telecom tax") was introduced in Hungary for fixed and mobile voice and mobile SMS/MMS services, effective from July 1, 2012. The tax imposed on fixed and mobile usage amounts to HUF 2 per minute and HUF 2 per SMS/MMS. The tax is capped at HUF 700 per month per calling number for private individuals' subscriptions and HUF 2,500 per month per calling number for other subscriptions in 2013. Besides this, on November 20, 2012 the Hungarian Parliament adopted an act imposing a tax on utility networks, effective from January 1, 2013 for an indefinite period of time. The tax expense and liability was recognized in the first quarter of 2013, as the full annual tax liability is payable based on the taxable infrastructure in place on January 1, 2013. Payments are made in two equal instalments in March and September this year. Telecommunication and utility taxes were recognized among other operating expenses.

Other operating expenses were up by 14.8% to HUF 36.3 billion in Q1 2013 from HUF 31.6 billion in Q1 2012. This increase was primarily owing to the HUF 7.3 billion utility tax, and to the HUF 5.5 billion telecom tax recognized in Q1 2013. These increases were partly counterbalanced by the termination of crisis tax liability (HUF 6.1 billion in Q1 2012), and by lower other service fees as staff previously hired on a temporary basis to perform work in call centers, customer care, sales and customer experience services became permanent employees of the Company in April 2012.

2.4. Other operating income

Other operating income remained stable in Q1 2013 compared to Q1 2012.

2.5. Net financial result

Net financial result remained stable in Q1 2013 compared to Q1 2012.

2.6. Income tax

The income tax expense decreased from HUF 3.7 billion in Q1 2012 to HUF 3.6 billion in Q1 2013.The significantly lower profit before tax (PBT) in Q1 2013 did not result in a significant decrease of income tax as the local business tax (the base of which is the statutory gross margin of the Hungarian companies) is rather stable and represents a relatively higher tax burden, when the profit before tax is lower. Further, the strengthening of HUF against the MKD in Q1 2012 had a positive tax impact (income) in Q1 2012, while the weakening HUF against the MKD had a negative tax impact (expense) in Q1 2013 due to the recalculation of the deferred tax balances relating to the Company's investment in the Macedonian operations. This contributed to the relatively low effective tax rate in Q1 2012 (20%) and the relatively high effective tax rate in Q1 2013 (55%).

2.7. Profit attributable to non-controlling interests

Profit attributable to non-controlling interests in Q1 2013 decreased by 35.8% compared to the same period in 2012. The decrease was predominantly due to the weaker results of the Macedonian subsidiaries, resulting from the 40.9% lower operating profit in MKD terms. In Montenegro, operating profit also decreased by 15.7% in EUR terms.

2.8. Cash flow

Net cash generated from operating activities amounted to HUF 13.0 billion in Q1 2013, compared to HUF 22.3 billion in Q1 2012. Though HUF 22.1 billion was paid out in January 2012 with respect to the settlements with the DOJ and the SEC, the HUF 12.5 billion lower EBITDA resulted in lower operating cashflow in Q1 2013. On account of the higher sales of smartphones, TVs and tablets, together with the increase in sale of energy, net cash generated from operating activities decreased as well in the first quarter of 2013 due to the significant vendor payments. In addition, half of the newly levied utility tax was paid out in Q1 2013. The severance and bonus payments related to employees also increased quarter over quarter, which also contributed to the lower net cash generated from operating activities. Exchange rate fluctuations also had a negative effect on the operating cashflows for the first three months of 2013.

Net cash used in investing activities amounted to HUF 7.7 billion in Q1 2013, compared to HUF 15.7 billion in the same quarter previous year. The lower net investing cash outflow is mainly due to the payment of HUF 10.9 billion in the first quarter of 2012 for the 900 MHz spectrum license in Hungary. In addition, payment to Capex creditors was less in Q1 2013 compared to Q1 2012. Bank deposits were converted into cash in Macedonia to finance their dividend distribution in 2013, resulting in a significant net investing cash inflow, which was partly counterbalanced by the cash being deposited in Montenegro during this quarter.

Free cash flow, defined as operating cash flow and investing cash flow excluding payments for / proceeds from other net financial assets, improved from HUF -15.2 billion in Q1 2012 to HUF -7.4 billion in Q1 2013. The improvement was mainly due to one-off events in 2012 (DOJ and SEC settlements and the spectrum license acquisition) which was partly counterbalanced by the lower EBITDA and higher payments to vendors in Q1 2013.

Net cash inflow from financing activities changed from HUF 21.4 billion in Q1 2012 to HUF 13.5 billion in Q1 2013, mainly due to the lower amount of net loan repayments in the first quarter of 2012 primarily as a result of the need to finance the DOJ/SEC settlements and the spectrum acquisition.

3. Segment information

3.1. Description of segments

The Group's operating segments are Telekom Hungary, T-Systems Hungary, Macedonia and Montenegro.

The Telekom Hungary segment operates in Hungary providing mobile and fixed line telecommunications and TV distribution and energy retail services to millions of residential and small businesses customers mainly under the T-Mobile and T-Home brands. The Telekom Hungary segment is also responsible for the wholesale mobile and fixed line services in Hungary, and performs strategic and cross-divisional management and support functions including Procurement, Treasury, Real Estate, Accounting, Tax, Legal, Internal Audit and similar shared services and other central functions of the Group's management. This segment is also responsible for the Group's points of presence in Bulgaria and Romania providing wholesale services to local companies and operators.

T-Systems operates in Hungary providing mobile and fixed line telecommunications, infocommunications and system integration services mainly under the T-Systems and T-Mobile brands to key business customers (large corporate and public sector customers).

The Group also has full-scale mobile and fixed line telecommunications operations in Macedonia and Montenegro, which represent two additional operating segments of the Group.

3.1.1 Information regularly provided to the Management Committee

The following tables present the segment information by reportable segment regularly provided to the Management Committee (MC) of the Company, reconciled to the corresponding Group numbers. The information regularly provided to the MC includes several measures of profit which are considered for the purposes of assessing performance and allocating resources. These items vary year-over-year in nature and magnitude. Management believes that EBITDA is the segment measure that is most consistent with the measurement principles used in measuring the corresponding amounts in these financial statements.

HUF millions	Q1 2012	Q1 2013	1-3. months 2012	1-3. months 2013
Total Telekom Hungary revenues	104,510	116,574	104,510	116,574
Less: Telekom Hungary revenues from other segments	(7,204)	(7,382)	(7,204)	(7,382)
Telekom Hungary revenues from external customers	**97,306**	**109,192**	**97,306**	**109,192**
Total T-Systems Hungary revenues	27,833	28,083	27,833	28,083
Less: T-Systems Hungary revenues from other segments	(2,680)	(2,923)	(2,680)	(2,923)
T-Systems Hungary revenues from external customers	**25,153**	**25,160**	**25,153**	**25,160**
Total Macedonia revenues	16,329	14,843	16,329	14,843
Less: Macedonia revenues from other segments	(24)	(6)	(24)	(6)
Macedonia revenues from external customers	**16,305**	**14,837**	**16,305**	**14,837**
Total Montenegro revenues	7,870	7,415	7,870	7,415
Less: Montenegro revenues from other segments	(5)	(7)	(5)	(7)
Montenegro revenues from external customers	**7,865**	**7,408**	**7,865**	**7,408**
Total consolidated revenue of the segments	146,629	156,597	146,629	156,597
Measurement differences to Group revenue	19	12	19	12
Total revenue of the Group	**146,648**	**156,609**	**146,648**	**156,609**
Segment results (EBITDA)				
Telekom Hungary	35,704	27,267	35,704	27,267
T-Systems Hungary	4,948	3,464	4,948	3,464
Macedonia	7,622	5,534	7,622	5,534
Montenegro	3,195	2,730	3,195	2,730
Total EBITDA of the segments	**51,469**	**38,995**	**51,469**	**38,995**
Measurement differences to Group EBITDA	107	32	107	32
Total EBITDA of the Group	**51,576**	**39,027**	**51,576**	**39,027**
Total depreciation and amortization of the Group	(25,312)	(24,779)	(25,312)	(24,779)
Total operating profit of the Group	**26,264**	**14,248**	**26,264**	**14,248**

3.2. Telekom Hungary

HUF millions	Q1 2012	Q1 2013	Amount change	Change (%)	1-3. months 2012	1-3. months 2013	Amount change	Change (%)
Voice revenues	37,049	35,850	(1,199)	(3.2%)	37,049	35,850	(1,199)	(3.2%)
Non-voice revenue	11,244	12,301	1,057	9.4%	11,244	12,301	1,057	9.4%
Other mobile revenues	6,730	8,508	1,778	26.4%	6,730	8,508	1,778	26.4%
Total mobile revenues	**55,023**	**56,659**	**1,636**	**3.0%**	**55,023**	**56,659**	**1,636**	**3.0%**
Voice revenues	15,725	14,825	(900)	(5.7%)	15,725	14,825	(900)	(5.7%)
Internet revenues	10,309	10,164	(145)	(1.4%)	10,309	10,164	(145)	(1.4%)
TV revenues	7,434	7,741	307	4.1%	7,434	7,741	307	4.1%
Other fixed line revenues	9,719	11,533	1,814	18.7%	9,719	11,533	1,814	18.7%
Total fixed line revenues	**43,187**	**44,263**	**1,076**	**2.5%**	**43,187**	**44,263**	**1,076**	**2.5%**
SI/IT revenues	343	315	(28)	(8.2%)	343	315	(28)	(8.2%)
Revenue from Energy Services	5,957	15,337	9,380	157.5%	5,957	15,337	9,380	157.5%
Total revenues	**104,510**	**116,574**	**12,064**	**11.5%**	**104,510**	**116,574**	**12,064**	**11.5%**
Crisis tax	(5,186)	-	5,186	100.0%	(5,186)	-	5,186	100.0%
Telecom tax	-	(4,647)	(4,647)	n.a.	-	(4,647)	(4,647)	n.a.
Utility tax (net)	-	(6,812)	(6,812)	n.a.	-	(6,812)	(6,812)	n.a.
Other operating expenses (net)	(63,620)	(77,848)	(14,228)	(22.4%)	(63,620)	(77,848)	(14,228)	(22.4%)
EBITDA	**35,704**	**27,267**	**(8,437)**	**(23.6%)**	**35,704**	**27,267**	**(8,437)**	**(23.6%)**
GSM licence	10,900	-	(10,900)	(100.0%)	10,900	-	(10,900)	(100.0%)
Other investments in tangible and intangible assets	9,924	13,524	3,600	36.3%	9,924	13,524	3,600	36.3%
Total investments in tangible and intangible assets	**20,824**	**13,524**	**(7,300)**	**(35.1%)**	**20,824**	**13,524**	**(7,300)**	**(35.1%)**

Total revenues in the Telekom Hungary segment increased in Q1 2013 compared with the same quarter the previous year due to considerably higher revenues from energy services, as well as increased mobile and fixed equipment and mobile non-voice revenues. These increases were mitigated by lower mobile and fixed voice revenues.

EBITDA of the Telekom Hungary segment decreased by 23.6% in Q1 2013 versus Q1 2012 mainly driven by increased operational tax expenses due to the introduction of the telecom tax from July 1, 2012 and the recognition of the whole annual utility tax charge in Q1 2013.

Investments in tangible and intangible assets excluding the 900 MHz spectrum license fee (amounting to HUF 10.9 billion in Q1 2012) increased by HUF 3.6 billion mainly due to the CRM and Billing project in Hungary.

Mobile services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Mobile penetration [1]	116.8%	116.1%	n.a.	116.8%	116.1%	n.a.
Mobile SIM market share [2]	45.3%	46.3%	n.a.	45.3%	46.3%	n.a.
Number of customers (RPC)	**4,815,385**	**4,845,466**	**0.6%**	**4,815,385**	**4,845,466**	**0.6%**
Postpaid share in the RPC base	46.2%	47.5%	n.a.	46.2%	47.5%	n.a.
MOU	**159**	**156**	**(1.9%)**	**159**	**156**	**(1.9%)**
ARPU (HUF)	**3,344**	**3,245**	**(3.0%)**	**3,344**	**3,245**	**(3.0%)**
Postpaid	5,606	5,366	(4.3%)	5,606	5,366	(4.3%)
Prepaid	1,342	1,266	(5.7%)	1,342	1,266	(5.7%)
Churn rate	17.0%	18.0%	n.a.	17.0%	18.0%	n.a.
Postpaid	15.4%	16.0%	n.a.	15.4%	16.0%	n.a.
Prepaid	18.3%	19.9%	n.a.	18.3%	19.9%	n.a.
Ratio of non-voice revenues in ARPU	23.3%	25.5%	n.a.	23.3%	25.5%	n.a.
Average acquisition cost (SAC) per gross add (HUF)	5,569	5,755	3.3%	5,569	5,755	3.3%
Average retention cost (SRC) per retained customer (HUF)	13,581	13,714	1.0%	13,581	13,714	1.0%
Number of mobile broadband subscriptions	**1,045,070**	**1,428,624**	**36.7%**	**1,045,070**	**1,428,624**	**36.7%**
Mobile broadband market share based on total number of subscriptions [2]	**48.2%**	**45.6%**	**n.a.**	**48.2%**	**45.6%**	**n.a.**
Population-based indoor 3G coverage [2]	66.0%	75.5%	n.a.	66.0%	75.5%	n.a.

(1) Data relates to the mobile penetration in Hungary, including customers of all three service providers.
(2) Data relates to Magyar Telekom Plc. based on NMHH reports.

Mobile revenues increased by 3% in Q1 2013 versus Q1 2012 due to higher equipment revenues driven by higher average handset prices and by the increase in non-voice revenues due to wider usage of mobile Internet.

Fixed line services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Voice services						
Total voice access	1,585,092	1,535,271	(3.1%)	1,585,092	1,535,271	(3.1%)
Total outgoing traffic (thousand minutes)	857,137	855,649	(0.2%)	857,137	855,649	(0.2%)
Blended MOU (outgoing) [1]	191	196	2.9%	191	196	2.9%
Blended ARPU (HUF) [1]	2,927	2,792	(4.6%)	2,927	2,792	(4.6%)

(1) Including PSTN, VoIP and VoCable.

Fixed line voice-retail revenues declined by 10.3% for the quarter compared to the same quarter in 2012 due to lower subscription fee revenues resulting from the decrease in the average number of fixed lines. The decrease was also driven by lower outgoing traffic revenues due to the loss of lines and price discounts reflecting the unfavorable economic environment and competition with VoIP and VoCable operators. The increasing popularity of flat rate packages (e.g. Hoppá) also led to lower ARPU.

Magyar Telekom Plc. offered several price discounts to customers choosing different flat-rate and optional tariff packages. Our Hoppá tariff package was very successful, generating more than 614,100 subscribers by the end of March 2013. The vast majority of customers choosing this package signed a 2-year loyalty contract; therefore, this offer proves to be a very effective tool in decreasing fixed line customer churn in Hungary. Our integrated fixed and mobile offer, the Paletta tariff package, exceeded 54,200 customers as at March 31, 2013.

Internet services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Blended retail broadband market share [(1)]	**36.6%**	**37.0%**	**n.a.**	**36.6%**	**37.0%**	**n.a.**
Number of retail DSL customers	498,879	501,245	0.5%	498,879	501,245	0.5%
Number of cable broadband customers	221,911	254,540	14.7%	221,911	254,540	14.7%
Number of fiber optic connections	35,013	44,811	28.0%	35,013	44,811	28.0%
Total retail broadband customers	**755,803**	**800,596**	**5.9%**	**755,803**	**800,596**	**5.9%**
Blended broadband ARPU (HUF)	3,862	3,702	(4.1%)	3,862	3,702	(4.1%)
Number of wholesale DSL access	102,988	83,477	(19.0%)	102,988	83,477	(19.0%)

(1) Data relates to Magyar Telekom Plc. based on NMHH reports.

Internet revenues slightly decreased and amounted to HUF 10.2 billion in Q1 2013. The slight decrease was mainly owing to lower number of wholesale connections quarter over quarter. Cablenet customer base and the number of fiber connections have been increasing but the retail broadband volume increase could not compensate for the decrease in wholesale connections and the effects of lower ARPU, reflecting lower prices forced by strong competition. The migration towards T-Home double- and triple-play packages also had a negative effect on the blended ARPU level.

TV services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Blended TV market share [(1)]	**24.9%**	**25.6%**	**n.a.**	**24.9%**	**25.6%**	**n.a.**
Number of cable TV customers	262,398	213,636	(18.6%)	262,398	213,636	(18.6%)
Number of satellite TV customers	284,379	296,226	4.2%	284,379	296,226	4.2%
Number of IPTV customers	256,434	336,606	31.3%	256,434	336,606	31.3%
Total TV customers	**803,211**	**846,468**	**5.4%**	**803,211**	**846,468**	**5.4%**
Blended TV ARPU (HUF)	3,061	3,073	0.4%	3,061	3,073	0.4%

(1) Data relates to Magyar Telekom Plc. based on NMHH reports.

IPTV and satellite TV revenues increased compared to the same quarter last year; however, this increase was partly offset by lower Cable TV revenues influenced by the significantly lower customer base due to migration from Cable TV to IPTV technology.

Energy services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Electricity points of delivery	32,467	100,108	208.3%	32,467	100,108	208.3%
Gas points of delivery	29,049	68,039	134.2%	29,049	68,039	134.2%

Telekom Hungary has rapidly growing revenues from the retail energy service launched in 2010. Revenues from Energy services increased by HUF 9.4 billion in Q1 2013 versus Q1 2012, due to the significant growth in the number of customers (points of delivery).

3.3. T-Systems Hungary

HUF millions	Q1 2012	Q1 2013	Amount change	Change (%)	1-3. months 2012	1-3. months 2013	Amount change	Change (%)
Mobile voice revenues	3,875	3,482	(393)	(10.1%)	3,875	3,482	(393)	(10.1%)
Non-voice revenue	2,261	2,206	(55)	(2.4%)	2,261	2,206	(55)	(2.4%)
Other mobile revenues	1,811	850	(961)	(53.1%)	1,811	850	(961)	(53.1%)
Total mobile revenues	**7,947**	**6,538**	**(1,409)**	**(17.7%)**	**7,947**	**6,538**	**(1,409)**	**(17.7%)**
Fixed voice revenues	2,378	2,139	(239)	(10.1%)	2,378	2,139	(239)	(10.1%)
Internet revenues	660	618	(42)	(6.4%)	660	618	(42)	(6.4%)
Data revenues	3,007	2,408	(599)	(19.9%)	3,007	2,408	(599)	(19.9%)
Other fixed line revenues	627	590	(37)	(5.9%)	627	590	(37)	(5.9%)
Total fixed line revenues	**6,672**	**5,755**	**(917)**	**(13.7%)**	**6,672**	**5,755**	**(917)**	**(13.7%)**
SI/IT revenues	13,214	15,790	2,576	19.5%	13,214	15,790	2,576	19.5%
Total revenues	**27,833**	**28,083**	**250**	**0.9%**	**27,833**	**28,083**	**250**	**0.9%**
Crisis tax	(899)	-	899	100.0%	(899)	-	899	100.0%
Telecom tax	-	(882)	(882)	n.a.	-	(882)	(882)	n.a.
Utility tax (net)	-	(509)	(509)	n.a.	-	(509)	(509)	n.a.
Other operating expenses (net)	(21,986)	(23,228)	(1,242)	(5.6%)	(21,986)	(23,228)	(1,242)	(5.6%)
EBITDA	**4,948**	**3,464**	**(1,484)**	**(30.0%)**	**4,948**	**3,464**	**(1,484)**	**(30.0%)**
Investments in tangible and intangible assets	738	311	(427)	(57.9%)	738	311	(427)	(57.9%)

The total revenue of T-Systems Hungary slightly increased in Q1 2013 compared to Q1 2012, as higher SI/IT revenues wholly compensated for the decrease in mobile and fixed line revenues.

EBITDA decreased by 30.0%, mainly due to the decrease in high margin fixed line and mobile revenues, which could not be fully compensated for by the increase in lower margin SI/IT revenues. The significant decrease in other mobile revenues were mainly due to the sale of Pro-M in 2012.

Mobile services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Number of customers (number or SIM cards)	456,613	482,898	5.8%	456,613	482,898	5.8%
Churn rate	6.0%	10.4%	n.a.	6.0%	10.4%	n.a.
MOU	284	282	(0.7%)	284	282	(0.7%)
ARPU (HUF)	4,546	3,960	(12.9%)	4,546	3,960	(12.9%)
Ratio of non-voice revenues in ARPU	37.1%	39.0%	n.a.	37.1%	39.0%	n.a.
Average acquisition cost (SAC) per gross add (HUF)	5,549	3,232	(41.8%)	5,549	3,232	(41.8%)
Number of mobile broadband subscriptions	82,753	93,786	13.3%	82,753	93,786	13.3%

Mobile voice revenues decreased by 10.1% in Q1 2013 versus Q1 2012, predominantly due to lower voice-retail revenues as a result of a lower average price per minute and decreased MOU compensated by higher average customer base.

Fixed line services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Voice services						
Total lines	176,752	168,814	(4.5%)	176,752	168,814	(4.5%)
Total outgoing traffic (thousand minutes)	68,696	60,133	(12.5%)	68,696	60,133	(12.5%)
MOU (outgoing)	197	188	(4.6%)	197	188	(4.6%)
ARPU (HUF)	4,575	4,287	(6.3%)	4,575	4,287	(6.3%)
Internet services						
Number of retail broadband access	15,132	14,917	(1.4%)	15,132	14,917	(1.4%)
Retail DSL ARPU (HUF)	7,827	7,510	(4.1%)	7,827	7,510	(4.1%)

Fixed line voice-retail revenues decreased, caused by the erosion both in the customer base and traffic. Fixed line data revenues were lower, as a result of lower number of leased lines, and lower revenues from projects. Fixed line Internet revenues also declined, due to the lower number of retail DSL connections and lower retail ARPU.

SI/IT services

The 19.5 % increase in SI/IT revenues resulted mainly from higher application and infrastructure revenues owing to significantly higher project revenues in Q1 2013. These increases were partly offset by lower outsourcing revenues mainly driven by the terminated contracts in Q1 2013.

3.4. Macedonia

HUF millions	Q1 2012	Q1 2013	Amount change	Change (%)	1-3. months 2012	1-3. months 2013	Amount change	Change (%)
Voice revenues[(1)]	7,337	6,404	(933)	(12.7%)	7,337	6,404	(933)	(12.7%)
Non-voice revenue	1,241	1,388	147	11.8%	1,241	1,388	147	11.8%
Other mobile revenues	542	727	185	34.1%	542	727	185	34.1%
Total mobile revenues	**9,120**	**8,519**	**(601)**	**(6.6%)**	**9,120**	**8,519**	**(601)**	**(6.6%)**
Voice revenues[(1)]	4,166	3,346	(820)	(19.7%)	4,166	3,346	(820)	(19.7%)
Internet revenues	1,546	1,435	(111)	(7.2%)	1,546	1,435	(111)	(7.2%)
Data revenues	602	512	(90)	(15.0%)	602	512	(90)	(15.0%)
Other fixed line revenues	819	970	151	18.4%	819	970	151	18.4%
Total fixed line revenues	**7,133**	**6,263**	**(870)**	**(12.2%)**	**7,133**	**6,263**	**(870)**	**(12.2%)**
SI/IT revenues	76	61	(15)	(19.7%)	76	61	(15)	(19.7%)
Total revenues	**16,329**	**14,843**	**(1,486)**	**(9.1%)**	**16,329**	**14,843**	**(1,486)**	**(9.1%)**
EBITDA	**7,622**	**5,534**	**(2,088)**	**(27.4%)**	**7,622**	**5,534**	**(2,088)**	**(27.4%)**
Investments in tangible and intangible assets	1,352	2,317	965	71.4%	1,352	2,317	965	71.4%

(1) Comparatives modified

In order to maintain consistency with the current year presentation of revenues, certain items were reclassified for comparative purposes. From Q1 2013, all mobile terminated incoming international traffic revenues are disclosed as mobile wholesale revenues, while they were disclosed as fixed line wholesale revenues when transited through Makedonski Telekom to T-Mobile Macedonia. The previous year's interim income statement disclosure of the revenue breakdown was modified to be comparable to the current year's presentation. This change makes the financial data and mobile KPIs of the Macedonian segment and the Group more comparable with other market participants.

Revenues of our Macedonian segment decreased by 9.1% in HUF terms, mainly driven by the significant decrease in mobile-, and fixed voice revenues.

EBITDA of our Macedonian operations decreased by 27.4% in Q1 2013 versus Q1 2012 in HUF terms, deriving mainly from lower revenues, higher direct costs and employee related expenses.

Investment in tangible and intangible assets increased by 71.4% compared to Q1 2012, mainly due to higher spending on broadband network development and PSTN migration.

Mobile services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Mobile penetration(1)	106.5%	109.0%	n.a.	106.5%	109.0%	n.a.
Market share of T-Mobile Macedonia(1)	51.0%	48.2%	n.a.	51.0%	48.2%	n.a.
Number of customers (RPC)	1,229,303	1,209,661	(1.6%)	1,229,303	1,209,661	(1.6%)
Postpaid share in the RPC base	32.0%	31.8%	n.a.	32.0%	31.8%	n.a.
MOU	146	179	22.6%	146	179	22.6%
ARPU (HUF)(2)	2,226	2,136	(4.0%)	2,226	2,136	(4.0%)

(1) Restated, according to Agency of Electronic Communications.
(2) Restated, due to change in calculation methodology.

Mobile voice revenues decreased by 12.7% quarter over quarter, driven by lower voice-retail revenues, as higher outgoing minutes could not offset the lower subscription fees as a result of new promotions and offers due to strong competition, and the decline in the customer base.

Non-voice revenues increased by 11.8% compared to Q1 2012, mainly as a result of higher mobile internet revenues caused by increased GPRS traffic. This increase was partly offset by lower mobile messaging revenues as a result of lower number of SMS sent in Q1 2013.

Other mobile revenues increased by 34.1%, mainly driven by the greater number of higher average price handsets sold, predominately in retention in Q1 2013 compared to Q1 2012.

Fixed line services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Voice services						
Fixed line penetration	15.6%	14.6%	n.a.	15.6%	14.6%	n.a.
Total voice access	301,632	279,971	(7.2%)	301,632	279,971	(7.2%)
Total outgoing traffic (thousand minutes)	187,707	158,206	(15.7%)	187,707	158,206	(15.7%)
Internet and TV services						
Retail DSL market share (estimated)	82.5%	82.6%	n.a.	82.5%	82.6%	n.a.
Number of retail DSL customers	137,903	148,578	7.7%	137,903	148,578	7.7%
Number of wholesale DSL access	24,099	27,267	13.1%	24,099	27,267	13.1%
Number of total DSL access	162,002	175,845	8.5%	162,002	175,845	8.5%
Number of IPTV customers	41,657	71,341	71.3%	41,657	71,341	71.3%

The decrease in total fixed line revenues was primarily the result of a decline of 26.5% in voice-retail revenues reflecting the loss of fixed lines and lower traffic impacted by mobile substitution and competition.

Internet revenues decreased due to lower prices, partly compensated for by a higher number of ADSL subscribers. The decline in data revenues is due to a decrease in domestic digital leased lines on account of fewer contracts being signed in Q1 2013 and a drop in revenue from broadband leased line services. Increasing TV revenues owing to the growing IPTV subscriber base slightly mitigated the decrease in fixed line revenues.

3.5. Montenegro

HUF millions	Q1 2012	Q1 2013	Amount change	Change (%)	1-3. months 2012	1-3. months 2013	Amount change	Change (%)
Voice revenues	2,534	1,960	(574)	(22.7%)	2,534	1,960	(574)	(22.7%)
Non-voice revenue	749	915	166	22.2%	749	915	166	22.2%
Other mobile revenues	100	195	95	95.0%	100	195	95	95.0%
Total mobile revenues	**3,383**	**3,070**	**(313)**	**(9.3%)**	**3,383**	**3,070**	**(313)**	**(9.3%)**
Voice revenues	2,456	2,320	(136)	(5.5%)	2,456	2,320	(136)	(5.5%)
Internet revenues	950	864	(86)	(9.1%)	950	864	(86)	(9.1%)
Data revenues	480	417	(63)	(13.1%)	480	417	(63)	(13.1%)
Other fixed line revenues	535	640	105	19.6%	535	640	105	19.6%
Total fixed line revenues	**4,421**	**4,241**	**(180)**	**(4.1%)**	**4,421**	**4,241**	**(180)**	**(4.1%)**
SI/IT revenues	66	104	38	57.6%	66	104	38	57.6%
Total revenues	**7,870**	**7,415**	**(455)**	**(5.8%)**	**7,870**	**7,415**	**(455)**	**(5.8%)**
EBITDA	**3,195**	**2,730**	**(465)**	**(14.6%)**	**3,195**	**2,730**	**(465)**	**(14.6%)**
Investments in tangible and intangible assets	927	565	(362)	(39.1%)	927	565	(362)	(39.1%)

In HUF terms, total revenue decreased by 5.8 % quarter over quarter, mainly due to lower mobile and fixed voice revenues.

The EBITDA of our Montenegrin operation in Q1 2013 decreased by 14.6%, as this revenue decline could not be offset by a slight decrease in operating expenses.

Investment in tangible and intangible assets decreased in Q1 2013 compared to the same quarter last year, owing to higher spending on base stations as a result of the 2012 RAN modernization project, and to lower spectrum investments in 2013.

Mobile operations	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Mobile penetration [(1)]	161.7%	155.8%	n.a.	161.7%	155.8%	n.a.
Market share of T-Mobile Crna Gora [(1)]	34.6%	35.3%	n.a.	34.6%	35.3%	n.a.
Number of customers (RPC) [(1)]	349,814	340,850	(2.6%)	349,814	340,850	(2.6%)
Postpaid share in the RPC base	37.4%	41.0%	n.a.	37.4%	41.0%	n.a.
MOU	151	162	7.3%	151	162	7.3%
ARPU (HUF) [(1)]	3,175	2,743	(13.6%)	3,175	2,743	(13.6%)

(1) According to data published by the Montenegrin Agency for Electronic Communications and Postal Services (EKIP).

Compared with the same period last year, mobile revenues in HUF terms decreased in Q1 2013, owing to lower voice revenues. Lower voice-retail revenues were the result of the significantly lower tariff levels that could not be compensated for the increase in total billed minutes. Lower voice-wholesale revenues are the result of the decrease in interconnection tariffs in 2013.

These decreases were partly offset by the increase in non-voice and other mobile revenues. Non-voice revenues increased by 22.2% mainly due to higher Internet subscription revenues driven by the increased number of subscribers, and to higher messaging revenues in the postpaid segment. Other mobile revenues increased as well, mainly owing to higher handset sales due to the successful marketing campaigns in Q1 2013.

Fixed line services	Q1 2012	Q1 2013	% change	1-3. months 2012	1-3. months 2013	% change
Voice services						
Fixed line penetration	26.2%	25.6%	n.a.	26.2%	25.6%	n.a.
Total voice access	166,730	163,153	(2.1%)	166,730	163,153	(2.1%)
Total outgoing traffic (thousand minutes)	80,377	69,973	(12.9%)	80,377	69,973	(12.9%)
Internet and TV services						
Retail DSL market share (estimated)	83.6%	82.4%	n.a.	83.6%	82.4%	n.a.
Number of DSL access	77,446	82,951	7.1%	77,446	82,951	7.1%
Number of IPTV customers	49,321	55,237	12.0%	49,321	55,237	12.0%

Total fixed line revenues in HUF terms decreased by 4.1%, mainly due to the decrease in voice-retail and data revenues. Lower voice-retail revenues are due to a decline in outgoing traffic and lower number of accesses. Data revenues decreased, as the number of leased line customers fell along with prices. These decreases were only partly offset by higher equipment revenues due to the increasing number of TV-set and laptop sales.

4. About Magyar Telekom

Magyar Telekom Telecommunications Public Limited Company (the Company or Magyar Telekom Plc.) with its subsidiaries form Magyar Telekom Group (Magyar Telekom or the Group). Magyar Telekom is the principal provider of telecommunications services in Hungary, Macedonia and Montenegro and alternative service provider in Bulgaria and Romania. These services are subject to various telecommunications regulations depending on the countries of operations.

The Company was incorporated in Hungary on December 31, 1991 and commenced business on January 1, 1992. The Company's registered office is Krisztina körút 55., 1013 Budapest, Hungary.

Magyar Telekom Plc. is listed on the Budapest Stock Exchange and its shares are traded on the Budapest Stock Exchange. Magyar Telekom's American Depository Shares (ADSs) each representing five ordinary shares were also traded on the New York Stock Exchange until November 12, 2010, when the ADSs were delisted. Magyar Telekom terminated the registration of its shares and ADSs in the US in February 2012. The Company maintains its American Depositary Receipt program on a Level I basis.

The immediate controlling shareholder of the Company is MagyarCom GmbH (MagyarCom) owning 59.21% of the issued shares, while the ultimate controlling parent of Magyar Telekom is Deutsche Telekom AG (DT or DTAG).

5. Basis of preparation of the interim financial report

This condensed consolidated preliminary financial information was prepared in accordance with IAS 34 (Interim Financial Reporting) and should be read in conjunction with the annual financial statements for the year ended December 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union.

This consolidated interim financial information has not been audited. The statutory accounts for December 31, 2012 have been filed with the Budapest Stock Exchange and Hungarian Financial Supervisory Authority. The statutory accounts for December 31, 2012 were audited and the audit report was unqualified.

6. Accounting policies

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated annual financial statements for the year ended December 31, 2012.

7. Outlook

The telecommunications industry is undergoing significant changes globally. We have observed several long-term trends which are changing the structure of the telecommunications market. These long-term trends include changes in technology (e.g., IP-based broadband products and solutions, emerging wireless broadband technologies), customer requirements (e.g., increase in mobile usability of content services and terminal devices, 4Play solutions and the growing need for customized content) and competition and regulation (e.g., low entry barriers, new business models, convergence in the telecommunications and media broadcast industry).

Magyar Telekom's current plans and outlook are based on our best knowledge and expected circumstances. Nevertheless, we cannot predict the behavior of our competitors. Therefore, a stronger than assumed impact of other operators, new market entrants and new solutions in any country where we are present could result in a negative impact on our business performance.

Each of our business segments is affected by its unique business environment, and we are subject to circumstances and events that are unforeseen or beyond our control. The European economy has slowed down and shows signs of recessionary risk in 2013. Major uncertainties surrounding the future of the euro have escalated the debt crisis for several euro-zone members. The Hungarian economy has been impacted heavily by the second wave of the financial crisis. GDP projections for 2013 were reduced significantly, and the Hungarian National Bank forecasts indicate GDP growth of about 0.5 percent for 2013. The unemployment rate remains above ten percent, and the volatility of the Hungarian currency is expected to continue.

In order to balance the government budget, the Hungarian government implemented several measures to reduce the deficit to 2.8 percent of GDP in 2013. Although the special telecommunications tax, which came into effect in 2010, was terminated in 2013, the Parliament has adopted an act imposing telecommunications tax on service providers for fixed and mobile voice and mobile SMS/MMS services, effective from July 1, 2012 for an indefinite period of time. The tax imposed on fixed and mobile usage amounts to HUF 2 per minute and HUF 2 per SMS/MMS. The tax is capped: for 2013, at HUF 700 per month per calling number for private individuals' subscriptions and HUF 2500 per month per calling number for other subscribers' subscriptions. The telecommunication tax payable by Magyar Telekom for 2013 is estimated at around HUF 20 billion. As disclosed in our press release on November 20, 2012, the Parliament also adopted an act imposing a further tax to be levied on utility networks (e.g.: ducts, cables) from 2013. The tax expense and liability was recognized in the first quarter of 2013 as the full annual tax liability is payable based on the taxable infrastructure in place on January 1, 2013. Our T-Systems Hungary segment is also affected by heavy spending cuts by the government, our largest business customer.

7.1. Revenues

In our fixed line operations, we expect further declines in voice revenues due to continued line reduction and fixed line unit price erosion driven by mobile substitution and increased competition in the fixed line market, including competition from VoIP and VoCable providers. Mobile substitution remains the main driver of churn and we expect that average mobile per minute fees will continue to be lower than average fixed line per minute fees in 2013. As the market is shifting towards multiplay offers, we are combining our product portfolio in order to provide all services for every customer demand on every platform. By having the full range of telecommunications services, we are capable of offering 4Play packages, unique in the Hungarian market. Magyar Telekom - due to unfavourable economic and market trends - has implemented a gradual tariff change effective from September and October 2012. Fixed line inter-connection tariffs are expected to be reduced by 30% in each half year from January of 2013 until January 2016.

In the saturated fixed line market TV remains the key driver. Building on our large variety of platforms (cable, IP, DVB-S), we are targeting to reach those customers who currently have less than three of our services. We are aiming to expand further our RPC figures in 2013; however margins are under pressure due to significant competition. To strengthen our position in the TV market, we are continuously innovating our product portfolio (e.g. by offering interactive SAT TV).

In the Hungarian mobile market, penetration has now reached saturation point, and we expect declining voice revenues in 2013. We expect further growth in mobile broadband and future growth potential of value-added and data services, but this positive impact will not offset the decline in voice revenues. Mobile interconnection tariffs were reduced by 25% in 2013. Mobile termination rates are expected to be reduced further in the future. The market entry of the 4th mobile operator is not likely before end of 2013.

Magyar Telekom is continuously seeking business opportunities beyond core services. A significant step was made in this direction upon our entrance into the retail energy market. This new revenue stream will enable us to lower the decrease of our Hungarian revenue in 2013; however these revenues are associated with lower margins and as such, we expect our overall margins to decline. Hungary's government approved a cut in household energy prices by 10% from January 1, 2013, and may approve further cuts in the future. The move applies to electricity, natural gas and district heating prices. In the future we intend to shift our business focus and concentrate more on the competitive segment.

To sustain our competitiveness in the corporate sector, we have committed to developing further our IT competencies by focusing on complex service offerings through managed services, system integration and outsourcing of consultant services to corporate customers.

In Macedonia, competition is increasing both in the fixed line and mobile market. Our main competitors in the fixed line market are ONE and two major cable TV operators, which target the retail voice market with 3Play offers, aggressive pricing and marketing communication. We also expect more intensive regulatory measures in Macedonia in the future. In the mobile market, competition is also very strong with three players in the market. Mobile voice revenues are expected to decline, only partially offset by the fast growth in mobile broadband based on the new 3G technology.

In Montenegro, we also anticipate a tough environment due to competitive and regulatory pressures in the near future. Fixed wholesale revenues are expected to be the most impacted by regulatory actions (reducing international termination rates to rates at the national level), while mobile revenues are also expected to decline due to gradual termination fee cuts. Growth in fixed and mobile broadband cannot entirely compensate for the losses in the voice market. Competitors are also putting pressure on prices with 2Play and 3Play offers.

7.2. Expenses

We are entirely committed to improving internal operational efficiency in all of our business segments. To accomplish our goals despite the intensifying competitive environment, we expect to partially offset decreasing revenue with strict cost control. We will continue our group-wide efforts to increase cost efficiency. We have reached an agreement with trade unions on wage development, headcount reduction and decreases in additional employee allowances at the parent company for 2013. Whilst the terms of the agreement envisaged 500 employee redundancies in 2013, the majority of these employees left the Company by the end of 2012. Although, there was a 4% general increase in the base salary of parent company employees from April 2013, employer contributions to the deferred pension fund will also be reduced by 25%. These measures will reduce our Total Workforce Management ("TWM") related costs.

In line with global market developments and the liberalization of the Hungarian energy market, we have experienced rapid growth in energy prices above the rate of inflation. We expect energy prices to remain high in 2013, impacting us negatively.

7.3. Total investments in tangible and intangible assets

Compared to previous years, the key priorities of capex spending have not changed. Investments in new products and platforms (e.g., FTTx, LTE) remain our key strategic goals although the overall investment level is decreasing. Broadband expansion is supported by large scale modernization of the mobile network.

We will increase investments in the IT area to reach our goals of becoming an ICT leader in Hungary, while expansion into new segments will also demand additional investments.

Striving for further improvement in customer orientation, the strategic priority for 2013 and beyond is the successful implementation of a new CRM system in Hungary. We are targeting the complete overhaul of the current customer management system of the Company.

In line with our strategy, we are committed to further strengthening and leveraging our presence in the South-Eastern Europe region. Therefore, we are continuously seeking further value-creating acquisition and investment targets.

7.4. Risk factors

- Our operations (both in Hungary and abroad) are subject to substantial government regulation, which can result in adverse consequences for our business and results of operations;
- We are subject to more intense competition;
- Our ability to meet our revenue targets will depend in part on our ability to offset the declining voice revenues with TV, Internet, SI/IT and retail energy revenues;
- We may be unable to adapt to technological changes in the telecommunications market;
- The future of our current operational model is subject to currently unforeseeable changes in the future business environment;
- Developments in the technology and telecommunications sectors have resulted and may result in impairments in the carrying value of certain of our assets;
- Our business may be adversely affected by actual or perceived health risks associated with mobile communications technologies;
- System failures could result in reduced user traffic and revenue and could harm our reputation;
- Loss of key personnel could weaken our business;
- Our share price may be volatile, and your ability to sell our shares may be adversely affected due to the relatively illiquid market for our shares and ADRs;
- Fluctuations in the currency exchange rate could have an adverse effect on our results of operations;
- We are continuously involved in disputes and litigation with regulators, competitors and other parties. The ultimate outcome of such legal proceedings is generally uncertain. The results of those procedures may have a material adverse effect on our results of operations and financial condition;
- The value of our investments, results of operations and financial condition could be adversely affected by economic developments in Hungary and other countries;
- We are subject to unpredictable changes in the Hungarian tax regulations.

8. Contingencies and commitments

8.1. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not within the control of the Group. These assets are not recognized in the statement of financial position.
The Group has no contingencies where the inflow of economic benefits would be probable and material.

8.2. Contingent liabilities

The most significant contingent liabilities of the Group are described below. No provisions have been recognized for these cases as management estimates that it is unlikely that these claims originating from past events would result in any material economic outflows from the Group, or the amount of the obligation cannot be measured with sufficient reliability.

8.2.1 Macedonia

Compensation for termination of a service contract by T-Mobile MK

In January 2002, T-Mobile MK signed an agreement with a subcontractor, including a 3-month trial period, for the collection of T-Mobile MK's overdue receivables. After the expiration of the 3-month trial period, T-Mobile MK terminated this contract in April 2002 due to breaches of the contractual obligations by the subcontractor. The subcontractor initiated a lawsuit in April 2003 requesting damage compensation for foregone profit and compensation for services already rendered. Management estimates it unlikely that the subcontractor would win the court case against T-Mobile MK. The potential loss from the claim is approximately HUF 4.6 billion. The first and second instance decisions were in favor of T-Mobile MK, but the plaintiff submitted a revision to the Supreme Court, therefore the timing of the final resolution is uncertain.

Alleged breach of certain deadlines

MKT and T-Mobile MK have contingent liabilities in respect of legal and regulatory claims arising in the ordinary course of business. The major part of the contingent liabilities relate to several requests for initiating misdemeanor procedures from regulatory bodies for alleged breach of certain deadlines for decision upon subscriber's request and related to alleged abuse of dominant position on the market. The maximum possible fine for each individual case is 4% - 10% of the annual revenue (HUF 38-45 billion) of the companies for the year preceding the misdemeanor, in accordance with the local legislation. Management believes, based on legal advice, that it is not probable that a significant liability will arise from these claims because of unsubstantiated basis for initiating these misdemeanor procedures.

8.2.2 Hungary

Public lawsuits relating to transaction fee

Two similar lawsuits were launched against the Company by the Hungarian Authority for Consumer Protection and the National Federation of Associations for Consumer Protection claiming that charging customers a transaction fee for invoices to be settled by yellow postal payment orders or in person at the cash-desk is unlawful. The Company is adamant that charging the transaction fee at the time of their introduction was not in breach of any law, while it was subsequently prohibited by a modification of the Act on Electronic Communications. The Company discontinued charging the fee on the effective date of the modification, and continues to comply with the provisions of the Act.

Guarantees

Magyar Telekom Plc. is exposed to risks that arise from the possible drawdown of guarantees.

8.3. Commitments

There has not been any material change in the nature and amount of our commitments in Q1 2013.

9. Other matters

9.1. Investigations into certain consultancy contracts

As previously disclosed, the Company's Audit Committee conducted an internal investigation regarding certain contracts relating to the activities of the Company and/or its affiliates in Montenegro and Macedonia that totalled more than EUR 31 million. In particular, the internal investigation examined whether the Company 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. For further information regarding the internal investigation, please see the Company's annual report for the year ended December 31, 2011.

The Company'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 December 29, 2011, the Company 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 the Company. The settlements concluded the DOJ's and the SEC's investigations. The Company disclosed the key terms of the settlements with the DOJ and the SEC on December 29, 2011. On January 6, 2012 the Company paid a criminal penalty of USD 59.6 million (HUF 14,712 million) pursuant to the settlement with the DOJ and on January 23, 2012 the Company paid USD 25.2 million for disgorgement of profits and USD 6.0 million of prejudgment interest (HUF 7,366 million in total) pursuant to the settlement with the SEC, totalling USD 90.8 million (HUF 22,078 million) paid with respect to the settlements with the DOJ and the SEC.

The aggregate amount of USD 90.8 million payable by the Company in settlement of the DOJ's and SEC's investigations was fully provided for before the end of 2011.

In addition to the DOJ's and the SEC's investigations, the Ministry of Interior of the Republic of Macedonia, the Montenegrin Supreme State Prosecutor, the Hungarian Central Investigating Chief Prosecutor's Office and the First Instance Prosecutor's Office of Athens commenced investigations into certain of the activities that were the subject of the internal investigation. These governmental investigations are continuing, and the Company and/or its relevant subsidiaries continue to cooperate with these investigations.

10. Significant events between the end of the quarter and the publishing of the "Interim financial report"

On April 12, 2013, Magyar Telekom held its Annual General Meeting (the "AGM"). At the AGM, the shareholders approved the payment of cash dividends of HUF 52,117 million, equal to HUF 50 per share, for the year ended December 31, 2012. For further details on the resolutions of the AGM, please refer to Magyar Telekom's website.

11. Declaration

We the undersigned declare that to the best of our knowledge this report prepared in accordance with International Financial Reporting Standards ("IFRS") gives a true and fair view of the assets, liabilities, financial position and profit or loss of Magyar Telekom and its consolidated undertakings. In addition, the report gives a fair view of the position, development and performance of Magyar Telekom and its consolidated undertakings, and contains risk factors and uncertainties relating to the future events of the financial year.
Independent Auditor's Report was not prepared on the Interim financial report.

Christopher Mattheisen Chief Executive Officer, Board member	János Szabó Chief Financial Officer

Budapest, May 8, 2013

This investor news contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our annual financial statements for the year ended December 31, 2012, available on our website at http://www.telekom.hu which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union.

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, underlying EBITDA, underlying EBITDA margin and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter "Reconciliation of pro forma figures", which is posted on Magyar Telekom's Investor Relations webpage at www.telekom.hu/investor_relations.

12. Key financial data

MAGYAR TELEKOM

Consolidated Statements of Comprehensive Income - IFRS (HUF million, except per share amounts)	Q1 2012 (Unaudited)	Q1 2013 (Unaudited)	Amount change	% change
Revenues				
Voice - retail	41,961	39,671	(2,290)	(5.5%)
Voice - wholesale[1]	7,861	6,418	(1,443)	(18.4%)
Voice - visitor	542	497	(45)	(8.3%)
Non-voice	15,379	16,422	1,043	6.8%
Equipment	5,830	8,535	2,705	46.4%
Other mobile revenues	2,013	1,670	(343)	(17.0%)
Mobile revenues	**73,586**	**73,213**	**(373)**	**(0.5%)**
Voice - retail	21,169	18,495	(2,674)	(12.6%)
Voice - wholesale[1]	3,484	3,352	(132)	(3.8%)
Internet	13,402	13,052	(350)	(2.6%)
Data	6,017	5,102	(915)	(15.2%)
TV	8,487	8,980	493	5.8%
Equipment	674	2,329	1,655	245.5%
Other fixed line revenues	2,216	2,737	521	23.5%
Fixed line revenues	**55,449**	**54,047**	**(1,402)**	**(2.5%)**
System Integration/Information Technology revenues	11,656	14,012	2,356	20.2%
Revenue from Energy Services	5,957	15,337	9,380	157.5%
Total revenues	**146,648**	**156,609**	**9,961**	**6.8%**
Expenses				
Mobile revenue-related payments	(17,722)	(19,247)	(1,525)	(8.6%)
Fixed line revenue-related payments	(9,073)	(10,927)	(1,854)	(20.4%)
SI/IT revenue-related payments	(6,104)	(8,569)	(2,465)	(40.4%)
Energy revenue-related payments	(5,650)	(16,515)	(10,865)	(192.3%)
Agent commissions	(2,391)	(2,543)	(152)	(6.4%)
Bad debt expense	(2,066)	(1,703)	363	17.6%
Direct costs	**(43,006)**	**(59,504)**	**(16,498)**	**(38.4%)**
Employee-related expenses	(21,218)	(22,601)	(1,383)	(6.5%)
Depreciation and amortization	(25,312)	(24,779)	533	2.1%
Other operating expenses	(31,647)	(36,333)	(4,686)	(14.8%)
Total operating expenses	**(121,183)**	**(143,217)**	**(22,034)**	**(18.2%)**
Other operating income	799	856	57	7.1%
Operating profit	**26,264**	**14,248**	**(12,016)**	**(45.8%)**
Net financial result	(7,600)	(7,745)	(145)	(1.9%)
Profit before income tax	**18,664**	**6,503**	**(12,161)**	**(65.2%)**
Income tax	(3,724)	(3,574)	150	4.0%
Profit for the period	**14,940**	**2,929**	**(12,011)**	**(80.4%)**
Change in exchange differences on translating foreign operations	(11,279)	8,680	19,959	n.m.
Revaluation of available-for-sale financial assets	0	22	22	n.a.
Other comprehensive income for the period	(11,279)	8,702	19,981	n.m.
Total comprehensive income for the period	**3,661**	**11,631**	**7,970**	**217.7%**
Profit attributable to:				
Owners of the parent	13,018	1,695	(11,323)	(87.0%)
Non-controlling interests	1,922	1,234	(688)	(35.8%)
	14,940	**2,929**	**(12,011)**	**(80.4%)**
Total comprehensive income attributable to:				
Owners of the parent	5,120	8,174	3,054	59.6%
Non-controlling interests	(1,459)	3,457	4,916	n.m.
	3,661	**11,631**	**7,970**	**217.7%**
Basic and diluted earnings per share (HUF)	**12.49**	**1.63**	**(11)**	**(86.9%)**

[1] Comparatives modified

In order to maintain consistency with the current year presentation of revenues, certain items were reclassified for comparative purposes. From Q1 2013, all mobile terminated incoming international traffic revenues are disclosed as mobile wholesale revenues, while they were disclosed as fixed line wholesale revenues when transited through Makedonski Telekom to T-Mobile Macedonia. The previous year's interim income statement disclosure of the revenue breakdown was modified to be comparable to the current year's presentation. This change makes the financial data and mobile KPIs of the Macedonian segment and the Group more comparable with other market participants.

MAGYAR TELEKOM

Consolidated Statements of Financial Position - IFRS (HUF million)	Dec 31, 2012 (Audited)	Mar 31, 2013 (Unaudited)	Amount change	% change
ASSETS				
Current assets				
Cash and cash equivalents	15,211	34,799	19,588	128.8%
Trade and other receivables	130,709	134,618	3,909	3.0%
Other current financial assets	53,966	42,560	(11,406)	(21.1%)
Current income tax receivable	821	2,541	1,720	209.5%
Inventories	12,400	14,641	2,241	18.1%
Non current assets held for sale	2,816	1,883	(933)	(33.1%)
Total current assets	**215,923**	**231,042**	**15,119**	**7.0%**
Non current assets				
Property, plant and equipment	510,962	505,277	(5,685)	(1.1%)
Intangible assets	311,066	314,685	3,619	1.2%
Deferred tax assets	532	498	(34)	(6.4%)
Non current financial assets	18,862	24,433	5,571	29.5%
Other non current assets	499	777	278	55.7%
Total non current assets	**841,921**	**845,670**	**3,749**	**0.4%**
Total assets	**1,057,844**	**1,076,712**	**18,868**	**1.8%**
LIABILITIES				
Current liabilities				
Financial liabilities to related parties	35,344	25,947	(9,397)	(26.6%)
Other financial liabilities	40,341	62,989	22,648	56.1%
Trade payables	115,723	102,343	(13,380)	(11.6%)
Current income tax payable	762	2,898	2,136	280.3%
Provisions	5,668	4,693	(975)	(17.2%)
Other current liabilities	37,069	52,168	15,099	40.7%
Total current liabilities	**234,907**	**251,038**	**16,131**	**6.9%**
Non current liabilities				
Financial liabilities to related parties	261,126	265,830	4,704	1.8%
Other financial liabilities	5,498	5,531	33	0.6%
Deferred tax liabilities	22,428	20,421	(2,007)	(8.9%)
Provisions	10,858	10,938	80	0.7%
Other non current liabilities	944	984	40	4.2%
Total non current liabilities	**300,854**	**303,704**	**2,850**	**0.9%**
Total liabilities	**535,761**	**554,742**	**18,981**	**3.5%**
EQUITY				
Equity of the owners of the parent				
Common stock	104,275	104,275	0	0.0%
Capital reserves	27,383	27,384	1	0.0%
Treasury stock	(307)	(307)	0	0.0%
Retained earnings	310,452	312,147	1,695	0.5%
Accumulated other comprehensive income	21,253	27,732	6,479	30.5%
Total Equity of the owners of the parent	**463,056**	**471,231**	**8,175**	**1.8%**
Non-controlling interests	59,027	50,739	(8,288)	(14.0%)
Total equity	**522,083**	**521,970**	**(113)**	**(0.0%)**
Total liabilities and equity	**1,057,844**	**1,076,712**	**18,868**	**1.8%**

MAGYAR TELEKOM

Consolidated Statements of Cash Flows - IFRS (HUF million)	Q1 2012 (Unaudited)	Q1 2013 (Unaudited)	Amount change	% change
Cash flows from operating activities				
Profit for the period	14,940	2,929	(12,011)	(80.4%)
Depreciation and amortization	25,312	24,779	(533)	(2.1%)
Income tax expense	3,724	3,574	(150)	(4.0%)
Net financial result	7,600	7,745	145	1.9%
Change in assets carried as working capital	(1,828)	(8,756)	(6,928)	(379.0%)
Change in provisions	(657)	(1,114)	(457)	(69.6%)
Change in liabilities carried as working capital	(16,363)	(7,142)	9,221	56.4%
Income tax paid	(4,208)	(4,173)	35	0.8%
Interest and other financial charges paid	(7,599)	(4,709)	2,890	38.0%
Interest received	1,021	582	(439)	(43.0%)
Other cashflows from operations	313	(712)	(1,025)	n.m.
Net cash generated from operating activities	**22,255**	**13,003**	**(9,252)**	**(41.6%)**
Cash flows from investing activities				
Investments in tangible and intangible assets	(23,841)	(16,712)	7,129	29.9%
Adjustments to cash purchases	(13,974)	(3,875)	10,099	72.3%
Purchase of subsidiaries and business units	(23)	0	23	(100.0%)
Proceeds from other financial assets - net	21,781	12,716	(9,065)	(41.6%)
Proceeds from disposal of subsidiaries and associates	84	0	(84)	(100.0%)
Proceeds from disposal of property, plant and equipment (PPE) and intangible	261	165	(96)	(36.8%)
Net cash used in investing activities	**(15,712)**	**(7,706)**	**8,006**	**51.0%**
Cash flows from financing activities				
Dividends paid to shareholders and Non-controlling interest	(27)	(10)	17	63.0%
Receipts of loans and other borrowings - net	21,395	13,473	(7,922)	(37.0%)
Net cash generated from financing activities	**21,368**	**13,463**	**(7,905)**	**(37.0%)**
Exchange gains/(losses) on translation of cash and cash equivalents	(997)	828	1,825	n.m.
Change in cash and cash equivalents	**26,914**	**19,588**	**(7,326)**	**(27.2%)**
Cash and cash equivalents, beginning of period	14,451	15,211	760	5.3%
Cash and cash equivalents, end of period	41,365	34,799	(6,566)	(15.9%)
Change in cash and cash equivalents	**26,914**	**19,588**	**(7,326)**	**(27.2%)**

MAGYAR TELEKOM - Consolidated Statements of Changes in Equity (unaudited)

	pieces	in HUF millions									
			Capital reserves				Accumulated Other Comprehensive Income				
	Shares of common stock	Common stock	Additional paid in capital	Reserve for equity settled share-based transactions	Treasury stock	Retained earnings	Cumulative translation adjustment	Revaluation reserve for AFS financial assets – net of tax	Equity of the owners of the parent	Non-controlling interests	Total Equity
Balance at December 31, 2011	1,042,742,543	104,275	27,379	0	(307)	325,709	31,022	(63)	488,015	68,076	556,091
Total comprehensive income						13,018	(7,898)		**5,120**	(1,459)	**3,661**
Balance at March 31, 2012	1,042,742,543	104,275	27,379	0	(307)	338,727	23,124	(63)	493,135	66,617	559,752
Dividend						(52,116)			**(52,116)**		**(52,116)**
Dividend declared to Non-controlling interests									**0**	(13,951)	**(13,951)**
Disposal of subsidiaries									**0**	(12)	**(12)**
Equity settled share-based transactions				4					**4**		**4**
Total comprehensive income						23,841	(1,789)	(19)	**22,033**	6,373	**28,406**
Balance at December 31, 2012	1,042,742,543	104,275	27,379	4	(307)	310,452	21,335	(82)	463,056	59,027	522,083
Dividend declared to Non-controlling interests									**0**	(11,745)	**(11,745)**
Equity settled share-based transactions				1					**1**		**1**
Total comprehensive income						1,695	6,464	15	**8,174**	3,457	**11,631**
Balance at March 31, 2013	1,042,742,543	104,275	27,379	5	(307)	312,147	27,799	(67)	471,231	50,739	521,970

LIFE IS FOR SHARING.