



Magyar Telekom

Interim financial report

**Analysis of the Financial Statements for the fourth quarter
ended December 31, 2012**

TABLE OF CONTENTS

1.	Highlights	3
2.	Operating and financial review – Group	5
2.1.	Exchange rate information	5
2.2.	Revenues	5
2.3.	Operating expenses and other operating income	6
2.4.	Operating profit	7
2.5.	Net financial result	7
2.6.	Income tax	7
2.7.	Profit attributable to non-controlling interests	7
2.8.	Cash flow	7
3.	Segment information	8
3.1.	Description of segments	8
3.1.1	Information regularly provided to the Management Committee	8
3.2.	Telekom Hungary	9
3.3.	T-Systems Hungary	12
3.4.	Macedonia	13
3.5.	Montenegro	15
4.	About Magyar Telekom	16
5.	Basis of preparation of the interim financial report	16
6.	Accounting policies	16
7.	Outlook	16
7.1.	Revenues	17
7.2.	Expenses	18
7.3.	Total investments in tangible and intangible assets	18
7.4.	Risk factors	18
8.	Contingencies and commitments	19
8.1.	Contingent assets	19
8.2.	Contingent liabilities	19
8.2.1	Macedonia	19
8.2.2	Hungary	19
8.3.	Commitments	19
9.	Other matters	19
9.1.	Investigations into certain consultancy contracts	19
10.	Significant events between the end of the quarter and the publishing of the “Interim financial report”	20
10.1.	Utility tax from 2013	20
10.2.	Curia decision	20
11.	Declaration	21
12.	Key financial data	22

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

Revenue target exceeded, EBITDA towards the better end of the targeted range

Budapest – February 28, 2013 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, today reported its consolidated financial results for the fourth quarter of 2012, in accordance with International Financial Reporting Standards (IFRS).

1. Highlights

MAGYAR TELEKOM Group Financial Results - IFRS (HUF million, except per share amounts and margins)	Q4 2011 (Unaudited)	Q4 2012 (Unaudited)	% change	1-12. months 2011 (Audited)	1-12. months 2012 (Unaudited)	% change
Total revenues	159,424	164,873	3.4%	597,617	607,128	1.6%
Operating profit	(14,171)	8,040	156.7%	63,167	87,921	39.2%
Profit attributable to owners of the parent	(40,323)	(1,613)	96.0%	(7,457)	36,859	n.m.
EBITDA	46,683	37,023	(20.7%)	196,082	194,818	(0.6%)
EBITDA margin	29.3%	22.5%	n.a.	32.8%	32.1%	n.a.
Special Influences (SI)	11,047	15,459	39.9%	48,901	39,466	(19.3%)
Underlying EBITDA	57,730	52,482	(9.1%)	244,983	234,284	(4.4%)
Underlying EBITDA margin	36.2%	31.8%	n.a.	41.0%	38.6%	n.a.
Basic and diluted earnings per share (HUF)	(38.68)	(1.55)	96.0%	(7.15)	35.36	n.m.
CAPEX to Sales				14.0%	17.0%	n.a.
ROA				(0.7%)	3.4%	n.a.
ROE				(1.4%)	7.7%	n.a.
Net debt				288,377	273,132	(5.3%)
Net debt / (Equity + Net debt)				34.1%	34.3%	n.a.

- Revenues increased by 3.4% in the fourth quarter of 2012 compared to the same period of 2011, from HUF 159.4 billion to HUF 164.9 billion. The decline in fixed and mobile voice revenues were more than offset by the significant increase in revenues from energy services and SI/IT, while growing TV and mobile equipment sales revenues generated by higher smartphone sales also contributed to the performance.
- EBITDA declined by 20.7%, from HUF 46.7 billion to HUF 37.0 billion, with an EBITDA margin of 22.5%. Underlying fourth quarter EBITDA, excluding investigation-related costs and provisions, severance expenses and the special and new telecom taxes, decreased by 9.1%, from HUF 57.7 billion to HUF 52.5 billion, compared to the fourth quarter of 2011. Underlying EBITDA margin was 31.8% in Q4 2012 compared to 36.2% in the same period last year. This decrease reflects the increasing contribution of the lower margin retail energy and SI/IT revenues, coupled with the continued decline of high-margin voice revenues.

Details of special influences and EBITDA performance (HUF billion)*	Q4 2011	Q4 2012	2011	2012
Special tax	6.3	6.0	25.4	24.4
New telecom tax	0.0	4.4	0.0	8.7
Severance expenses	4.0	5.1	6.1	6.4
Investigation-related expenses	0.7	0.0	17.5	0.0
Total Special Influences	11.0	15.5	48.9	39.5
Reported EBITDA	46.7	37.0	196.1	194.8
Underlying EBITDA	57.7	52.5	245.0	234.3

*Differences might occur due to rounding

- Employee-related expenses increased by HUF 0.6 billion in the fourth quarter compared to the same period last year despite lower salaries, 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. In addition, higher amount of severance expenses were accounted in the fourth quarter of 2012.

- **Depreciation and amortization decreased by 52.4%** in the fourth quarter of 2012 compared to the same period last year. The main reason for the decline is the impairment loss of HUF 31.4 billion on the goodwill of the Macedonia segment based on the fair value less cost calculations recognized in Q4 2011.
- **Net financial expenses declined from HUF 11.8 billion in Q4 2011 to HUF 8.4 billion in Q4 2012.** The improved result was primarily due to the lower combined net loss on foreign exchange translation and fair valuation of derivatives in Q4 2012, as the HUF weakened by 2.7% against the EUR in Q4 2012 compared to the 6.5% weakening in Q4 2011. In addition, higher interest expense was owing to the higher average debt levels, and, to a smaller extent, due to higher average interest rates quarter over quarter.
- **Income tax expense declined from HUF 12.7 billion in Q4 2011 to HUF 0.8 billion in Q4 2012.** The main reason behind the decline is the HUF 15.0 billion one-off deferred tax expense booked in Q4 2011 related to the elimination of the enacted reduction of the Hungarian corporate tax rate from 19% to 10% effective from 2013.
- Profit attributable to owners of the parent company (**net income**) **increased from HUF -40.3 billion to HUF -1.6 billion.** Despite the decline in underlying EBITDA, net income increased mainly due to the two one-off items which negatively affected Q4 2011 results: the impairment loss related to the Macedonia segment and the one-off deferred tax expense.
- **Net cash generated from operating activities decreased by HUF 23.6 billion year-on-year, from HUF 168.8 billion to HUF 145.2 billion.** The decline is mainly driven by changes in working capital caused by the **HUF 22.1 billion settlement charge** in connection with the SEC and DOJ investigations. This was partly offset by working capital improvement relating to the Pro-M transaction and longer payment periods to some of our suppliers. Higher interest payments (due to the higher debt level and somewhat higher interest rate) and income tax paid also contributed to the lower net cash generated from operating activities.
- **Excluding the 900 MHz spectrum license fee (amounting to HUF 10.9 billion) investment in tangible and intangible assets (CAPEX) increased by HUF 8.6 billion, from HUF 83.8 billion to HUF 92.4 billion in 2012** compared to 2011, due principally to the higher investments in Macedonia related to the real estate exchange transaction. The book CAPEX accounted for the new Macedonian building is HUF 10.7 billion; however, the trade-in value of the old buildings is HUF 6.9 billion and the difference is to be paid in six annual instalments. In 2012, Telekom Hungary accounted for HUF 57.8 billion of total CAPEX and T-Systems Hungary HUF 5.2 billion. In Macedonia and Montenegro, CAPEX was HUF 24.6 billion and HUF 4.2 billion, respectively. Certain CAPEX items are not part of the segments' CAPEX.
- **Free cash flow** (operating cash flow and investing cash flow adjusted for proceeds from / payments for other financial assets) **declined by HUF 30.3 billion in 2012 year-on-year, from HUF 92.0 billion to HUF 61.7 billion.** In addition to lower operating cash flow and higher CAPEX, the real estate sales in Q1 2011 also contributed to the decline. This was partly offset by the proceeds from the sale of Pro-M in 2012.
- **Net debt decreased from HUF 288.4 billion** at the end of 2011 **to HUF 273.1 billion** at the end of 2012. The **net debt ratio** (net debt to total capital) was **34.3%** at the end of 2012.

Christopher Mattheisen, Chairman and CEO commented:

“As a result of strong growth in our retail gas and electricity revenues and significant expansion of other products including TV, mobile internet and SI/IT services, we recorded positive revenue growth in 2012, ahead of our expectations. The Christmas period, in particular, was characterized not only by strong sales of TV subscriptions, but also television sets. These fit well into our non-core strategy and help to support subscription growth. In the mobile segment, we continued to see great focus on smartphones during 2012, resulting in significant sales and penetration growth among our customer base. Almost 90% of the handsets sold to post-paid customers in the fourth quarter were smartphones, and approximately 80% smartphone buyers also subscribed to a mobile internet package.

Our continued focus on cost-cutting, in particular during the second half of the year, and the efficiency review of our real estate assets in Macedonia helped to control our underlying EBITDA decline which at -4.4% remained within the more optimistic part of the targeted range. This performance was further supported by the gain realized on the sale of our Pro-M subsidiary.

We have continued our internal efficiency programmes, made great progress in the mobile base station modernisation project whilst also broadened our 4G coverage to 99% of Budapest and 27% of Hungary by year-end. As a result of these initiatives, our capex – excluding spectrum acquisitions – of HUF 92.4 billion was slightly ahead of our HUF 90 billion target for the year.

In the short-term, we expect market conditions to remain challenging due to sustained pressures on disposable income levels and continued intense competition, along with persistent negative impacts from recently introduced fiscal measures.

Whilst watchful cost management and identifying new revenue sources will, in this context, remain among our key priorities, we expect our overall profit margin to decline further in 2013. We estimate that our revenues will decline by up to 3%, our reported EBITDA by 4-7% and our capex (excluding any spectrum acquisitions) by approximately 5%.”

2013 public guidance:

HUF billion	2012	Public guidance 2013
Revenue	607.1	Flat to -3%
Reported 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	Q4 2011	Q4 2012	Change
HUF/EUR quarterly average	304.70	283.80	(6.86%)
HUF/EUR cumulative monthly average	279.08	288.87	3.51%
HUF/MKD quarterly average.....	4.95	4.61	(6.87%)
HUF/MKD cumulative monthly average	4.54	4.70	3.52%

2.2. Revenues

Total revenues amounted to HUF 164.9 billion in Q4 2012 compared to HUF 159.4 billion in Q4 2011, representing a 3.4% increase quarter over previous year same quarter, caused by the following:

Mobile revenues decreased by 2.1% to HUF 78.7 billion in Q4 2012 from HUF 80.3 billion in Q4 2011. The decline resulted mainly from lower mobile voice revenues in Macedonia, which were largely offset by higher mobile equipment revenues in Hungary. Increased mobile Internet revenues in Hungary and at our Macedonian subsidiary in HUF terms also mitigated the lower mobile revenues.

Mobile voice revenues declined by 4.8% to HUF 50.1 billion in Q4 2012 compared to HUF 52.6 billion in Q4 2011. Mobile voice retail revenues decreased by 3.4% mainly due to strong competition-driven retail tariff erosion in Hungary. In the prepaid segment, revenue declined as both MOU (minutes of use) and the number of customers decreased. In the postpaid segment, growth in the customer base was able to offset the MOU decline. 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 the significantly lower tariff levels that could not be compensated by the slight increase in total billed minutes. Voice-wholesale revenues were down by 10.5%, mainly due to mobile termination rate cuts in Hungary.

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 Q4 2012.

Mobile equipment and activation revenues increased by 15.1% in Q4 2012 compared to Q4 2011, mainly attributable to our Hungarian operation. The increase in revenues was driven by higher average handset prices reflecting the increased sales ratio of higher priced smartphones. In Montenegro, mobile equipment revenue increased due to the intensive marketing campaigns in December, 2012. These increases were slightly offset by decreased revenues in Macedonia due to the lower number of handsets sold and lower accessories revenue in Q4 2012 compared to Q4 2011.

Following the sale of Pro-M in August 2012, other mobile revenues declined by 40.4% quarter over quarter to HUF 1.3 billion, contributing to the decrease in mobile revenues. However, these revenues do not represent a significant part of total mobile revenues.

Fixed line revenues amounted to HUF 56.0 billion in Q4 2012, compared to HUF 60.9 billion in the same period of the previous year representing a 8.0% decline. The decrease was driven by falling voice, data and Internet revenues, partly offset by increasing TV and equipment revenues.

Fixed line voice-retail revenues decreased by 15.6% to HUF 19.4 billion in Q4 2012 compared to HUF 23.0 billion in Q4 2011, mainly driven by the continuous decline in the number of revenue producing fixed lines and lower average tariff levels.

Fixed line voice-wholesale revenues decreased by 13.7% to HUF 4.7 billion in Q4 2012 compared to HUF 5.5 billion in Q4 2011, mainly due to lower international traffic.

Fixed line Internet revenues decreased from HUF 13.8 billion in Q4 2011 to HUF 13.4 in Q4 2012, representing a 2.9% decrease. In Hungary, the 3.4% 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 a decrease. In Macedonia, Internet revenues decreased due to lower prices, partly compensated by the 6.7% higher number of ADSL accesses. In Montenegro, Internet revenues remained stable quarter over quarter.

Data revenues amounted to HUF 5.3 billion in Q4 2012 as compared to HUF 6.9 billion in Q4 2011. The decrease in both broadband and narrowband revenues is mainly deriving from the termination of the EKG contract and lower scale of other contracts at T-Systems in 2012.

TV revenues amounted to HUF 8.9 billion in Q4 2012 as compared to HUF 8.2 billion in Q4 2011, representing an increase of 7.9%. This increase is mainly attributable to much 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 1.8 billion in Q4 2012 as compared to HUF 1.2 in Q4 2011. The 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 Q4 2012.

System Integration ("SI") and IT revenues increased by 23.9% from HUF 15.3 billion in the fourth quarter of 2011 to HUF 18.9 billion in the same period of 2012. Increased revenues are due to higher infrastructure, application and SI/IT equipment sale revenues owing to significant new projects in Q4 2012.

Revenue from **Energy Services** increased significantly to HUF 11.2 billion in Q4 2012 compared to HUF 2.9 billion in Q4 2011. The considerable growth resulted from the increasing demand for our energy retail services (introduced in 2010). The number of electricity points of delivery reached 87,945, while the number of gas points of delivery amounted to 59,900, as at December 31, 2012.

2.3. Operating expenses and other operating income

Mobile services-related payments slightly increased by 1.5% in Q4 2012 compared to Q4 2011 and amounted to HUF 24.2 billion. Higher mobile equipment costs were partly offset by decreased mobile voice and lower mobile Internet payments.

Fixed line-related payments decreased by 13.1% to HUF 10.7 billion in Q4 2012, from HUF 12.3 billion in Q4 2011. This decrease is mainly owing to lower voice-related payments in Hungary due to lower fees applied, both in domestic and international relations. The decrease was partly offset by the 11.6% higher TV payments driven by the 4.7% increase in TV subscriber base in Hungary as well as higher IPTV subscriber base both in Macedonia and Montenegro.

SI/IT-related payments increased from HUF 7.5 billion in Q4 2011 to HUF 12.4 billion in Q4 2012 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 2.8 billion in Q4 2011 to HUF 11.2 billion in Q4 2012) in line with the increasing customer base since the launch our retail energy business.

Employee-related expenses in Q4 2012 amounted to HUF 28.1 billion compared to HUF 27.5 billion in Q4 2011. This 2.2% increase was mainly attributable to the significant amount of severance-related expenses recognized in Q4 2012 relating to the employment terminations at the end of 2012. Insource of temporary staff previously hired to perform work in call center, customer care, sales and customer experience services as of April 2012 also contributed to the increase.

Depreciation and amortization decreased by 52.4% in Q4 2012 compared to Q4 2011 to HUF 29.0 billion. The significant decrease in depreciation resulted from the HUF 31.4 billion goodwill impairment booked for our Macedonian segment in Q4 2011 due to the unfavorable revenue and direct margin prospects for the coming 10 years.

On October 18, 2010 the Hungarian Parliament passed an act imposing special "crisis" taxes on telecommunications services, retail sales and energy sales as of January 1, 2010. These taxes were enacted for a defined period of 2010-2012. A new tax ("new 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 400 per month per calling number for private individuals' subscriptions and HUF 1400 per month per calling number for other subscribers' subscriptions in 2012. Special and new telecommunication taxes were recognized among other operating expenses.

Other operating expenses were up by 4.5% to HUF 38.4 billion in Q4 2012 from HUF 36.8 billion in Q4 2011. The increase was mainly owing to the introduction of the new telecommunication tax described above. As a consequence of the new tax, the total amount of crisis and new telecom

tax increased by HUF 4.0 billion in Q4 2012 compared to the same period last year, which was partly counterbalanced by lower other service fees as outsourced staff previously hired to perform work in call center, customer care, sales and customer experience services became standard employees of the Company in April 2012.

On a year to date basis, other operating expenses decreased by 9.7% to HUF 134.4 billion in 2012 from HUF 148.8 billion in 2011, mainly owing to the 2011 provision expense of HUF 16.2 billion in relation to the investigation based on the agreement in principle with the SEC and the DOJ.

Other operating income in Q4 2012 amounted to HUF 1.8 billion compared to HUF 2.3 billion in Q4 2011. The decrease was mainly owing to the government grant received for the Norwegian project at Mindentudás Egyeteme in Q4 2011, which was partly offset by higher other operating income in Macedonia due to reversal of certain provisions for legal cases in Q4 2012.

On a year to date basis, other operating income in 2012 amounted to HUF 10.2 billion compared to HUF 6.4 billion in 2011. The increase was mainly owing to the real estate transaction in Macedonia, where four old buildings were exchanged for a new one in 2012. The gain on the sale of the old buildings was HUF 3.8 billion. In addition, the gain on the sale of Pro-M in 2012 of HUF 1.6 billion also contributed to the increase of other operating income.

2.4. Operating profit

Operating margin for Q4 2012 was 4.9% while the operating margin for Q4 2011 was -8.9%. The main reasons leading to the improved profitability are described above.

2.5. Net financial result

Net financial result improved by 28.4% from HUF 11.8 billion in Q4 2011 to HUF 8.4 billion in Q4 2012. The improved result was primarily due to the lower combined net loss on foreign exchange translation and fair valuation of derivatives in Q4 2012, as the HUF weakened by 2.67% against the EUR in Q4 2012 compared to the 6.51% weakening in Q4 2011. The above changes were partly offset by higher interest expense owing to the higher average balance of the loan portfolio, and, to a smaller extent, due to higher average interest rates quarter over quarter.

2.6. Income tax

The income tax expense decreased from HUF 12.7 billion in Q4 2011 to HUF 0.8 billion in Q4 2012. The main reason is the elimination of the enacted reduction of the Hungarian corporate tax rate from 19% to 10% effective from 2013, which resulted in a large one-off deferred tax expense in Q4 2011, due to the recalculation of the long-term deferred tax balances.

2.7. Profit attributable to non-controlling interests

Profit attributable to non-controlling interests in Q4 2012 decreased by 73.3% compared to the same period in 2011. The decrease was predominantly due to the weaker results of the Macedonian subsidiaries, resulting from the 75.9% lower operating profit in MKD terms. In Montenegro higher operating profit in EUR terms led to higher minority interest in Q4 2012 versus Q4 2011, somewhat mitigating the decrease.

2.8. Cash flow

Net cash generated from operating activities amounted to HUF 145.2 billion in 2012, compared to HUF 168.8 billion in 2011. The decrease was mainly due to the HUF 22.1 billion cash outflow in January 2012 with respect to the settlements with the DOJ and the SEC.

Net cash used in investing activities amounted to HUF 72.9 billion in 2012, compared to HUF 77.8 billion in the previous year. The lower net Investing cash outflow is mainly due to receipts from the 2012 sale of Pro-M recognized in the Investing cash flows (HUF 14.3 billion). In addition, bank deposits were converted into cash in Macedonia and in Montenegro to finance their dividend distribution in 2012, resulting in a significant net Investing cash inflow. The above described higher net cash inflows were partly counter-balanced by the increased cash outflows for Capex spending, primarily due to the 900 MHz spectrum license in an amount of HUF 10.9 billion in Hungary in the first quarter of 2012 as well as the lower amount of proceeds from sale of PPE and intangible assets.

Free cash flow, defined as operating cash flow and investing cash flow excluding payments for / proceeds from other net financial assets, decreased from HUF 92.0 billion in 2011 to HUF 61.7 billion in 2012. This decline was mainly due to the DOJ and SEC settlements (adverse change in working capital) and the license acquisition (purchase of intangible assets) in 2012.

Net cash used in financing activities changed from HUF 93.2 billion in 2011 to HUF 71.1 billion in 2012, mainly due to the lower amount of net loan repayments primarily as a result of the need to finance the DOJ/SEC settlements in Q1 2012.

3. Segment information

3.1. Description of segments

The Group's operating segments are Telekom Hungary, T-Systems, 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 partners (large corporate customers and public sector).

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 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, including EBITDA adjusted for the impact of certain items considered as "special influence". 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	Q4 2011	Q4 2012	1-12. months 2011	1-12. months 2012
Total Telekom Hungary revenues	111,428	118,004	422,794	433,616
Less: Telekom Hungary revenues from other segments	(9,100)	(7,103)	(35,506)	(28,548)
Telekom Hungary revenues from external customers	102,328	110,901	387,288	405,068
Total T-Systems Hungary revenues	37,161	36,089	122,237	117,886
Less: T-Systems Hungary revenues from other segments	(7,446)	(5,713)	(15,783)	(13,794)
T-Systems Hungary revenues from external customers	29,715	30,376	106,454	104,092
Total Macedonia revenues	18,989	15,830	71,359	65,059
Less: Macedonia revenues from other segments	(35)	(7)	(130)	(50)
Macedonia revenues from external customers	18,954	15,823	71,229	65,009
Total Montenegro revenues	8,447	7,781	32,697	32,975
Less: Montenegro revenues from other segments	(7)	(4)	(42)	(30)
Montenegro revenues from external customers	8,440	7,777	32,655	32,945
Total consolidated revenue of the segments	159,437	164,877	597,626	607,114
Measurement differences to Group revenue	(13)	(4)	(9)	14
Total revenue of the Group	159,424	164,873	597,617	607,128
Segment results (EBITDA)				
Telekom Hungary	28,806	24,845	128,223	130,928
T-Systems Hungary	5,897	3,182	18,444	16,838
Macedonia	9,261	6,649	37,914	34,628
Montenegro	2,675	2,372	11,453	12,325
Total EBITDA of the segments	46,639	37,048	196,034	194,719
Measurement differences to Group EBITDA	44	(25)	48	99
Total EBITDA of the Group	46,683	37,023	196,082	194,818
Total depreciation and amortization of the Group	(60,854)	(28,983)	(132,915)	(106,897)
Total operating profit of the Group	(14,171)	8,040	63,167	87,921

3.2. Telekom Hungary

HUF millions	Q4 2011	Q4 2012	Amount change	Change (%)	1-12. months 2011	1-12. months 2012	Amount change	Change (%)
Voice revenues.....	38,891	39,547	656	1.7%	157,147	157,044	(103)	(0.1%)
Non-voice revenue.....	11,581	12,489	908	7.8%	44,764	47,960	3,196	7.1%
Other mobile revenues.....	10,925	10,152	(773)	(7.1%)	34,680	28,886	(5,794)	(16.7%)
Total mobile revenues	61,397	62,188	791	1.3%	236,591	233,890	(2,701)	(1.1%)
Voice revenues.....	17,720	15,278	(2,442)	(13.8%)	71,425	62,471	(8,954)	(12.5%)
Internet revenues	10,557	10,641	84	0.8%	40,679	41,385	706	1.7%
TV revenues	7,210	7,708	498	6.9%	28,229	30,010	1,781	6.3%
Other fixed line revenues.....	11,301	10,630	(671)	(5.9%)	40,326	38,813	(1,513)	(3.8%)
Total fixed line revenues	46,788	44,257	(2,531)	(5.4%)	180,659	172,679	(7,980)	(4.4%)
SI/IT revenues	368	311	(57)	(15.5%)	1,030	1,561	531	51.6%
Revenue from Energy Services.....	2,875	11,248	8,373	291.2%	4,514	25,486	20,972	464.6%
Total revenues.....	111,428	118,004	6,576	5.9%	422,794	433,616	10,822	2.6%
EBITDA.....	28,806	24,845	(3,961)	(13.8%)	128,223	130,928	2,705	2.1%
Investments in tangible and intangible assets	29,811	22,740	(7,071)	(23.7%)	65,559	57,791	(7,768)	(11.8%)

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

EBITDA of the Telekom Hungary segment decreased by 13.8% in Q4 2012 versus Q4 2011 mainly driven by increased operational tax expenses due to the introduction of the new telecom tax from July 1, 2012 and lower other operating income quarter over quarter.

Investments in tangible and intangible assets decreased due to lower spending on 3G/LTE in Q4 2012 quarter over quarter.

Mobile services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Mobile penetration ⁽¹⁾	117.3%	116.5%	n.a.	117.3%	116.5%	n.a.
Mobile SIM market share ⁽²⁾	45.0%	45.9%	n.a.	45.0%	45.9%	n.a.
Number of customers (RPC)	4,817,296	4,836,965	0.4%	4,817,296	4,836,965	0.4%
Postpaid share in the RPC base	46.2%	47.3%	n.a.	46.2%	47.3%	n.a.
MOU	164	160	(2.4%)	161	160	(0.6%)
ARPU (HUF) ⁽³⁾	3,577	3,508	(1.9%)	3,587	3,455	(3.7%)
Postpaid ⁽³⁾	5,799	5,717	(1.4%)	5,930	5,698	(3.9%)
Prepaid ⁽³⁾	1,638	1,467	(10.4%)	1,619	1,414	(12.7%)
Churn rate	21.1%	20.9%	n.a.	19.5%	18.4%	n.a.
Postpaid	14.2%	16.6%	n.a.	14.5%	14.5%	n.a.
Prepaid	26.8%	24.7%	n.a.	23.6%	21.9%	n.a.
Ratio of non-voice revenues in ARPU	21.7%	24.1%	n.a.	21.0%	23.5%	n.a.
Average acquisition cost (SAC) per gross add (HUF)	8,455	6,045	(28.5%)	6,449	5,479	(15.0%)
Average retention cost (SRC) per retained customer (HUF)	22,264	13,863	(37.7%)	19,102	13,500	(29.3%)
Number of mobile broadband subscriptions	971,469	1,362,750	40.3%	971,469	1,362,750	40.3%
Mobile broadband market share based on total number of subscriptions ⁽²⁾	48.7%	45.8%	n.a.	48.7%	45.8%	n.a.
Population-based indoor 3G coverage ⁽²⁾	66.0%	75.4%	n.a.	66.0%	75.4%	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.

(3) Restated due to changed calculation methodology.

Mobile revenues increased slightly in Q4 2012 versus Q4 2011 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	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Voice services						
Total voice access	1,604,035	1,544,831	(3.7%)	1,604,035	1,544,831	(3.7%)
Total outgoing traffic (thousand minutes)	823,526	814,817	(1.1%)	3,049,192	3,198,321	4.9%
Blended MOU (outgoing) ⁽¹⁾	182	186	2.4%	166	181	9.0%
Blended ARPU (HUF) ⁽¹⁾	3,097	2,797	(9.7%)	3,138	2,849	(9.2%)

(1) Including PSTN, VoIP and VoCable.

Fixed line voice-retail revenues declined by 12.7% quarter over previous year same quarter 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) 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 596,000 subscribers by the end of December 2012. The vast majority of customers choosing this package signed a 2-year loyalty contract; therefore, this offer proved 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 54,800 customers as at December 31, 2012.

Internet services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Blended retail broadband market share ⁽¹⁾	36.6%	36.9%	n.a.	36.6%	36.9%	n.a.
Number of retail DSL customers.....	499,923	497,217	(0.5%)	499,923	497,217	(0.5%)
Number of cable broadband customers.....	212,631	245,984	15.7%	212,631	245,984	15.7%
Number of fiber optic connections.....	31,611	41,802	32.2%	31,611	41,802	32.2%
Total retail broadband customers.....	744,165	785,003	5.5%	744,165	785,003	5.5%
Blended broadband ARPU (HUF).....	3,931	3,828	(2.6%)	3,950	3,813	(3.5%)
Number of wholesale DSL access.....	107,215	89,861	(16.2%)	107,215	89,861	(16.2%)

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

Internet revenues slightly increased and amounted to HUF 10.6 billion in Q4 2012. The slight increase was mainly owing to the higher number of fiber connections and to the increased Cablenet customer number. The positive impact of the higher retail broadband subscriber base was somewhat mitigated by the lower number of wholesale connections and the effect of lower ARPU, reflecting lower prices driven by strong competition. The migration towards double- and triple-play packages also had a negative effect on blended ARPU.

TV services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Blended TV market share ⁽¹⁾	24.7%	25.4%	n.a.	24.7%	25.4%	n.a.
Number of cable TV customers.....	289,693	230,323	(20.5%)	289,693	230,323	(20.5%)
Number of satellite TV customers.....	281,312	291,118	3.5%	281,312	291,118	3.5%
Number of IPTV customers.....	226,385	313,285	38.4%	226,385	313,285	38.4%
Total TV customers.....	797,390	834,726	4.7%	797,390	834,726	4.7%
Blended TV ARPU (HUF).....	3,013	3,106	3.1%	3,048	3,069	0.7%

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

Driven by a larger customer base, IPTV and satellite TV revenues increased compared to same quarter last year. 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	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Electricity points of delivery.....	17,311	87,945	408.0%	17,311	87,945	408.0%
Gas points of delivery.....	17,951	59,900	233.7%	17,951	59,900	233.7%

Telekom Hungary has rapidly growing revenues from the retail energy service launched in Q2 2010. Revenue from Energy services increased by HUF 8.4 billion in Q4 2012 versus Q4 2011 due to the significant growth in the number of customers.

3.3. T-Systems Hungary

HUF millions	Q4 2011	Q4 2012	Amount change	Change (%)	1-12. months 2011	1-12. months 2012	Amount change	Change (%)
Mobile voice revenues	4,010	3,828	(182)	(4.5%)	16,523	15,490	(1,033)	(6.3%)
Non-voice revenue	2,313	2,267	(46)	(2.0%)	9,112	9,180	68	0.7%
Other mobile revenues.....	2,121	988	(1,133)	(53.4%)	7,487	5,959	(1,528)	(20.4%)
Total mobile revenues	8,444	7,083	(1,361)	(16.1%)	33,122	30,629	(2,493)	(7.5%)
Fixed voice revenues.....	2,372	2,129	(243)	(10.2%)	9,926	8,915	(1,011)	(10.2%)
Internet revenues	868	604	(264)	(30.4%)	3,275	2,482	(793)	(24.2%)
Data revenues.....	3,587	2,625	(962)	(26.8%)	14,391	11,142	(3,249)	(22.6%)
Other fixed line revenues.....	627	295	(332)	(53.0%)	2,442	1,603	(839)	(34.4%)
Total fixed line revenues.....	7,454	5,653	(1,801)	(24.2%)	30,034	24,142	(5,892)	(19.6%)
SI/IT revenues	21,263	23,353	2,090	9.8%	59,081	63,115	4,034	6.8%
Total revenues.....	37,161	36,089	(1,072)	(2.9%)	122,237	117,886	(4,351)	(3.6%)
EBITDA.....	5,897	3,182	(2,715)	(46.0%)	18,444	16,838	(1,606)	(8.7%)
Investments in tangible and intangible assets	2,277	2,248	(29)	(1.3%)	4,289	5,172	883	20.6%

The total revenue of T-Systems Hungary decreased by 2.9% in Q4 2012 compared to Q4 2011, mostly due to lower other mobile and data revenues which were partly compensated by 9.8% higher SI/IT revenues.

EBITDA decreased by 46.0%, mainly due to the decrease in high margin fixed line and mobile revenues, which could not be fully compensated by the increase of lower margin SI/IT revenues. The new telecom tax, effective from July 2012, also contributed to the decrease.

Mobile services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Number of customers (number or SIM cards)	447,930	483,104	7.9%	447,930	483,104	7.9%
Churn rate	6.0%	11.1%	n.a.	6.3%	8.8%	n.a.
MOU	287	282	(1.7%)	288	281	(2.3%)
ARPU (HUF)	4,777	4,226	(11.5%)	4,918	4,441	(9.7%)
Ratio of non-voice revenues in ARPU.....	36.6%	37.4%	n.a.	35.6%	37.4%	n.a.
Average acquisition cost (SAC) per gross add (HUF).....	7,475	3,659	(51.1%)	5,166	4,059	(21.4%)
Number of mobile broadband subscriptions.....	77,045	93,036	20.8%	77,045	93,036	20.8%

Mobile voice revenues decreased by 4.5% in Q4 2012 versus Q4 2011, predominantly due to lower voice-retail revenues as a result of a lower average price per minute and decreased MOU, partly compensated by the higher average customer base.

Fixed line services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Voice services						
Total lines.....	179,743	171,125	(4.8%)	179,743	171,125	(4.8%)
Total outgoing traffic (thousand minutes).....	66,236	57,046	(13.9%)	282,873	245,550	(13.2%)
MOU (outgoing).....	182	171	(6.0%)	188	176	(6.4%)
ARPA (HUF).....	4,502	4,167	(7.4%)	4,578	4,315	(5.8%)
Internet services						
Number of retail broadband access.....	15,561	14,289	(8.2%)	15,561	14,289	(8.2%)
Retail DSL ARPU (HUF).....	7,776	7,614	(2.1%)	8,339	7,446	(10.7%)

Fixed line voice-retail revenues decreased, reflecting the erosion both in the customer base and traffic. Fixed line data revenues were lower, as a result of the termination of the EKG contract at the end of 2011, and lower revenues from other projects. Fixed line Internet revenues also declined, due to the lower number of retail DSL connections and lower retail ARPU.

SI/IT services

The 9.8% increase in SI/IT revenues resulted mainly from higher infrastructure, application and SI/IT equipment sales revenues owing to significantly higher project revenues in Q4 2012. These increases were partly offset by lower outsourcing revenues mainly driven by the termination of the EKG contract.

3.4. Macedonia

HUF millions	Q4 2011	Q4 2012	Amount change	Change (%)	1-12. months 2011	1-12. months 2012	Amount change	Change (%)
Voice revenues.....	7,503	5,947	(1,556)	(20.7%)	29,258	25,853	(3,405)	(11.6%)
Non-voice revenue.....	1,560	1,269	(291)	(18.7%)	5,927	5,410	(517)	(8.7%)
Other mobile revenues.....	909	818	(91)	(10.0%)	2,441	2,395	(46)	(1.9%)
Total mobile revenues.....	9,972	8,034	(1,938)	(19.4%)	37,626	33,658	(3,968)	(10.5%)
Voice revenues.....	5,784	4,582	(1,202)	(20.8%)	22,140	19,590	(2,550)	(11.5%)
Internet revenues.....	1,563	1,388	(175)	(11.2%)	5,691	5,664	(27)	(0.5%)
Data revenues.....	676	520	(156)	(23.1%)	2,645	2,207	(438)	(16.6%)
Other fixed line revenues.....	892	1,129	237	26.6%	2,884	3,507	623	21.6%
Total fixed line revenues.....	8,915	7,619	(1,296)	(14.5%)	33,360	30,968	(2,392)	(7.2%)
SI/IT revenues.....	102	177	75	73.5%	373	433	60	16.1%
Total revenues.....	18,989	15,830	(3,159)	(16.6%)	71,359	65,059	(6,300)	(8.8%)
EBITDA.....	9,261	6,649	(2,612)	(28.2%)	37,914	34,628	(3,286)	(8.7%)
Investments in tangible and intangible assets	5,646	6,084	438	7.8%	9,961	24,575	14,614	146.7%

The 6.9% weaker MKD against the HUF on average in Q4 2012 compared to the same quarter last year had a negative impact on the results of the Macedonian operations in HUF terms. Revenues of our Macedonian segment decreased by 16.6% in HUF terms, mainly driven by the significant decrease in mobile and fixed voice revenues.

EBITDA of our Macedonian operations decreased by 28.2% in Q4 2012 versus Q4 2011 in HUF terms, deriving mainly from lower revenues, as operating expenses remained broadly stable quarter over quarter.

Mobile services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Mobile penetration.....	122.8%	127.0%	n.a.	122.8%	127.0%	n.a.
Market share of T-Mobile Macedonia.....	50.0%	45.1%	n.a.	50.0%	45.1%	n.a.
Number of customers (RPC) ⁽¹⁾	1,263,051	1,181,437	(6.5%)	1,263,051	1,181,437	(6.5%)
Postpaid share in the RPC base ⁽¹⁾	31.8%	32.4%	n.a.	31.8%	32.4%	n.a.
MOU ⁽¹⁾	148	180	21.4%	135	163	20.7%
ARPU (HUF) ⁽¹⁾	2,269	1,964	(13.4%)	2,206	2,062	(6.5%)

(1) Restated. Data are presented after intersegment elimination.

The decrease in mobile revenues was mainly due to lower voice-retail revenues. Higher outgoing minutes could not offset the lower subscription fees as a result of promotion for new subscribers, and the declining postpaid customer base. Non-voice revenues decreased by 18.7% as a result of lower content revenues and lower messaging revenues due to the lower number of SMSs sent in Q4 2012, partly compensated by higher mobile Internet revenues.

Fixed line services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Voice services						
Fixed line penetration.....	15.9%	14.9%	n.a.	15.9%	14.9%	n.a.
Total voice access.....	311,240	291,328	(6.4%)	311,240	291,328	(6.4%)
Total outgoing traffic (thousand minutes) ⁽¹⁾	194,595	151,071	(22.4%)	811,824	667,333	(17.8%)
Internet and TV services						
Retail DSL market share (estimated).....	83.3%	82.6%	n.a.	83.3%	82.6%	n.a.
Number of retail DSL customers.....	137,563	145,263	5.6%	137,563	145,263	5.6%
Number of wholesale DSL access.....	23,847	26,903	12.8%	23,847	26,903	12.8%
Number of total DSL access.....	161,410	172,166	6.7%	161,410	172,166	6.7%
Number of IPTV customers.....	40,129	66,140	64.8%	40,129	66,140	64.8%

(1) Restated. Refinement of calculation methodology.

The decrease in total fixed line revenues was primarily the result of lower voice-retail revenues reflecting the loss of fixed lines and lower traffic impacted by mobile substitution and competition. Internet revenues decreased, as the higher DSL subscriber figure could not offset lower prices. The decline in data revenues is a result of the decreased domestic leased lines due to fewer contracts in Q4 2012. Increasing TV revenues owing to the growing IPTV subscriber base slightly mitigated the decrease in fixed line revenues.

3.5. Montenegro

HUF millions	Q4 2011	Q4 2012	Amount change	Change (%)	1-12. months 2011	1-12. months 2012	Amount change	Change (%)
Voice revenues.....	2,734	2,316	(418)	(15.3%)	11,714	10,831	(883)	(7.5%)
Non-voice revenue.....	864	866	2	0.2%	2,825	3,325	500	17.7%
Other mobile revenues.....	117	202	85	72.6%	582	580	(2)	(0.3%)
Total mobile revenues.....	3,715	3,384	(331)	(8.9%)	15,121	14,736	(385)	(2.5%)
Voice revenues.....	2,665	2,392	(273)	(10.2%)	10,459	10,309	(150)	(1.4%)
Internet revenues.....	863	780	(83)	(9.6%)	3,132	3,437	305	9.7%
Data revenues.....	519	407	(112)	(21.6%)	1,901	1,748	(153)	(8.0%)
Other fixed line revenues.....	629	714	85	13.5%	1,920	2,427	507	26.4%
Total fixed line revenues.....	4,676	4,293	(383)	(8.2%)	17,412	17,921	509	2.9%
SI/IT revenues.....	56	104	48	85.7%	164	318	154	93.9%
Total revenues.....	8,447	7,781	(666)	(7.9%)	32,697	32,975	278	0.9%
EBITDA.....	2,675	2,372	(303)	(11.3%)	11,453	12,325	872	7.6%
Investments in tangible and intangible assets	2,254	1,373	(881)	(39.1%)	4,135	4,202	67	1.6%

The 6.9% weaker EUR against the HUF on average in Q4 2012 versus Q4 2011 had a negative impact on the results of our Montenegrin operations. In HUF terms, total revenue decreased by 7.9 % quarter over quarter, mainly due to lower mobile- and fix voice, and data revenues.

The EBITDA of our Montenegrin operation in Q4 2012 amounted to HUF 2.4 billion compared to HUF 2.7 billion in Q4 2011, and decreased by 11.3%, as lower operating expenses could not offset the revenue decline.

Mobile operations	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Mobile penetration ⁽¹⁾	186.9%	159.8%	n.a.	186.9%	159.8%	n.a.
Market share of T-Mobile Crna Gora ⁽¹⁾	34.7%	34.3%	n.a.	34.7%	34.3%	n.a.
Number of customers (RPC) ⁽¹⁾	401,958	340,032	(15.4%)	401,958	340,032	(15.4%)
Postpaid share in the RPC base.....	32.3%	40.2%	n.a.	32.3%	40.2%	n.a.
MOU ⁽²⁾⁽³⁾	136	163	19.9%	135	161	19.3%
ARPU (HUF) ⁽³⁾	3,024	3,152	4.2%	2,998	3,358	12.0%

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

(2) Restated

(3) Restated 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 Q4 2012, owing to lower voice revenues. Lower voice-retail revenues were a result of the significantly lower tariff levels that could not be compensated by the slight increase in total billed minutes. Lower voice-wholesale revenues are the result of the negative currency translation effect, in EUR terms voice-wholesale revenues remained stable quarter over quarter.

Non-voice revenues remained at the same level mainly due to the unfavourable currency translation effect. In EUR terms, non-voice revenues increased, mainly due to higher Internet revenues caused by higher usage in the postpaid segment, and increased Internet subscription revenues due to the increased number of subscribers.

Fixed line services	Q4 2011	Q4 2012	% change	1-12. months 2011	1-12. months 2012	% change
Voice services						
Fixed line penetration.....	26.4%	26.0%	n.a.	26.4%	26.0%	n.a.
Total voice access.....	168,361	165,620	(1.6%)	168,361	165,620	(1.6%)
Total outgoing traffic (thousand minutes).....	80,834	72,763	(10.0%)	325,504	300,312	(7.7%)
Internet and TV services						
Retail DSL market share (estimated).....	84.9%	82.9%	n.a.	84.9%	82.9%	n.a.
Number of DSL access.....	78,164	81,842	4.7%	78,164	81,842	4.7%
Number of IPTV customers.....	48,834	54,248	11.1%	48,834	54,248	11.1%

Total fixed line revenues in HUF terms decreased by 8.2%, 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. 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 Depository 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, 2011, 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 is not the group's statutory accounts and has not been audited. The statutory accounts for December 31, 2011 have been filed with the Budapest Stock Exchange and Hungarian Financial Supervisory Authority. The statutory accounts for December 31, 2011 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, 2011.

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 recession risk in 2013. Major uncertainties surrounding the future of the euro, the debt crisis escalated 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, the Hungarian National Bank forecasts indicate GDP growth about 0.5 percent in 2013. The unemployment rate remains above ten percent, and the volatility of the Hungarian currency is expected to continue. The government experienced difficulties in financing the Hungarian budget deficit via the financial markets at the end of 2011. However, the latest government measures and communication indicate that no treaty is expected with international financial institutions, such as the International Monetary Fund ("IMF") and the European Central Bank ("ECB") to receive precautionary loan facilities.

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, is terminated from 2013, the Parliament has adopted an act imposing a new 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 new 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 new 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 will be 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 processes - 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 is now saturated, 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 mid 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 are shifting our business focus and concentrating 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. There will be a 4% general increase in the base salary of parent company employees from April 2013, employer contribution to postponed pension fund will be reduced by 25%, as well. 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 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 18 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 unsubstantial 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 with transaction fee for invoices to be settled by yellow postal payment orders or in person at the cash-desk is unlawful. According to the Company's firm position 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 Q4 2012.

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.

Magyar Telekom incurred HUF 17,485 million operating expenses relating to the investigations in 2011 (HUF 1,294 million legal costs and HUF 16,191 million provision for the settlements) included in the Hungary segment, and additional losses and expenses of HUF 5,666 million included in the net financial results (HUF 1,119 million interest expense and HUF 4,547 million foreign exchange loss).

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

10.1. Utility tax from 2013

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 act provides that a tax of HUF 125 per meter will be levied on the owners of ducts providing for electricity, telecommunication, natural gas, heating, water and wastewater services. For telecommunication networks, the level of tax levied will depend on the length of ducts: 20% of the HUF 125 per meter is levied on the first 170,000 meter length of ducts, 40% is levied between 170,000 and 250,000 meters, 80% is levied between 250,000 and 300,000 meters, while the total HUF 125 per meter has to be paid for all ducts above 300,000 meters.

The tax expense and liability will be 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.

10.2. Curia decision

In relation to the auction for the right of use of a total amount of 10.8 MHz of unused spectrum related to the provision of mobile telecommunications services in the 900 MHz frequency band, on March 12, 2012 Magyar Telekom filed a petition with the Metropolitan Court, requesting that the Court annul the designation of a consortium of Magyar Posta Zrt., MFB Invest Zrt. and Magyar Villamos Művek Zrt. as an auction winner and certain relating requirements of the final decision closing the auction, rendered by the Vice-President of the National Media and Infocommunications Authority. The Metropolitan Court, by its judgment announced on September 17, 2012 annulled the entire decision closing the auction. The Curia, by its judgment rendered in a judicial review process, announced on February 26, 2013, upheld the judgment of the Metropolitan Court. Accordingly, the NMAH's administrative decision closing the 900 MHz frequency auction is annulled in a final, binding and non-appealable manner. The accounting impacts of the final decision have been reflected in this interim financial report.

11. Declaration

We the undersigned declare that to the best of our knowledge the attached report gives a true and fair view of the financial position and performance of Magyar Telekom and its controlled undertakings, contains an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of Magyar Telekom and its controlled undertakings.

Christopher Mattheisen
Chief Executive Officer, Chairman of the Board

Thilo Kusch
Chief Financial Officer, Board member

Budapest, February 28, 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, 2011, 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)	Q4 2011 (Unaudited)	Q4 2012 (Unaudited)	% change
Revenues			
Voice - retail	44,002	42,486	(3.4%)
Voice - wholesale	7,946	7,110	(10.5%)
Voice - visitor	670	520	(22.4%)
Non-voice	16,185	16,484	1.8%
Equipment and activation	9,343	10,750	15.1%
Other mobile revenues	2,203	1,312	(40.4%)
Mobile revenues	80,349	78,662	(2.1%)
Voice - retail	22,955	19,377	(15.6%)
Voice - wholesale	5,494	4,740	(13.7%)
Internet	13,779	13,386	(2.9%)
Data	6,862	5,328	(22.4%)
TV	8,205	8,856	7.9%
Equipment	1,236	1,757	42.2%
Other fixed line revenues	2,396	2,592	8.2%
Fixed line revenues	60,927	56,036	(8.0%)
System Integration/Information Technology revenues	15,273	18,927	23.9%
Revenue from Energy Services	2,875	11,248	291.2%
Total revenues	159,424	164,873	3.4%
Expenses			
Mobile revenue-related expenses	(23,844)	(24,208)	(1.5%)
Fixed line revenue-related expenses	(12,298)	(10,689)	13.1%
SI/IT revenue-related expenses	(7,460)	(12,407)	(66.3%)
Energy revenue-related expenses	(2,758)	(11,170)	(305.0%)
Agent commissions	(3,535)	(3,372)	4.6%
Bad debt expense	(912)	(1,276)	(39.9%)
Direct costs	(50,807)	(63,122)	(24.2%)
Employee-related expenses	(27,476)	(28,077)	(2.2%)
Depreciation and amortization	(60,854)	(28,983)	52.4%
Other operating expenses	(36,781)	(38,419)	(4.5%)
Total operating expenses	(175,918)	(158,601)	9.8%
Other operating income	2,323	1,768	(23.9%)
Operating profit	(14,171)	8,040	n.m.
Net financial result	(11,784)	(8,442)	28.4%
Share of associates' and joint ventures' profits	8	0	(100.0%)
Profit before income tax	(25,947)	(402)	98.5%
Income tax	(12,728)	(771)	93.9%
Profit for the period	(38,675)	(1,173)	97.0%
Change in exchange differences on translating foreign operations	13,471	5,644	(58.1%)
Revaluation of available-for-sale financial assets	(5)	(3)	(40.0%)
Other comprehensive income for the period	13,466	5,641	(58.1%)
Total comprehensive income for the period	(25,209)	4,468	n.m.
Profit attributable to:			
Owners of the parent	(40,323)	(1,613)	96.0%
Non-controlling interests	1,648	440	(73.3%)
	(38,675)	(1,173)	97.0%
Total comprehensive income attributable to:			
Owners of the parent	(30,796)	2,406	n.m.
Non-controlling interests	5,587	2,062	(63.1%)
	(25,209)	4,468	n.m.
Basic and diluted earnings per share (HUF)	(38.68)	(1.55)	96.0%

MAGYAR TELEKOM
Consolidated Statements of Comprehensive Income - IFRS
(HUF million, except per share amounts)

	1-12. months, 2011 (Audited)	1-12. months, 2012 (Unaudited)	% change
Revenues			
Voice - retail	177,226	171,562	(3.2%)
Voice - wholesale	31,728	28,339	(10.7%)
Voice - visitor	3,590	3,347	(6.8%)
Non-voice	62,146	64,248	3.4%
Equipment and activation	25,999	29,843	14.8%
Other mobile revenues	7,829	7,626	(2.6%)
Mobile revenues	308,518	304,965	(1.2%)
Voice - retail	91,798	80,848	(11.9%)
Voice - wholesale	21,790	19,500	(10.5%)
Internet	52,560	52,765	0.4%
Data	27,050	22,512	(16.8%)
TV	31,787	34,428	8.3%
Equipment	3,852	4,064	5.5%
Other fixed line revenues	7,201	8,304	15.3%
Fixed line revenues	236,038	222,421	(5.8%)
System Integration/Information Technology revenues	48,547	54,256	11.8%
Revenue from Energy Services	4,514	25,486	464.6%
Total revenues	597,617	607,128	1.6%
Expenses			
Mobile revenue-related expenses	(76,416)	(79,835)	(4.5%)
Fixed line revenue-related expenses	(44,504)	(39,045)	12.3%
SI/IT revenue-related expenses	(24,890)	(32,092)	(28.9%)
Energy revenue-related expenses	(4,263)	(25,428)	(496.5%)
Agent commissions	(10,974)	(10,826)	1.3%
Bad debt expense	(6,255)	(6,752)	(7.9%)
Direct costs	(167,302)	(193,978)	(15.9%)
Employee-related expenses	(91,823)	(94,084)	(2.5%)
Depreciation and amortization	(132,915)	(106,897)	19.6%
Other operating expenses	(148,802)	(134,418)	9.7%
Total operating expenses	(540,842)	(529,377)	2.1%
Other operating income	6,392	10,170	59.1%
Operating profit	63,167	87,921	39.2%
Net financial result	(32,462)	(28,598)	11.9%
Share of associates' and joint ventures' profits	12	0	(100.0%)
Profit before income tax	30,717	59,323	93.1%
Income tax	(27,538)	(13,468)	51.1%
Profit for the period	3,179	45,855	n.m.
Change in exchange differences on translating foreign operations	22,816	(13,755)	n.m.
Revaluation of available-for-sale financial assets	(21)	(33)	(57.1%)
Other comprehensive income for the period	22,795	(13,788)	n.m.
Total comprehensive income for the period	25,974	32,067	23.5%
Profit attributable to:			
Owners of the parent	(7,457)	36,859	n.m.
Non-controlling interests	10,636	8,996	(15.4%)
	3,179	45,855	n.m.
Total comprehensive income attributable to:			
Owners of the parent	8,620	27,153	215.0%
Non-controlling interests	17,354	4,914	(71.7%)
	25,974	32,067	23.5%
Basic and diluted earnings per share (HUF)	(7.15)	35.36	n.m.

MAGYAR TELEKOM
Consolidated Statements of Financial Position - IFRS
(HUF million)

Dec 31, 2011
(Audited)

Dec 31, 2012
(Unaudited)

%
change

ASSETS
Current assets

Cash and cash equivalents	14,451	15,211	5.3%
Trade and other receivables	124,663	130,709	4.8%
Other current financial assets	65,286	53,966	(17.3%)
Current income tax receivable	927	821	(11.4%)
Inventories	9,904	12,400	25.2%
Non current assets held for sale	5,165	2,816	(45.5%)
Total current assets	220,396	215,913	(2.0%)

Non current assets

Property, plant and equipment	536,224	510,962	(4.7%)
Intangible assets	308,313	311,066	0.9%
Deferred tax assets	750	532	(29.1%)
Non current financial assets	31,590	18,862	(40.3%)
Other non current assets	755	499	(33.9%)
Total non current assets	877,632	841,921	(4.1%)

Total assets	1,098,028	1,057,844	(3.7%)
---------------------	------------------	------------------	---------------

LIABILITIES
Current liabilities

Financial liabilities to related parties	49,865	35,344	(29.1%)
Other financial liabilities	70,155	40,341	(42.5%)
Trade payables	101,119	115,723	14.4%
Current income tax payable	1,335	762	(42.9%)
Provisions	3,703	5,668	53.1%
Other current liabilities	29,213	37,069	26.9%
Total current liabilities	255,390	234,907	(8.0%)

Non current liabilities

Financial liabilities to related parties	230,166	261,126	13.5%
Other financial liabilities	17,928	5,498	(69.3%)
Deferred tax liabilities	26,270	22,428	(14.6%)
Provisions	11,236	10,858	(3.4%)
Other non current liabilities	947	944	(0.3%)
Total non current liabilities	286,547	300,854	5.0%

Total liabilities	541,937	535,761	(1.1%)
--------------------------	----------------	----------------	---------------

EQUITY

Equity of the owners of the parent			
Common stock	104,275	104,275	0.0%
Capital reserves	27,379	27,383	0.0%
Treasury stock	(307)	(307)	0.0%
Retained earnings	325,709	310,452	(4.7%)
Accumulated other comprehensive income	30,959	21,253	(31.4%)
Total Equity of the owners of the parent	488,015	463,056	(5.1%)
Non-controlling interests	68,076	59,027	(13.3%)
Total equity	556,091	522,083	(6.1%)

Total liabilities and equity	1,098,028	1,057,844	(3.7%)
-------------------------------------	------------------	------------------	---------------

MAGYAR TELEKOM
Consolidated Statements of Cash Flows - IFRS
(HUF million)

	1-12. months, 2011 (Audited)	1-12. months, 2012 (Unaudited)	%
			change
Cash flows from operating activities			
Profit for the period	3,179	45,855	n.m.
Depreciation and amortization	132,915	106,897	(19.6%)
Income tax expense	27,538	13,468	(51.1%)
Net financial result	32,462	28,598	(11.9%)
Share of associates' and joint ventures' profits	(12)	0	100.0%
Change in assets carried as working capital	(9,068)	(12,828)	(41.5%)
Change in provisions	(5,702)	947	n.m.
Change in liabilities carried as working capital	23,277	4,507	(80.6%)
Income tax paid	(10,999)	(13,128)	(19.4%)
Dividend received	24	15	(37.5%)
Interest and other financial charges paid	(24,153)	(26,816)	(11.0%)
Interest received	3,650	3,123	(14.4%)
Other cashflows from operations	(4,330)	(5,411)	(25.0%)
Net cash generated from operating activities	168,781	145,227	(14.0%)
Cash flows from investing activities			
Investments in tangible and intangible assets	(83,796)	(103,298)	(23.3%)
Adjustments to cash purchases	3,722	6,684	79.6%
Purchase of subsidiaries and business units	(2,675)	(2,388)	10.7%
Cash acquired through business combinations	468	48	(89.7%)
Payments for / Proceeds from other financial assets - net	(997)	10,645	n.m.
Proceeds from disposal of subsidiaries and associates - net	0	14,388	n.a.
Proceeds from disposal of property, plant and equipment (PPE) and intangible assets	5,526	1,046	(81.1%)
Net cash used in investing activities	(77,752)	(72,875)	6.3%
Cash flows from financing activities			
Dividends paid to shareholders and Non-controlling interest	(64,626)	(66,104)	(2.3%)
Repayment of loans and other borrowings - net	(28,602)	(4,958)	82.7%
Net cash used in financing activities	(93,228)	(71,062)	23.8%
Exchange losses on cash and cash equivalents	809	(530)	n.m.
Change in cash and cash equivalents	(1,390)	760	n.m.
Cash and cash equivalents, beginning of period	15,841	14,451	(8.8%)
Cash and cash equivalents, end of period	14,451	15,211	5.3%
Change in cash and cash equivalents	(1,390)	760	n.m.

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

	pieces		in HUF millions								
	Shares of common stock	Common stock	Capital reserves		Treasury stock	Retained earnings	Accumulated Other Comprehensive Income		Equity of the owners of the parent	Non- controlling interests	Total Equity
			Additional paid in capital	Reserve for equity settled share-based transactions			Cumulative translation adjustment	Revaluation reserve for AFS financial assets - net of tax			
Balance at December 31, 2010	1,042,742,543	104,275	27,379	0	(307)	385,283	14,933	(51)	531,512	63,200	594,712
Dividend						(52,117)			(52,117)		(52,117)
Dividend declared to Non-controlling interests									0	(12,478)	(12,478)
Total comprehensive income						(7,457)	16,089	(12)	8,620	17,354	25,974
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
Dividend						(52,116)			(52,116)		(52,116)
Dividend declared to Non-controlling interests									0	(13,951)	(13,951)
Disposal of subsidiary									0	(12)	(12)
Equity settled share-based transactions				4					4		4
Total comprehensive income						36,859	(9,687)	(19)	27,153	4,914	32,067
Balance at December 31, 2012	1,042,742,543	104,275	27,379	4	(307)	310,452	21,355	(82)	463,056	59,027	522,083