



EGYÜTT. VELED

SUBMISSION
TO THE GENERAL MEETING OF MAGYAR TELEKOM PLC.

REPORT OF THE AUDIT COMMITTEE

BUDAPEST, APRIL 11, 2014

REPORT OF THE AUDIT COMMITTEE OF MAGYAR TELEKOM PLC. FOR THE GENERAL MEETING OF THE COMPANY ON ITS 2013 ACTIVITIES IN RELATION TO THE APPROVAL OF THE 2013 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY PRESCRIBED BY THE ACCOUNTING ACT ACCORDING TO THE REQUIREMENTS OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS), OF THE 2013 STAND ALONE FINANCIAL STATEMENTS OF THE COMPANY PREPARED IN ACCORDANCE WITH REQUIREMENTS OF THE ACCOUNTING ACT (HAR), AND THE USE OF THE PROFIT AFTER TAX EARNED IN 2013

In 2013, the Audit Committee of Magyar Telekom Plc. (the "Company") has performed its work in accordance with the Articles of Association of the Company and the Rules of Procedure of the Audit Committee, based on its accepted Working Schedule, and in case of the occurrence of an extraordinary case, with a focus on its review without delay and on the interest of making the appropriate decision. In 2013, the Audit Committee held 6 meetings and one extraordinary meeting, and furthermore, it made written resolutions without holding a meeting on 9 occasions.

The Audit Committee kept in continuous contact with the Chief Financial Officer, the Chief Legal and Corporate Affairs Officer (chief legal counsel) of the Company, the Head of Internal Audit, the Group Compliance Officer, and the independent external auditor (the "Auditor").

The Audit Committee, in accordance with its purpose, oversaw the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements falling within the scope of authorities and responsibilities of the Audit Committee, the qualifications and independence of the Company's Auditor and the performance of the Company's internal audit function and Auditor.

In the course of overseeing the work and performance of the Auditor, the Audit Committee reviewed and evaluated the Management Letter, and regularly monitored the services provided by the Auditor and their fees. The Auditor, with the general or specific pre-approval of the Audit Committee, provided audit of the financial statements, other audit related services and other services, including training services for the Company in 2013.

In the course of overseeing the performance of the Internal Audit, the Audit Committee regularly reviewed and evaluated the reports on the activities of the Internal Audit, reviewed and approved the Audit Workplan of the Internal Audit.

The Audit Committee quarterly reviewed and evaluated the Group Compliance Officer's reports on

- the progress of the implementation of the compliance program;
- the reported comments and complaints, the status of the investigations initiated with respect to them, and the proposed remedial actions.

In the course of overseeing the Company's internal controls over financial reporting, the Audit Committee has continuously monitored the Company's Internal Control System ("ICS") compliance.

The Audit Committee reviewed and evaluated the financial reports pertaining to those of regular information provision as prescribed by the Act CXX of 2001 on the Capital Market, and the quarterly reports of the Company's Disclosure Committee.

The Audit Committee reviewed and evaluated the risk management system of the Magyar Telekom Group, and the quarterly risk management reports.

There was no shareholder notification to the Audit Committee in 2013.



The Audit Committee reviewed the 2013 consolidated financial statements prescribed by the Accounting Act according to the requirements of the International Financial Reporting Standards (IFRS) as endorsed by the EU to be submitted to the General Meeting by the Board of Directors, the proposal of the Board of Directors for their acceptance, and listened to the relevant report of the Auditor.

The Audit Committee, based on its activities performed during the year and the report of the Auditor, agrees with the content of the financial statements and the proposal, and submits it to the Supervisory Board. The Audit Committee proposes to the General Meeting for approval the 2013 Consolidated Financial Statements of Magyar Telekom Group prepared according to the International Financial Reporting Standards (IFRS) as endorsed by the EU, including Balance Sheet Total Assets of HUF 1,091,248 million and Profit for the year of HUF 28,855 million.

The Audit Committee reviewed the 2013 stand alone financial statements prepared in accordance with requirements of the Accounting Act (HAR) to be submitted to the General Meeting by the Board of Directors, the proposal of the Board of Directors for their acceptance, and listened to the relevant report of the Auditor.

The Audit Committee, based on its activities performed during the year and the report of the Auditor, agrees with the content of the financial statements and the proposal, and submits it to the Supervisory Board. The Audit Committee proposes to the General Meeting for approval the 2013 Financial Statements of the Company prepared according to the Hungarian Accounting Regulations (HAR), including Balance Sheet Total Assets of HUF 933,229 million and After-tax Net Income of HUF 32,133 million.

The Audit Committee reviewed the proposal of the Board of Directors, according to which the Company shall not pay dividend for the business year of 2013, and shall allocate the full amount of after-tax profits of HUF 32,132,931,180 based on HAR figures as retained earnings. According to the review of the Audit Committee, the proposal is in line with the Company's dividend policy, and reflects the Group's financial position. The Audit Committee proposes the proposal to the Supervisory Board for prior approval and to the General Meeting for approval.

Budapest, March 4, 2014

In representation of the Audit Committee of Magyar Telekom Plc.:

Dr. János Illéssy
Chairman of the Audit Committee