



EGYÜTT. VELED

SUBMISSION
TO THE GENERAL MEETING OF MAGYAR TELEKOM PLC.

REPORT OF THE AUDIT COMMITTEE

BUDAPEST, APRIL 15, 2015

REPORT OF THE AUDIT COMMITTEE OF MAGYAR TELEKOM PLC. FOR THE SUPERVISORY BOARD AND THE GENERAL MEETING OF THE COMPANY IN RELATION TO THE APPROVAL OF THE 2014 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND THE 2014 STAND ALONE ANNUAL REPORT OF THE COMPANY PREPARED IN ACCORDANCE WITH THE HUNGARIAN ACCOUNTING ACT (HAR), AND THE USE OF THE PROFIT AFTER TAX EARNED IN 2014

In 2014, 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 2014, the Audit Committee held 6 meetings, and furthermore, it made written resolutions without holding a meeting on 12 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 Statutory Auditor (the "Auditor").

In 2014 the Audit Committee made proposal to the General Meeting on the election of the Auditor.

The Audit Committee, in accordance with its purpose, supported the Supervisory Board in supervising the financial reporting system and in cooperating with the Auditor.

The Audit Committee supported the Supervisory Board – inter alia - in the following tasks:

The Audit Committee 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 2014.

The Audit Committee quarterly reviewed and evaluated the reports on the activities of the Internal Audit, furthermore 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.

The Audit Committee reviewed and evaluated 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.



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 2014.

The Audit Committee reviewed and evaluated the 2014 Consolidated Financial Statements prepared according to International Financial Reporting Standards (IFRS) to be submitted to the Supervisory Board and the General Meeting by the Board of Directors, the proposal of the Board of Directors for their approval, 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 Consolidated Financial Statements and the proposal, and submits it to the Supervisory Board. The Audit Committee proposes to the Supervisory Board for agreement of the content of the 2014 Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS), and to the General Meeting for approval the Consolidated Financial Statements including Balance Sheet Total Assets of HUF 1,190,776 million and Profit for the year of HUF 32,024million.

The Audit Committee reviewed and evaluated the 2014 standalone Annual Report prepared in accordance with the Hungarian Accounting Act (HAR) to be submitted to the Supervisory Board and the General Meeting by the Board of Directors, the proposal of the Board of Directors for their approval, 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 standalone Annual Report and the proposal, and submits it to the Supervisory Board. The Audit Committee proposes to the Supervisory Board for agreement of the content of the 2014 standalone Annual Report of the Company prepared in accordance with the Hungarian Accounting Act (HAR), and to the General Meeting for approval the standalone Annual Report including Balance Sheet Total Assets of HUF 1,016,916 million and After-tax Net Income of HUF 36,735 million.

The Audit Committee reviewed and evaluated the proposal of the Board of Directors, according to which the Company shall not pay dividend for the business year of 2014, and shall allocate the full amount of after-tax profits of HUF 36,735,391,749 based on HAR figures as retained earnings. According to the Audit Committee, the proposal is in line with the Company's dividend policy, and reflects the Company'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, 2015

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

Dr. János Illéssy
Chairman of the Audit Committee