Magyar Telekom

Interim financial report

Analysis of the Financial Statements for the third quarter ended September 30, 2012

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Significant achievements in challenging environment, on track to meet full year revenue and EBITDA guidance

Budapest – November 8, 2012 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, today reported its consolidated financial results for the third 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)	Q3 **2011** (Unaudited)	Q3 **2012** (Unaudited)	% change	1-9. months **2011** (Unaudited)	1-9. months **2012** (Unaudited)	% change
Total revenues	**152,120**	**150,145**	**(1.3%)**	**438,193**	**442,255**	**0.9%**
Operating profit	**27,553**	**30,120**	**9.3%**	**77,338**	**79,881**	**3.3%**
Profit attributable to owners of the parent	**13,337**	**14,775**	**10.8%**	**32,866**	**38,472**	**17.1%**
EBITDA	51,596	56,594	9.7%	149,399	157,795	5.6%
EBITDA margin	33.9%	37.7%	n.a.	34.1%	35.7%	n.a.
Special Influences (SI)	12,370	10,844	(12.3%)	37,854	24,007	(36.6%)
Underlying EBITDA	63,966	67,438	5.4%	187,253	181,802	(2.9%)
Underlying EBITDA margin	42.0%	44.9%	n.a.	42.7%	41.1%	n.a.
Basic and diluted earnings per share (HUF)	**12.80**	**14.17**	**10.7%**	**31.53**	**36.91**	**17.1%**
CAPEX to Sales				**10.0%**	**16.0%**	**n.a.**
ROA				**4.0%**	**4.8%**	**n.a.**
ROE				**8.3%**	**10.8%**	**n.a.**
Net debt				**272,389**	**296,819**	**9.0%**
Net debt / total capital				**31.9%**	**36.4%**	**n.a.**

- **Revenues decreased by 1.3% in the third quarter of 2012 compared to the same period of 2011, from HUF 152.1 bn to HUF 150.1 bn.** The decline in fixed and mobile voice revenues coupled with lower SI/IT revenues could not be offset by the significant increase in revenues from energy services and growing TV, mobile internet and mobile equipment sales revenues generated by higher smartphone sales.

- **EBITDA increased by 9.7%, from HUF 51.6 bn to HUF 56.6 bn,** owing mainly to the HUF 5.7 bn increase in other operating income. This was mainly driven by a real estate transaction in Macedonia, where four old buildings were replaced with a new one in the third quarter of 2012, resulting in a gain of HUF 3.7 bn. The sale of Pro-M during the quarter also contributed to the increase. These, coupled with strict cost control measures, offset the negative impact of the new telecom tax which was introduced in July 2012. **EBITDA margin was 37.7%** in the third quarter of 2012. **Underlying third quarter EBITDA,** excluding investigation-related costs and provisions, severance expenses and the special and new telecom taxes, **increased by 5.4%, from HUF 64.0 bn to HUF 67.4 bn,** year-on-year. **Underlying EBITDA margin** was **44.9%** in Q3 2012 compared to 42.0% in the same period last year.

Details of special influences and EBITDA performance (HUF bn)*	**Q3 2011**	**Q3 2012**	**1-9. months 2011**	**1-9. months 2012**
Special tax	6.3	6.2	19.0	18.4
New telecom tax	0.0	4.4	0.0	4.4
Severance expenses	0.4	0.3	2.1	1.3
Investigation-related expenses	5.7	0.0	16.7	0.0
Total Special Influences	**12.4**	**10.8**	**37.9**	**24.0**
Reported EBITDA	51.6	56.6	149.4	157.8
Underlying EBITDA	**64.0**	**67.4**	**187.3**	**181.8**

**Differences might occur due to rounding*

- **Employee-related expenses increased by HUF 0.9 bn in the third quarter** compared to the same period last year, as the previously temporary labour force related to call center customer care and customer experience services became permanent employees of Magyar Telekom as of April 2012. This led to an increase of around 1,700 in the Group headcount.

- On May 18, 2012 the Parliament of Hungary adopted an act imposing a **telecommunication 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 which resulted in a tax liability of HUF 4.4 bn in Q3 2012 for Magyar Telekom Group, accounted as other operating expenses. The tax payment in Q3 2012 amounted to HUF 1.5 bn, as these payments are due two months after the period they relate to.

- **Net financial expenses increased from HUF 4.2 bn to HUF 5.2 bn,** as interest expenses on the loan portfolio increased, reflecting higher average debt levels and rise in interest rates. In addition, the positive impact of the forint strengthening during Q3 2012 was offset by the unfavorable movements of the HUF and EUR yields, resulting in higher fair valuation losses on our derivatives.

- **Income tax expense declined by 12.7% from HUF 6.7 bn in Q3 2011 to HUF 5.9 bn in Q3 2012,** despite a higher level of profit before tax. In Q3 2011, the effective tax rate was 28.7% as the provision recognized in Q3 2011 in connection with the U.S. Securities and Exchange Commission (the "SEC") and the U.S. Department of Justice (the "DOJ") fine was not considered tax deductible. In Q3 2012, the main driver behind the 23.6% effective tax rate was the high effective tax rate on the Pro-M transaction, which was a result of differences between HAR and IFRS accounting treatment of the transaction. In addition, the local business tax paid by the Group are calculated based on statutory gross margin, thus the increase in the indirect cost elements due to the new telecom tax resulted in a higher effective tax rate compared to the previous quarters in 2012.

- Profit attributable to owners of the parent company (**net income**) **increased from HUF 13.3 bn to HUF 14.8 bn,** resulting from the higher EBITDA.

- **Net cash generated from operating activities decreased by HUF 28.8 bn, from HUF 134.2 bn to HUF 105.4 bn** in the **first nine months of 2012** compared to the same period last year. The decline is mainly driven by changes in working capital as the Company paid **HUF 22.1 bn** in the first nine months of 2012 in connection with the settlement of the SEC and DOJ investigations. The decline was partly offset by working capital improvement relating to the Pro-M transaction. 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.

- **Investment in tangible and intangible assets (CAPEX) increased by HUF 27.0 bn, from HUF 43.9 bn to HUF 70.9 bn** in the **first nine months of 2012** compared to the same period last year, due principally to the 900 MHz spectrum license fee (amounting to HUF 10.9 bn), higher spending for the 3G/LTE rollout in Hungary and higher investments in Macedonia mainly related to the real estate exchange transaction. The book CAPEX accounted for the new building is HUF 10.7 bn; however, the trade-in value of the old buildings is HUF 6.9 bn and the difference is to be paid in six annual instalments. In the first nine months of 2012, Telekom Hungary accounted for HUF 46.1 bn of total CAPEX and T-Systems Hungary HUF 2.9 bn. In Macedonia and Montenegro, CAPEX was HUF 18.5 bn and HUF 2.8 bn, respectively, in the first nine months of 2012.

- **Free cash flow** (operating cash flow and investing cash flow adjusted for proceeds from / payments for other financial assets) **declined by HUF 41.0 bn in the first nine months** year-on-year, **from HUF 85.7 bn to HUF 44.8 bn**. 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 increased from HUF 272.4 bn** at the end of September 2011 **to HUF 296.8 bn** at the end of September 2012. The **net debt ratio** (net debt to total capital) was **36.4%** at the end of September 2012.

Christopher Mattheisen, Chairman and CEO commented*:*
"In the third quarter, Magyar Telekom faced increasing recessionary pressures which were reflected in declining household consumption and reduced business spending. Despite these headwinds, we have made significant progress in our operational activities as demonstrated by the growth of our fixed and mobile broadband, TV and mobile voice customer bases, and the fact that we have maintained our market position in all segments. These are significant achievements given the current challenging market environment.
As well as focusing on retention in our fixed voice business and promoting our interactive TV service through all our platforms, we continued to exploit the opportunities in retail gas and electricity services. Since the nationwide launch of our energy service in April, an encouraging increase in customer numbers has supported this heightened market demand. In addition to this, our ongoing focus on smartphone marketing activities resulted in further sales and penetration growth in our customer base. At the end of September, we further expanded our smartphone portfolio and were the first operator in Hungary to introduce the new iPhone 5.

Third quarter underlying EBITDA increased by 5.4% compared to the same period last year, with a strong EBITDA margin of 44.9%. In Macedonia, we completed an efficiency review of our real estate assets, selling four of our existing buildings and purchasing a single modern one, and the sale of our Pro-M subsidiary also contributed to better EBITDA performance. Moreover, we have begun to realise the benefits of our widespread and deep cost-cutting measures implemented in the second half of 2012, which have further contributed to the good results.
I would also like to highlight the fact that we have reached an agreement with the trade unions on wage development and headcount reduction at our parent company for 2013. Based on these measures, our goal is to reduce Total Workforce Management (TWM) related costs by HUF 5.8 bn in 2013 compared to 2011, representing a 5.6% decline over the two year period.*
Looking forward to the rest of the year, although we expect market conditions to remain challenging, we maintain our revenue target of flat to -2% and an underlying EBITDA target of a 4-6% decline. Due to the real estate transaction in Macedonia, we now expect CAPEX to be approximately HUF 90 bn, excluding spectrum acquisitions in 2012, compared to our previous expectation for flat CAPEX year-on-year. However, as we are required to pay only the value difference between the new and old Macedonian buildings, and in six yearly instalments, the impact on this year's cash flow is expected to be insignificant."

* *excluding severance and capitalized employee expenses*

- **2012 public guidance*:**

HUF bn	2011	Public target for 2012
Revenue	**597.6**	**Flat to -2%**
Reported EBITDA	196.1	
special and new telecom taxes	25.4	
severance expenses	6.1	
investigation-related expenses	17.5	
Underlying EBITDA**	**245.0**	**4-6% decline**
CAPEX***	**83.8**	**approximately 90.0**

**Differences might occur due to rounding*
***EBITDA excluding severance expenses, investigation-related costs and provisions, and the special and new telecom taxes*
****Excluding spectrum acquisitions*

2. Operating and financial review – Group

2.1. Exchange rate information

Exchange rate	Q3 2011	Q3 2012	Change
HUF/EUR quarterly average	273.45	282.74	3.4%
HUF/EUR cumulative monthly average	270.54	290.56	7.4%
HUF/MKD quarterly average..	4.44	4.60	3.6%
HUF/MKD cumulative monthly average	4.40	4.72	7.3%

2.2. Revenues

Total revenues amounted to HUF 150.1 bn in Q3 2012 compared to HUF 152.1 bn in Q3 2011, representing a slight, 1.3% decrease quarter over previous year same quarter, caused by the following:

Mobile revenues amounted to HUF 78.9 bn in Q3 2012 compared to HUF 79.9 bn in Q3 2011 resulting a 1.3% decrease. The slight decline resulted mainly from lower mobile voice revenues, which was largely offset by higher mobile equipment and higher other mobile revenues in Hungary. Increased mobile Internet revenues in Hungary and at our Macedonian and Montenegrin subsidiaries in HUF terms also mitigated the decreased mobile revenues.

Mobile voice revenues declined by 5.4% to HUF 52.9 bn in Q3 2012 compared to HUF 56.0 bn in Q3 2011. Mobile voice retail revenues decreased by 4.5% mainly due to strong competition-driven retail tariff erosion in Hungary. In the prepaid segment, revenue declined as both MOU and the number of customers decreased. Despite the higher customer base in the postpaid segment, revenue decreased due to lower tariffs and declining MOU. At Makedonski Telekom, 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. Voice-wholesale revenues were down by 11.4% due to mobile termination rate cuts, both in Hungary and Montenegro.

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 Q3 2012.

Mobile equipment and activation revenues increased by 19.3% in Q3 2012 compared to Q3 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. At Makedonski Telekom, mobile equipment revenue increased due to the enhanced sale of smartphones for higher selling price, although the number of handsets sold was lower in Q3 2012 compared to Q3 2011. These increases were slightly offset by decreased handset sales at Crnogorski Telekom due to the change in the dynamics of marketing campaigns.

Fixed line revenues amounted to HUF 54.8 bn in Q3 2012, compared to HUF 58.6 bn in the same period of the previous year resulting in a 6.5% decline. The decrease was driven by falling voice and data revenues, partly offset by increasing TV and other fixed line revenues.

Fixed line voice-retail revenues decreased by 11.7% to HUF 19.8 bn in Q3 2012 compared to HUF 22.4 bn in Q3 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 9.7% to HUF 5.4 bn in Q3 2012 compared to HUF 5.9 bn in Q3 2011, mainly due to lower traffic in international relations.

Fixed line Internet revenues remained stable in Q3 2012 compared to Q3 2011. In Hungary, the 6.4% increase in our retail broadband customer base was offset by lower ARPU caused by lower prices due to strong competition, and by the migration towards T-Home double- and triple-play packages. At Crnogorski Telekom, the number of ADSL accesses increased by 9.7% quarter over previous year same quarter, generating higher DSL revenues. At Makedonski Telekom, Internet broadband revenues decreased due to lower prices, partly compensated by the 6.1% higher number of ADSLaccess.

Data revenues amounted to HUF 5.4 bn in Q3 2012 as compared to HUF 7.0 bn in Q3 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 MT Plc. T-Systems.

TV revenues amounted to HUF 8.6 bn in Q3 2012 as compared to HUF 8.1 bn in Q3 2011, representing an increase of 6.7%. 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 (mainly ED3), demonstrates the increasing popularity of interactive television. Growth in satellite TV revenues was due to the higher number of satellite TV customers this quarter compared to the same quarter last year. These increases were partly offset by lower Cable TV revenues owing to lower ARPU and also as an increasing number of existing subscribers have been migrating to IPTV services in Hungary.

System Integration ("SI") and IT revenues decreased by 13.8% from HUF 13.0 bn in the third quarter of 2011 to HUF 11.2 bn in the same period of 2012. The lower application revenue at IQSYS is owing to the significantly lower number of projects in Q3 2012. Decreased infrastructure revenues at T-Systems Zrt. are due to the rescheduling of significant infrastructure projects in Q3 2012. Drop in outsourcing revenues at MT Plc. T-Systems is mainly driven by the termination of the EKG contract. These decreases were slightly offset by higher outsourcing revenues at T-Systems Zrt. owing to higher number of smaller projects in 2012. On a year to date basis, SI/IT revenues increased from HUF 33.3 bn in the first nine months of 2011 to HUF 35.3 bn in the same period of 2012. Increased revenues are due to higher infrastructure revenues at T-Systems Zrt. owing to significant new projects in 2012.

Revenue from **Energy Services** increased significantly to HUF 5.2 bn in Q3 2012 compared to HUF 0.6 bn in Q3 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 73,567, while the number of gas points of delivery amounted to 52,450, as at September 30, 2012. On a year to date basis, revenue from energy services increased from HUF 1.6 bn to HUF 14.2 bn, which better reflects the strong growth of our energy business.

2.3. Operating expenses and other operating income

Mobile services-related payments remained stable in Q3 2012 compared to Q3 2011 and amounted to HUF 19.0 bn. Higher mobile equipment costs and higher mobile messaging payment were fully offset by decreased mobile voice and mobile Internet payments.

Fixed line-related payments decreased by 15.6% to HUF 9.9 bn in Q3 2012, from HUF 11.7 bn in Q3 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 16.3% higher TV payment driven by the 6.6% increase in the TV subscriber base in Hungary as well as higher IPTV subscriber base both in Macedonia and Montenegro.

SI/IT- related payment decreased from HUF 7.5 bn in Q3 2011 to HUF 6.3 bn in Q3 2012 in line with lower revenues caused by the rescheduling of infrastructure projects at T-Systems Zrt. in 2012. Declined application cost at IQSYS also contributed to the decrease. On a year to date basis, outpayments have increased from HUF 17.4 bn in the first nine months of 2011 to HUF 19.7 bn in the same period of 2012, reflecting the increase in revenues.

Energy-related payments in Hungary have been growing (from HUF 0.5 bn in Q3 2011 to HUF 5.5 bn in Q3 2012) in line with the increasing customer base since the launch of retail energy business. On a year to date basis, energy-related payments increased considerably from HUF 1.5 bn to HUF 14.3 bn, reflecting the sharp growth of the energy business.

Employee-related expenses in Q3 2012 amounted to HUF 21.6 bn compared to HUF 20.7 bn in Q3 2011. This 4.5% increase was mainly attributable to the fact that the MT Group-level headcount figure was 15.0% higher in this quarter than in previous year's same quarter (11,707 as at September 30, 2012 versus 10,178 as at September 30, 2011). This change is a result of temporary staff previously hired to perform work in call center, customer care and customer experience services becoming standard employees of Magyar Telekom as of April 2012.

Depreciation and amortization increased by 10.1% in Q3 2012 compared to Q3 2011. In Hungary, the increase is caused by the accelerated depreciation of radio-technical equipment due to the mobile telecommunication network modernization projects in Q3 2012. This increase was partly offset by decrease at Crnogorski Telekom, as depreciation and amortization costs were higher in Q3 2011, primarily due to the accelerated depreciation in 2011 related to the RAN (Radio Access Network) modernization project.

Other operating expenses decreased by 10.6% to HUF 33.3 bn in Q3 2012 from HUF 37.3 bn in Q3 2011. The decrease was mainly owing to the provision for litigation made in 2011 at Magyar Telekom Plc. in relation to the investigation, based on the agreement in principle with the SEC. Other service fees at MT Plc. Hungary were lower as temporary staff previously hired to perform work in call center, customer care and customer experience services became standard employees of Magyar Telekom as of April 2012. Lower licenses and IT support costs also contributed to the decrease quarter over quarter at MT Plc. Hungary.

On October 18, 2010 the Hungarian Parliament approved an act imposing a special tax ("crisis tax") on a number of sectors including telecommunication. According to the act, the tax is expected to apply until the end of 2012. Special tax is recognized among other operating expenses. On May 18, 2012 the Parliament of Hungary adopted an act imposing a telecommunication tax ("new telecom tax") effective from July 1, 2012. As a consequence of the new tax law, the total amount of crisis and new telecom tax increased by HUF 4.2 bn in Q3 2012 compared to the same period last year, which partly offset the decreases in other operating expenses.

Other operating income in Q3 2012 amounted to HUF 6.5 bn compared to HUF 0.8 bn in Q3 2011. The increase was mainly owing to a real estate transaction in Macedonia, where four old buildings were exchanged to a new one in the third quarter of 2012. The gain on the sale is HUF 3.7 bn. In Hungary, higher operating income from the sale of Pro-M on August 31, 2012 also contributed to the increase, resulting in HUF 1.6 bn gain.

2.4. Operating profit

Operating margin for the third quarter of 2012 was 20.1 % while the operating margin for Q3 2011 was 18.1%. The increase was mostly driven by the higher other operating income and decreased other operating expenses.

2.5. Net financial result

Net financial expenses increased by 25.2% quarter over previous year same quarter, from HUF 4.2 bn in Q3 2011 to HUF 5.2 bn in Q3 2012. The increase resulted primarily from the lower net gain on FX translation and fair valuation of derivatives in Q3 2012 compared to Q3 2011. Higher interest paid also contributed to the increase, deriving from higher average amount of loans received and higher average interest rates.

2.6. Income tax

Income tax expense decreased in the period despite the higher profit before tax in Q3 2012. The main driver of the decrease is that in Q3 2011 we recognized a provision for the then expected DOJ and SEC penalties, and the provision was considered non tax-deductible, which significantly increased the effective tax rate for Q3 2011.

2.7. Profit attributable to non-controlling interests

Profit attributable to non-controlling interests in Q3 2012 increased by 27.6% compared to the same period in 2011. The increase was predominantly due to the better results of the Macedonian subsidiaries, resulting from the 22.4% higher operating profit in MKD terms owing to the real estate transaction. Higher operating profit in EUR terms at Crnogorski Telekom in Q3 2012 versus Q3 2011 also contributed to the increase. Non-controlling interests year over year decreased driven by the lower operating profit in MKD terms at Makedonski Telekom mainly due to the 12.4% decrease in revenues.

2.8. Cash flow

Net cash generated from operating activities amounted to HUF 105.4 bn in the first nine months of 2012, compared to HUF 134.2 bn in the same period last year. The decrease was mainly due to the HUF 22.1 bn cash outflow in January 2012, with respect to the settlements with the DOJ and the SEC. In addition, interest and other financial charges paid are also higher as average interest rates and average amount of loans received increased in the first nine months of 2012 compared to the same period of 2011.

Net cash used in investing activities amounted to HUF 45.1 bn in the first nine months of 2012, compared to HUF 41.4 bn in the same period previous year, mainly reflecting the higher investment in tangible and intangible assets. Capex spending increased due to the 900 MHz spectrum license fee in the amount of HUF 10.9 bn, and to the higher spending for 3G/LTE rollout in the first nine months of 2012 than in the same period of 2011. These outflows were largely mitigated by the Pro-M's sale in Q3 2012, the majority of which was recognized as proceeds from other financial assets.

Free cash flow, defined as operating cash flow and investing cash flow adjusted for payments for / proceeds from other net financial assets, decreased from HUF 85.7 bn in the first nine months of 2011 to HUF 44.8 bn in the same period of 2012. This drop was mainly due to the DOJ and SEC settlements (change in working capital) and higher capex spending (licence fee).

Net cash used in financing activities changed from HUF 94.0 bn in the first nine months of 2011 to HUF 60.2 bn in the same period of 2012, mainly due to the lower amount of net loan repayments as a result of the need to finance the DOJ/SEC settlements in Q1 2012 and the licence purchase.

3. Segment information

3.1. Telekom Hungary

HUF millions	Q3 2011	Q3 2012	Amount change	Change (%)	1-9. months 2011	1-9. months 2012	Amount change	Change (%)
Mobile voice revenues	40,869	40,414	(455)	(1.1%)	118,256	117,497	(759)	(0.6%)
Non-voice revenue	11,504	12,113	609	5.3%	33,183	35,471	2,288	6.9%
Other mobile revenues	8,364	7,375	(989)	(11.8%)	23,755	18,734	(5,021)	(21.1%)
Total mobile revenues	**60,737**	**59,902**	**(835)**	**(1.4%)**	**175,194**	**171,702**	**(3,492)**	**(2.0%)**
Fixed voice revenues	17,636	15,624	(2,012)	(11.4%)	53,705	47,193	(6,512)	(12.1%)
Internet revenues	10,001	10,131	130	1.3%	30,122	30,744	622	2.1%
TV revenues	7,189	7,497	308	4.3%	21,019	22,302	1,283	6.1%
Other fixed line revenues	9,864	9,326	(538)	(5.5%)	29,025	28,183	(842)	(2.9%)
Total fixed line revenues	**44,690**	**42,578**	**(2,112)**	**(4.7%)**	**133,871**	**128,422**	**(5,449)**	**(4.1%)**
SI/IT revenues	258	241	(17)	(6.6%)	662	1,250	588	88.8%
Revenue from Energy Services	573	5,225	4,652	n.m.	1,639	14,238	12,599	n.m.
Total revenues	**106,258**	**107,946**	**1,688**	**1.6%**	**311,366**	**315,612**	**4,246**	**1.4%**
EBITDA	**33,404**	**36,734**	**3,330**	**10.0%**	**99,417**	**106,083**	**6,666**	**6.7%**
Investments in tangible and intangible assets	14,417	14,014	(403)	(2.8%)	35,748	46,053	10,305	28.8%

Revenues in the Telekom Hungary segment show a slight increase compared with the same quarter previous year as considerably higher revenues from energy services as well as increased mobile equipment and non-voice revenues fully compensated for the significantly lower fixed and mobile voice revenues.

EBITDA of the Telekom Hungary segment increased by 10.0% in Q3 2012 versus Q3 2011 mainly driven by decrease in other operating expenses, influenced by the provision for litigation recognized in Q3 2011. This decrease was partly mitigated by the increased operational tax expenses due to the introduction of the new telecom tax from July 1, 2012.

The increase in investments in tangible and intangible assets year-on-year is mainly due to the 900 MHz spectrum license fee in the amount of HUF 10.9 bn in Q1 2012.

Mobile operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Mobile penetration [(1)]	117.1%	115.8%	n.a.	117.1%	115.8%	n.a.
Mobile SIM market share [(2)]	44.8%	46.0%	n.a.	44.8%	46.0%	n.a.
Number of customers (RPC)	**4,789,739**	**4,819,872**	**0.6%**	**4,789,739**	**4,819,872**	**0.6%**
Postpaid share in the RPC base	45.4%	47.0%	n.a.	45.4%	47.0%	n.a.
MOU	**165**	**159**	**(3.6%)**	**160**	**160**	**0.0%**
ARPU (HUF) [(3)]	**3,726**	**3,542**	**(4.9%)**	**3,590**	**3,437**	**(4.3%)**
Postpaid [(3)]	6,065	5,779	(4.7%)	5,975	5,692	(4.7%)
Prepaid [(3)]	1,718	1,469	(14.5%)	1,613	1,397	(13.4%)
Overall churn rate	19.6%	18.8%	n.a.	19.0%	17.6%	n.a.
Postpaid	13.1%	12.5%	n.a.	19.0%	13.7%	n.a.
Prepaid	24.9%	24.4%	n.a.	19.0%	21.0%	n.a.
Ratio of non-voice revenues in ARPU	20.9%	23.1%	n.a.	20.8%	23.2%	n.a.
Average acquisition cost (SAC) per gross add (HUF)	5,989	4,236	(29.3%)	5,529	5,239	(5.2%)
Average retention cost (SRC) per retained customer (HUF)	18,074	9,952	(44.9%)	17,600	13,331	(24.3%)
Number of mobile broadband subscriptions	**814,791**	**1,234,933**	**51.6%**	**814,791**	**1,234,933**	**51.6%**
Mobile broadband market share based on total number of subscriptions [(2)]	**47.1%**	**46.4%**	**n.a.**	**47.1%**	**46.4%**	**n.a.**
Population-based indoor 3G coverage [(2)]	66.0%	72.1%	n.a.	66.0%	72.1%	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. Refinement of calculation methodology.

Mobile revenues decreased slightly in Q3 2012 versus Q3 2011 due to lower voice-retail revenues mainly attributable to lower usage and outgoing tariff levels. These declines were mostly compensated by higher equipment revenues driven by higher average handset prices and by the increase in non-voice revenues in line with wider usage of mobile Internet.

Fixed line operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Voice services						
Total voice access	1,617,679	1,553,901	(3.9%)	1,617,679	1,553,901	(3.9%)
Total outgoing traffic (thousand minutes)	751,596	739,660	(1.6%)	2,225,666	2,383,504	7.1%
Blended MOU (outgoing) [(1)]	165	173	4.8%	161	181	12.4%
Blended ARPA (HUF) [(1)]	3,072	2,802	(8.8%)	3,150	2,867	(9.0%)

(1) Including PSTN, VoIP and VoCable.

Fixed line voice-retail revenues declined by 10.3% quarter over previous year same quarter due to lower PSTN 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 unfavourable economic environment and competition with VoIP and VoCable operators. The increasing popularity of flat rate packages (e.g. Hoppá) led to lower ARPA. While PSTN revenues continued to decline, the increase in VoIP and VoCable revenues driven by the growing customer base and higher traffic slightly mitigated these decreases.

Magyar Telekom Plc. offered several price discounts to customers choosing different flat-rate and optional tariff packages. Our Hoppá tariff package was very successful in Q3 2012, generating more than 568,000 subscribers by the end of September 2012. The vast majority of customers choosing this package signed a 2-year loyalty contract; therefore, this offer proved to be a very useful tool in decreasing fixed line customer churn in Hungary. Our integrated fixed and mobile offer, the Paletta tariff package, exceeded 53,900 customers, as at September 30, 2012.

Data products	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Blended retail broadband market share [(1)]	**36.5%**	**36.8%**	**n.a.**	**36.5%**	**36.8%**	**n.a.**
Number of retail DSL customers	495,399	495,861	0.1%	495,399	495,861	0.1%
Number of cable broadband customers	202,449	237,722	17.4%	202,449	237,722	17.4%
Number of fiber optic connections	26,483	39,183	48.0%	26,483	39,183	48.0%
Total retail broadband customers	**724,331**	**772,766**	**6.7%**	**724,331**	**772,766**	**6.7%**
Blended broadband ARPU (HUF)	3,979	3,751	(5.7%)	3,965	3,808	(4.0%)
Number of wholesale DSL access	110,723	94,534	(14.6%)	110,723	94,534	(14.6%)

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

Internet revenues remained stable and amounted to HUF 10.1 bn in Q3 2012 compared to HUF 10.0 bn in Q3 2011. The slight increase was mainly owing to the higher number of fiber connections, 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 forced by strong competition. The migration towards double- and triple-play packages also had a negative effect on blended ARPU.

TV services	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Blended TV market share [(1)]	**24.2%**	**25.2%**	**n.a.**	**24.2%**	**25.2%**	**n.a.**
Number of cable TV customers	311,729	244,754	(21.5%)	311,729	244,754	(21.5%)
Number of satellite TV customers	270,291	287,284	6.3%	270,291	287,284	6.3%
Number of IPTV customers	191,230	291,872	52.6%	191,230	291,872	52.6%
Total TV customers	**773,250**	**823,910**	**6.6%**	**773,250**	**823,910**	**6.6%**
Blended TV ARPU (HUF)	3,086	3,040	(1.5%)	3,060	3,057	(0.1%)

(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, and to lower ARPU.

Energy services	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Electricity points of delivery	12,368	73,567	494.8%	12,368	73,567	494.8%
Gas points of delivery	12,260	52,450	327.8%	12,260	52,450	327.8%

Telekom Hungary has rapidly growing revenues from the retail energy service launched in Q2 2010. Revenue from Energy services increased by HUF 4.7 bn in Q3 2012 versus Q3 2011 due to the significant growth in the number of customers.

3.2. T-Systems Hungary

HUF millions	Q3 2011	Q3 2012	Amount change	Change (%)	1-9. months 2011	1-9. months 2012	Amount change	Change (%)
Mobile voice revenues	4,148	3,888	(260)	(6.3%)	12,513	11,662	(851)	(6.8%)
Non-voice revenue	2,400	2,330	(70)	(2.9%)	6,799	6,913	114	1.7%
Other mobile revenues	1,809	1,414	(395)	(21.8%)	5,366	4,971	(395)	(7.4%)
Total mobile revenues	**8,357**	**7,632**	**(725)**	**(8.7%)**	**24,678**	**23,546**	**(1,132)**	**(4.6%)**
Fixed voice revenues	2,432	2,167	(265)	(10.9%)	7,554	6,786	(768)	(10.2%)
Internet revenues	781	614	(167)	(21.4%)	2,407	1,878	(529)	(22.0%)
Data revenues	3,647	2,662	(985)	(27.0%)	10,804	8,517	(2,287)	(21.2%)
Other fixed line revenues	589	430	(159)	(27.0%)	1,815	1,308	(507)	(27.9%)
Total fixed line revenues	**7,449**	**5,873**	**(1,576)**	**(21.2%)**	**22,580**	**18,489**	**(4,091)**	**(18.1%)**
SI/IT revenues	14,970	12,862	(2,108)	(14.1%)	37,818	39,762	1,944	5.1%
Total revenues	**30,776**	**26,367**	**(4,409)**	**(14.3%)**	**85,076**	**81,797**	**(3,279)**	**(3.9%)**
EBITDA	**4,253**	**4,439**	**186**	**4.4%**	**12,547**	**13,656**	**1,109**	**8.8%**
Investments in tangible and intangible assets	798	1,087	289	36.2%	2,012	2,924	912	45.3%

The total revenue of T-Systems Hungary decreased by 14.3% in Q3 2012 compared to Q3 2011 mainly due to lower SI/IT and data revenues.

EBITDA level increased by 4.4%, as lower direct costs and decreased other operating expenses could partly compensate the drop in revenues. The HUF 1.4 bn increase in other operating income - mainly relating to the sale of Pro-M - also contributed to the increase.

Mobile operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Number of customers (RPC)	439,040	474,370	8.0%	439,040	474,370	8.0%
Overall churn rate	6.0%	12.9%	n.a.	6.4%	8.0%	n.a.
MOU	288	276	(4.2%)	289	281	(2.8%)
ARPU (HUF)	5,019	4,446	(11.4%)	4,966	4,515	(9.1%)
Ratio of non-voice revenues in ARPU	36.7%	37.6%	n.a.	35.3%	37.4%	n.a.
Average acquisition cost (SAC) per gross add (HUF)	4,027	2,436	(39.5%)	4,118	4,620	12.2%
Number of mobile broadband subscriptions	69,432	87,394	25.9%	69,432	87,394	25.9%

Mobile voice revenues decreased by 6.3% in Q3 2012 versus Q3 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 operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Voice services						
Total lines	181,716	173,135	(4.7%)	181,716	173,135	(4.7%)
Total outgoing traffic (thousand minutes)	67,907	58,424	(14.0%)	216,637	188,504	(13.0%)
MOU (outgoing)	181	170	(6.1%)	190	178	(6.3%)
ARPU (HUF)	4,501	4,212	(6.4%)	4,618	4,363	(5.5%)
Data products						
Number of retail broadband access	15,640	14,553	(7.0%)	15,640	14,553	(7.0%)
Retail DSL ARPU (HUF)	8,142	7,660	(5.9%)	8,526	7,397	(13.2%)

Fixed line voice-retail revenues decreased, reflecting the erosion both in the customer base and traffic, while lower fixed line data revenues were the result of the termination of the EKG contract and lower number of contracts in Q3 2012. Fixed line Internet revenues also declined, due to the lower number of retail DSL connections and lower retail ARPU.

The 14.1% decrease in SI/IT revenues resulted mainly from lower application revenue at IQSYS owing to the significantly lower number of projects in Q3 2012. Declining outsourcing revenue is mainly a result of the termination of the EKG contract as well as lower scale of other contracts. Decreased infrastructure revenues at T-Systems Zrt. also contributed to the decrease. On a year to date basis, SI/IT revenues increased by 5.1%. Increased revenues are due to higher infrastructure revenues at T-Systems Zrt. owing to significant new projects in 2012.

3.3. Macedonia

HUF millions	Q3 2011	Q3 2012	Amount change	Change (%)	1-9. months 2011	1-9. months 2012	Amount change	Change (%)
Mobile voice revenues	7,793	6,947	(846)	(10.9%)	21,755	19,906	(1,849)	(8.5%)
Non-voice revenue	1,665	1,581	(84)	(5.0%)	4,367	4,141	(226)	(5.2%)
Other mobile revenues	500	565	65	13.0%	1,532	1,577	45	2.9%
Total mobile revenues	**9,958**	**9,093**	**(865)**	**(8.7%)**	**27,654**	**25,624**	**(2,030)**	**(7.3%)**
Fixed voice revenues	5,551	4,717	(834)	(15.0%)	16,356	15,008	(1,348)	(8.2%)
Internet revenues	1,372	1,348	(24)	(1.7%)	4,128	4,276	148	3.6%
Data revenues	653	527	(126)	(19.3%)	1,969	1,687	(282)	(14.3%)
Other fixed line revenues	631	793	162	25.7%	1,992	2,378	386	19.4%
Total fixed line revenues	**8,207**	**7,385**	**(822)**	**(10.0%)**	**24,445**	**23,349**	**(1,096)**	**(4.5%)**
SI/IT revenues	56	92	36	64.3%	271	256	(15)	(5.5%)
Total revenues	**18,221**	**16,570**	**(1,651)**	**(9.1%)**	**52,370**	**49,229**	**(3,141)**	**(6.0%)**
EBITDA	**10,285**	**11,994**	**1,709**	**16.6%**	**28,653**	**27,979**	**(674)**	**(2.4%)**
Investments in tangible and intangible assets	1,677	14,152	12,475	n.m.	4,315	18,491	14,176	328.5%

The 3.6% stronger MKD against the HUF on average in Q3 2012 compared with the same quarter last year had a positive impact on the results of the Macedonian operations in HUF terms. Despite the positive FX effect, revenues of our Macedonian subsidiary decreased by 9.1% in HUF terms, mainly driven by the significant decrease in mobile and fixed voice revenues.

EBITDA of our Macedonian operations increased by 16.6% in Q3 2012 versus Q3 2011 in HUF terms deriving mainly from higher other operating income deriving from the real estate transaction resulting a HUF 3.7 bn gain, where four old buildings were exchanged to a new one in the third quarter of 2012. Year-to-date EBITDA decreased by 2.4% driven by decrease in revenues, partly offset by increased other operating income.

Mobile operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Mobile penetration	125.0%	124.6%	n.a.	125.0%	124.6%	n.a.
Market share of T-Mobile Macedonia	50.3%	47.8%	n.a.	50.3%	47.8%	n.a.
Number of customers (RPC) (1)	1,292,131	1,227,111	(5.0%)	1,292,131	1,227,111	(5.0%)
Postpaid share in the RPC base(1)	31.7%	31.3%	n.a.	31.7%	31.3%	n.a.
MOU(1	136	167	22.8%	131	157	19.8%
ARPU (HUF) (1)	2,340	2,215	(5.3%)	2,178	2,090	(4.0%)

(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 slightly as a result of lower messaging revenues due to the lower number of SMSs sent in Q3 2012.

Fixed line operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Voice services						
Fixed line penetration	16.2%	15.2%	n.a.	16.2%	15.2%	n.a.
Total voice access	318,039	293,916	(7.6%)	318,039	293,916	(7.6%)
Total outgoing traffic (thousand minutes) (1)	191,757	159,646	(16.7%)	617,229	516,262	(16.4%)
Data and TV services						
Retail DSL market share (estimated)	83.2%	81.9%	n.a.	83.2%	81.9%	n.a.
Number of retail DSL customers	133,795	140,270	4.8%	133,795	140,270	4.8%
Number of wholesale DSL access	23,282	26,449	13.6%	23,282	26,449	13.6%
Number of total DSL access	157,077	166,719	6.1%	157,077	166,719	6.1%
Number of IPTV customers	35,409	58,046	63.9%	35,409	58,046	63.9%

(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. The decrease in voice wholesale revenues is mainly driven by lower international incoming traffic revenue due to the lower volume of traffic. The decline in data revenues is a result of the decreased international and domestic leased lines. Increasing TV revenues due to the growing IPTV subscriber base slightly mitigated the decrease in fixed line revenues.

3.4. Montenegro

HUF millions	Q3 2011	Q3 2012	Amount change	Change (%)	1-9. months 2011	1-9. months 2012	Amount change	Change (%)
Mobile voice revenues	3,700	3,199	(501)	(13.5%)	8,980	8,515	(465)	(5.2%)
Non-voice revenue	673	915	242	36.0%	1,961	2,459	498	25.4%
Other mobile revenues	173	168	(5)	(2.9%)	465	378	(87)	(18.7%)
Total mobile revenues	**4,546**	**4,282**	**(264)**	**(5.8%)**	**11,406**	**11,352**	**(54)**	**(0.5%)**
Fixed voice revenues	2,822	2,887	65	2.3%	7,794	7,917	123	1.6%
Internet revenues	776	841	65	8.4%	2,269	2,657	388	17.1%
Data revenues	483	410	(73)	(15.1%)	1,382	1,341	(41)	(3.0%)
Other fixed line revenues	439	584	145	33.0%	1,291	1,713	422	32.7%
Total fixed line revenues	**4,520**	**4,722**	**202**	**4.5%**	**12,736**	**13,628**	**892**	**7.0%**
SI/IT revenues	43	71	28	65.1%	108	214	106	98.1%
Total revenues	**9,109**	**9,075**	**(34)**	**(0.4%)**	**24,250**	**25,194**	**944**	**3.9%**
EBITDA	**3,656**	**3,514**	**(142)**	**(3.9%)**	**8,778**	**9,953**	**1,175**	**13.4%**
Investments in tangible and intangible assets	489	864	375	76.7%	1,881	2,829	948	50.4%

The 3.4% stronger EUR against the HUF on average in Q3 2012 versus Q3 2011 had a positive impact on the results of our Montenegrin operations. In HUF terms, total revenue decreased by only 0.4%; however, in EUR terms total revenue decreased by 4.2% mainly driven by lower mobile voice revenues.

Mobile operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Mobile penetration (1)	205.6%	176.1%	n.a.	205.6%	176.1%	n.a.
Market share of T-Mobile Crna Gora (1)	35.0%	34.1%	n.a.	35.0%	34.1%	n.a.
Number of customers (RPC) (1)	445,517	375,337	(15.8%)	445,517	375,337	(15.8%)
Postpaid share in the RPC base	27.5%	35.4%	n.a.	27.5%	35.4%	n.a.
MOU (2) (3)	139	164	18.0%	134	160	19.4%
ARPU (HUF) (3)	3,287	3,172	(3.5%)	2,982	3,110	4.3%

(1) Data published by the Montenegrin Agency for Electronic Communications and Postal Services (EKIP).
(2) Restated. Data are presented after intersegment elimination.
(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 Q3 2012, as decreased voice-retail, voice-wholesale and lower voice-visitor revenues were only partly offset by higher non-voice revenues.

Lower mobile voice-retail revenues were a result of lower outgoing traffic revenues in the prepaid segment due to the weaker summer season. Voice-wholesale revenues decreased mainly due to 29.0% lower interconnection tariffs towards domestic mobile operators and lower incoming minutes. Visitor revenues decreased due to the lower number of visitors and lower volume of minutes.

Non-voice revenues increased driven by higher mobile Internet usage, partly offset by lower SMS revenues due to lower price per SMS.

Fixed line operations	Q3 2011	Q3 2012	% change	1-9. months 2011	1-9. months 2012	% change
Voice services						
Fixed line penetration	26.5%	26.2%	n.a.	26.5%	26.2%	n.a.
Total voice access	169,335	166,883	(1.4%)	169,335	166,883	(1.4%)
Total outgoing traffic (thousand minutes)	77,467	71,431	(7.8%)	244,670	227,549	(7.0%)
Data and TV services						
Retail DSL market share (estimated)	85.0%	83.3%	n.a.	85.0%	83.3%	n.a.
Number of DSL access	72,621	79,632	9.7%	72,621	79,632	9.7%
Number of IPTV customers	44,911	51,995	15.8%	44,911	51,995	15.8%

In EUR terms, total fixed line revenues remained stable in Q3 2012 compared to Q3 2011. Total fixed line revenues in HUF terms increased by 4.5% due to the positive FX impact. Increased total fixed line revenues are mainly owing to higher TV revenues from the larger IPTV subscriber base, increased equipment revenues due to sales of TV sets and laptops and higher Internet revenues driven by more DSL connections. Higher voice wholesale revenues are mainly due to higher incoming traffic from mobile operators, as well as higher international revenues driven by increased incoming and transit traffic from international operators. These increases were offset by decreased data revenues owing to a one-off sale in 2011, and lower voice-retail revenues due to a decline in outgoing traffic and lower accesses.

EBITDA of our Montenegrin operation in Q3 2012 amounted to HUF 3.5 bn compared to HUF 3.7 bn in Q3 2011, as other operating expenses increased, while total revenues remained stable quarter over quarter. On a year to date basis, EBITDA increased by 13.4% in HUF terms, as revenues increased by 3.9%, and employee-related expenses decreased by 12.6% (due to HUF 0.9 bn severance payment in Q1 2011), partly offset by increased other operating expenses in the first nine months of 2012.

3.5. Description of segments

Magyar Telekom's operating segments are: Telekom Hungary, T-Systems Hungary, Macedonia and Montenegro. Internal reporting on this segmentation is provided to the chief operating decision makers, the members of the Management Committee of Magyar Telekom Plc.

The Telekom Hungary segment operates in Hungary providing mobile, fixed line telecommunications, TV distribution and energy services (including marketing, sales and customer relations activities) to residential and small business telecommunications customers with several million 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, Romania and in Ukraine providing wholesale services to local companies and operators. In addition, the Telekom Hungary segment is responsible for the operations and development of the mobile, fixed line and cable TV network as well as IT management in Hungary.

T-Systems Hungary provides mobile and fixed line telecommunications, info-communications and system integration services (including marketing, sales and customer relations activities) 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 reporting segments of the Group. We hold a 100% interest in Stonebridge Communications AD, through which we control Makedonski Telekom, the leading fixed line telecommunications services provider and T-Mobile Macedonia, the leading mobile telecommunications operator in Macedonia.

We also hold a 76.53% ownership in Crnogorski Telekom, the principal fixed line telecommunications services provider and the second largest mobile telecommunications operator in Montenegro.

The revenues and expenses of these segments include both group internal and external results. The external revenues are derived from external parties, while the internal ones are charged by the other segments. Similarly, the external expenses are paid to external parties, while the internal ones are charged by the other segments. All internal revenues and expenses are eliminated in the Group's financial statements.

EBITDA for each segment could in principle, be reconciled to the segment's operating profit, the most directly comparable financial measure according to IFRS, by adding depreciation and amortization. However, depreciation and amortization is not allocated to the segments (it is not a segment measure); therefore the reconciliation cannot be prepared and presented on a segment basis. Accordingly, we provide a reconciliation of the total segment EBITDA to consolidated profit for the period of the Group.

HUF millions	Q3 2011	Q3 2012	1-9. months 2011	1-9. months 2012
Total Telekom Hungary revenues	106,258	107,946	311,366	315,612
Less: Telekom Hungary revenues from other segments	(8,953)	(7,099)	(26,406)	(21,445)
Telekom Hungary revenues from external customers	**97,305**	**100,847**	**284,960**	**294,167**
Total T-Systems Hungary revenues	30,776	26,367	85,076	81,797
Less: T-Systems Hungary revenues from other segments	(3,235)	(2,689)	(8,337)	(8,081)
T-Systems Hungary revenues from external customers	**27,541**	**23,678**	**76,739**	**73,716**
Total Macedonia revenues	18,221	16,570	52,370	49,229
Less: Macedonia revenues from other segments	(34)	(6)	(95)	(43)
Macedonia revenues from external customers	**18,187**	**16,564**	**52,275**	**49,186**
Total Montenegro revenues	9,109	9,075	24,250	25,194
Less: Montenegro revenues from other segments	(20)	(14)	(35)	(26)
Montenegro revenues from external customers	**9,089**	**9,061**	**24,215**	**25,168**
Total consolidated revenue of the segments	152,122	150,150	438,189	442,237
Measurement differences to Group revenue	(2)	(5)	4	18
Total revenue of the Group	**152,120**	**150,145**	**438,193**	**442,255**
Segment results (EBITDA)				
Telekom Hungary	33,404	36,734	99,417	106,083
T-Systems Hungary	4,253	4,439	12,547	13,656
Macedonia	10,285	11,994	28,653	27,979
Montenegro	3,656	3,514	8,778	9,953
Total EBITDA of the segments	**51,598**	**56,681**	**149,395**	**157,671**
Measurement differences to Group EBITDA	(2)	(87)	4	124
Total EBITDA of the Group	**51,596**	**56,594**	**149,399**	**157,795**
Total depreciation and amortization of the Group	(24,043)	(26,474)	(72,061)	(77,914)
Total operating profit of the Group	**27,553**	**30,120**	**77,338**	**79,881**

4. About Magyar Telekom

Magyar Telekom is the principal provider of fixed line telecommunications services in Hungary, with approximately 1.73 million fixed voice access lines as September 30, 2012. We are also Hungary's largest mobile telecommunications services provider, with almost 5.3 million mobile subscribers (including users of prepaid cards) as of September 30, 2012. We are also the principal telecommunications service provider in Macedonia and Montenegro and alternative service provider in Bulgaria and Romania. We provide fixed line and mobile telecommunications, Internet and television products and services for consumers, and information and communication technology ("ICT") solutions for business and corporate customers. In 2010, Magyar Telekom entered the retail energy market offering electricity and gas services to its customers.

Magyar Telekom Távközlési Nyilvánosan Működő Részvénytársaság (in English, Magyar Telekom Telecommunications Public Limited Company) is a limited liability stock corporation incorporated in and operating under the laws of Hungary. Magyar Telekom Telecommunications Public Limited Company ("Magyar Telekom Plc.") with its subsidiaries forms Magyar Telekom Group ("Magyar Telekom" or "the Group"). We operate under a commercial name, Magyar Telekom Nyrt. or Magyar Telekom Plc.

Our ordinary shares are listed on the Budapest Stock Exchange ("BSE") and the Company also maintains an American Depositary Receipt program on a Level I basis with American Depositary Shares ("ADSs") traded on OTC markets. The ADSs were delisted from the New York Stock Exchange on November 12, 2010. On November 14, 2011 Magyar Telekom also filed with the U.S. Securities and Exchange Commission (the "SEC") a Form 15F to terminate registration of its shares and ADSs in the US, which became effective on February 12, 2012. The Company maintains its primary listing on the BSE and continues to make English translations of its annual reports, financial statements and investor releases.

Our headquarters is located at 55 Krisztina krt., 1013 Budapest, Hungary.

As of September 30, 2012, the share capital of Magyar Telekom Plc. was HUF 104,274,254,300, consisting of 1,042,742,543 Series "A" ordinary shares.

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 ("BSE") and Hungarian Financial Supervisory Authority ("HFSA"). 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, except as described below.

In 2012, the Group has adopted all IFRS amendments and interpretations which are effective from January 1, 2012 and which are relevant to its operations. Relevant standards, amendments or interpretations effective and adopted by the Group in 2012:

IFRS 7 (amended): The IASB published an amendment to IFRS 7 Financial Instruments: Disclosures in October 2010. The amendment requires quantitative and qualitative disclosures regarding transfers of financial assets that do not result in entire derecognition, or that result in continuing involvement. This is intended to allow users of financial statements to improve their understanding of such transactions (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of such transactions are undertaken around the end of a reporting period. The application of the amendment is required for annual periods beginning on or after July 1, 2011. The revised standard has been applied since January 1, 2012, but it does not have a significant impact on the disclosures in the Group's financial reports.

6.1. Outlook

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 continued to slow and is showing signs of recession risk in 2012. Major uncertainties surrounding the future of the euro and the debt crisis escalated for several euro-zone members. The Hungarian economy was impacted heavily by the second wave of the financial crisis. GDP projections for 2012 were reduced significantly and analyst and government forecasts indicate GDP decrease of -1.4% for 2012. The unemployment rate remains very high, at above ten percent, and the volatility of the Hungarian currency is expected to continue. The Hungarian government has experienced difficulties in financing the budget deficit through the financial markets at the end of 2011. As a result, negotiations were reopened 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 its budget, the government implemented several measures to decrease the deficit to 2.5% of GDP in 2012. The most significant of these was the 2 percentage point VAT increase, from 25% to 27% from the beginning of this year. The special telecommunications tax, which came into effect in 2010, is expected to have a negative impact of more than HUF 24 billion on our EBITDA in 2012. The Parliament adopted an act imposing a new telecom 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 2012 at HUF 400 per month per calling number for private individuals' subscriptions and HUF 1400 per month per calling number for other subscribers' subscriptions. The new telecom tax payable by Magyar Telekom for the period July to December 2012 is estimated around HUF 8 billion. Our T-Systems Hungary segment was also affected by heavy spending cuts by the government, our largest business customer.

6.1.1 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 or 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 2012. 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 announced that due to unfavourable economic and market processes it has decided to implement a gradual tariff change effective from September and October 2012, respectively.

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 2012; however margins are under pressure due to significant competition. To strengthen our position in the TV market, we are continuously innovating our product portfolio (such as interactive SAT TV).

In the Hungarian mobile market, penetration is now saturated, and we expect declining voice revenues in 2012. 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 20% in 2012, and by an additional 25% reduction is expected in 2013. Mobile termination rates are expected to be reduced further in the future.

Magyar Telekom is continuously seeking business opportunities beyond our core services. A significant step was made in this direction upon our entrance into the retail energy market. This new revenue stream may enable us to maintain flat Hungarian revenue in 2012, however these businesses are associated with lower margins and as such, we expect our margins to decline.

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 through consultant services to corporate customers.

In Macedonia, competition is increasing both in the fixed line and mobile segments. Our main competitors in the fixed line segment 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 segment 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.

At Crnogorski Telekom 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 those seen 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.

6.1.2 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 efficiency project Save for Service ("S4S"). We have reached an agreement with trade unions on wage development, headcount reduction and decreases in additional employee allowances at the parent company for 2012. 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 2012, impacting us negatively.

6.1.3 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 and the overall investment level is also increasing due to the CRM project. Broadband expansion is supported by large scale modernization of the mobile network with Ericsson as the vendor in Hungary.

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

Striving for further improvement in customer orientation, the strategic priority for 2012 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.

6.2. Risk factors

- Our operations are subject to substantial government regulation, which can result in adverse consequences for our business and results of our 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 fixed line voice revenues with data, TV, Internet, SI/IT and retail energy revenues and our ability to acquire telecommunications companies.
- 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.
- Ongoing government investigations into contracts and activities in Montenegro and Macedonia may result in adverse consequences.
- Our share price may be volatile, and the ability to sell our shares may be adversely affected due to the relatively illiquid market for our shares and ADSs.
- 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.
- 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.

7. Analysis of Statement of Financial Position

7.1. Property, plant and equipment

Total investments in tangible and intangible assets amounted to HUF 70.9 bn in the first nine months of 2012, from this HUF 10.9 bn is related to the 900 MHz spectrum license fee at Telekom Hungary, and furthermore, it contains higher spending for the 3G/LTE rollout in the first nine months of 2012. There was a real estate transaction in Macedonia, where four old buildings were exchanged to a new one in the third quarter of 2012, resulting in a gain of HUF 3.7 bn. The book CAPEX accounted for the new building is HUF 10.7 bn, however the trade-in value of the old buildings were HUF 6.9 bn and the value difference is to be paid in six yearly instalments.

7.2. Cash and cash equivalents

Cash and cash equivalents decreased by HUF 0.6 bn in the first nine months of 2012 and amounted to HUF 13.9 bn. The decrease is mainly owing to the cash outflow relating to the settlements with the DOJ and SEC in Q1 2012 and to the dividend payment in April, 2012. These decreases were partly offset by loans taken in the first half of 2012, and bank deposits converted into cash deposits at our Macedonian subsidiaries in Q1 2012.

8. Contingencies and commitments

8.1. Contingent liabilities

No provisions have been recognized for the cases described below as management estimates as 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.

8.1.1 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 5.0 bn. The first and second instance decisions were in favour of T-Mobile MK, but the plaintiff submitted a revision (an extraordinary legal remedy) to the Supreme Court therefore the timing of the final resolution is uncertain.

Makedonski Telekom's dispute on fixed-to-mobile termination fees

In 2005, MKT changed the retail prices for the traffic from fixed to mobile network. According to the interconnection agreements with the mobile operators, the change in retail prices automatically decreased the interconnection fees for termination in the mobile networks. In February 2006, one of the Macedonian mobile operators, ONE, submitted to the Agency a request for dispute resolution with reference to termination prices. The Agency rejected the requests of ONE as "unfounded". This decision of the Agency was appealed by ONE by filing a lawsuit at the Administrative Court of Macedonia. The potential loss from the claim is approximately HUF 0.4 billion, but the management estimates it unlikely that this would result in any material cash outflows. The final decision will be made by the Administrative Court of Macedonia, the timing of which is uncertain.

Montenegro

Employee salary disputes in Montenegro

In July 2010, the Trade Union of Crnogorski Telekom submitted a claim for a 15.3% increase in salaries by for the period between September 2009 and September 2010, based on the clause on minimum wage calculation in the Collective Bargaining Agreement (CBA). Management believes that the Trade Union is not entitled to submit such a claim and also disagrees with the calculation methodology. The first instance procedure is ongoing and our potential exposure is HUF 1.5 bn.

8.2. Commitments

There has not been any material change in the nature and amount of our commitments in Q3 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, 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"

With regards 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, Magyar Telekom announced on March 12, 2012, that it 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. The Metropolitan Court, by its final judgment announced on September 17, 2012 annulled the entire decision closing the auction. As announced on October 17, 2012, a request for judicial review of the Metropolitan Court's judgment, and a request for the suspension of enforceability of the judgment, was filed with the Curia; and the Curia suspended, until the conclusion of the judicial review procedure, the enforceability of the judgment of the Metropolitan Court.

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 Chairman and Chief Executive Officer	Thilo Kusch Chief Financial Officer

Budapest, November 8, 2012

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)	Q3 2011 (Unaudited)	Q3 2012 (Unaudited)	% change
Revenues			
Voice - retail	46,388	44,293	(4.5%)
Voice - wholesale	8,206	7,271	(11.4%)
Voice - visitor	1,365	1,362	(0.2%)
Non-voice	16,121	16,541	2.6%
Equipment and activation	5,998	7,153	19.3%
Other mobile revenues	1,844	2,270	23.1%
Mobile revenues	**79,922**	**78,890**	**(1.3%)**
Voice - retail	22,431	19,803	(11.7%)
Voice - wholesale	5,928	5,355	(9.7%)
Internet	12,881	12,888	0.1%
Data	6,953	5,389	(22.5%)
TV	8,077	8,615	6.7%
Equipment	785	889	13.2%
Other fixed line revenues	1,539	1,854	20.5%
Fixed line revenues	**58,594**	**54,793**	**(6.5%)**
System Integration/Information Technology revenues	13,031	11,237	(13.8%)
Revenue from Energy Services	573	5,225	n.m.
Total revenues	**152,120**	**150,145**	**(1.3%)**
Expenses			
Mobile services-related payments	(18,934)	(18,969)	(0.2%)
Fixed line-related payments	(11,695)	(9,874)	15.6%
SI/IT-related payments	(7,492)	(6,348)	15.3%
Energy-related payments	(531)	(5,514)	n.m.
Agent commissions	(2,869)	(2,590)	9.7%
Bad debt expense	(1,824)	(1,772)	2.9%
Direct costs	**(43,345)**	**(45,067)**	**(4.0%)**
Employee-related expenses	(20,688)	(21,628)	(4.5%)
Depreciation and amortization	(24,043)	(26,474)	(10.1%)
Other operating expenses	(37,288)	(33,331)	10.6%
Total operating expenses	**(125,364)**	**(126,500)**	**(0.9%)**
Other operating income	797	6,475	n.m.
Operating profit	**27,553**	**30,120**	**9.3%**
Net financial result	(4,187)	(5,243)	(25.2%)
Share of associates' and joint ventures' profits	5	0	(100.0%)
Profit before income tax	**23,371**	**24,877**	**6.4%**
Income tax	(6,710)	(5,860)	12.7%
Profit for the period	**16,661**	**19,017**	**14.1%**
Change in exchange differences on translating foreign operations	19,181	(3,054)	(115.9%)
Revaluation of available-for-sale financial assets	(16)	(31)	(93.8%)
Other comprehensive income for the period	19,165	(3,085)	(116.1%)
Total comprehensive income for the period	**35,826**	**15,932**	**(55.5%)**
Profit attributable to:			
Owners of the parent	13,337	14,775	10.8%
Non-controlling interests	3,324	4,242	27.6%
	16,661	**19,017**	**14.1%**
Total comprehensive income attributable to:			
Owners of the parent	26,837	12,552	(53.2%)
Non-controlling interests	8,989	3,380	(62.4%)
	35,826	**15,932**	**(55.5%)**
Basic and diluted earnings per share (HUF)	12.80	14.17	10.7%

MAGYAR TELEKOM

Consolidated Statements of Comprehensive Income - IFRS (HUF million, except per share amounts)	1-9. months, 2011 (Unaudited)	1-9. months, 2012 (Unaudited)	% change
Revenues			
Voice - retail	133,224	129,076	(3.1%)
Voice - wholesale	23,782	21,229	(10.7%)
Voice - visitor	2,920	2,827	(3.2%)
Non-voice	45,961	47,764	3.9%
Equipment and activation	16,656	19,093	14.6%
Other mobile revenues	5,626	6,314	12.2%
Mobile revenues	**228,169**	**226,303**	**(0.8%)**
Voice - retail	68,843	61,471	(10.7%)
Voice - wholesale	16,296	14,760	(9.4%)
Internet	38,781	39,379	1.5%
Data	20,188	17,184	(14.9%)
TV	23,582	25,572	8.4%
Equipment	2,616	2,307	(11.8%)
Other fixed line revenues	4,805	5,712	18.9%
Fixed line revenues	**175,111**	**166,385**	**(5.0%)**
System Integration/Information Technology revenues	33,274	35,329	6.2%
Revenue from Energy Services	1,639	14,238	n.m.
Total revenues	**438,193**	**442,255**	**0.9%**
Expenses			
Mobile services-related payments	(52,572)	(55,627)	(5.8%)
Fixed line-related payments	(32,206)	(28,356)	12.0%
SI/IT-related payments	(17,430)	(19,685)	(12.9%)
Energy-related payments	(1,505)	(14,258)	n.m.
Agent commissions	(7,439)	(7,454)	(0.2%)
Bad debt expense	(5,343)	(5,476)	(2.5%)
Direct costs	**(116,495)**	**(130,856)**	**(12.3%)**
Employee-related expenses	(64,347)	(66,007)	(2.6%)
Depreciation and amortization	(72,061)	(77,914)	(8.1%)
Other operating expenses	(112,021)	(95,999)	14.3%
Total operating expenses	**(364,924)**	**(370,776)**	**(1.6%)**
Other operating income	4,069	8,402	106.5%
Operating profit	**77,338**	**79,881**	**3.3%**
Net financial result	(20,678)	(20,156)	2.5%
Share of associates' and joint ventures' profits	4	0	(100.0%)
Profit before income tax	**56,664**	**59,725**	**5.4%**
Income tax	(14,810)	(12,697)	14.3%
Profit for the period	**41,854**	**47,028**	**12.4%**
Change in exchange differences on translating foreign operations	9,345	(19,399)	(307.6%)
Revaluation of available-for-sale financial assets	(16)	(30)	(87.5%)
Other comprehensive income for the period	9,329	(19,429)	(308.3%)
Total comprehensive income for the period	**51,183**	**27,599**	**(46.1%)**
Profit attributable to:			
Owners of the parent	32,866	38,472	17.1%
Non-controlling interests	8,988	8,556	(4.8%)
	41,854	**47,028**	**12.4%**
Total comprehensive income attributable to:			
Owners of the parent	39,416	24,747	(37.2%)
Non-controlling interests	11,767	2,852	(75.8%)
	51,183	**27,599**	**(46.1%)**
Basic and diluted earnings per share (HUF)	31.53	36.91	17.1%

MAGYAR TELEKOM

Consolidated Statements of Financial Position - IFRS (HUF million)	Dec 31, 2011 (Audited)	Sep 30, 2012 (Unaudited)	% change
ASSETS			
Current assets			
Cash and cash equivalents	14,451	13,867	(4.0%)
Trade and other receivables	124,663	112,468	(9.8%)
Other current financial assets	65,286	40,038	(38.7%)
Current income tax receivable	927	2,270	144.9%
Inventories	9,904	10,879	9.8%
Non current assets held for sale	5,165	144	(97.2%)
Total current assets	**220,396**	**179,666**	**(18.5%)**
Non current assets			
Property, plant and equipment	536,224	512,645	(4.4%)
Intangible assets	308,313	316,269	2.6%
Deferred tax assets	750	898	19.7%
Other non current financial assets	31,590	14,995	(52.5%)
Other non current assets	755	368	(51.3%)
Total non current assets	**877,632**	**845,175**	**(3.7%)**
Total assets	**1,098,028**	**1,024,841**	**(6.7%)**
LIABILITIES			
Current liabilities			
Financial liabilities to related parties	49,865	24,703	(50.5%)
Other financial liabilities	70,155	36,800	(47.5%)
Trade payables	101,119	78,668	(22.2%)
Current income tax payable	1,335	2,092	56.7%
Provisions	3,703	3,211	(13.3%)
Other current liabilities	29,213	36,764	25.8%
Total current liabilities	**255,390**	**182,238**	**(28.6%)**
Non current liabilities			
Financial liabilities to related parties	230,166	281,849	22.5%
Other financial liabilities	17,928	7,372	(58.9%)
Deferred tax liabilities	26,270	25,386	(3.4%)
Provisions	11,236	9,434	(16.0%)
Other non current liabilities	947	949	0.2%
Total non current liabilities	**286,547**	**324,990**	**13.4%**
Total liabilities	**541,937**	**507,228**	**(6.4%)**
EQUITY			
Equity of the owners of the parent			
Common stock	104,275	104,275	0.0%
Capital reserves	27,379	27,381	0.0%
Treasury stock	(307)	(307)	0.0%
Retained earnings	325,709	312,065	(4.2%)
Accumulated other comprehensive income	30,959	17,234	(44.3%)
Total Equity of the owners of the parent	**488,015**	**460,648**	**(5.6%)**
Non-controlling interests	68,076	56,965	(16.3%)
Total equity	**556,091**	**517,613**	**(6.9%)**
Total liabilities and equity	**1,098,028**	**1,024,841**	**(6.7%)**

MAGYAR TELEKOM

Consolidated Statements of Cash Flows - IFRS (HUF million)	1-9. months, 2011 (Unaudited)	1-9. months, 2012 (Unaudited)	% change
Cash flows from operating activities			
Profit for the period	41, 854	47,028	12.4%
Depreciation and amortization	72,061	77,914	8.1%
Income tax expense	14,810	12,697	(14.3%)
Net financial result	20,678	20,156	(2.5%)
Share of associates' and joint ventures' profits	(4)	0	100.0%
Change in assets carried as working capital	(2,586)	9,013	n.m.
Change in provisions	10,265	(2,179)	n.m.
Change in liabilities carried as working capital	2,868	(23,473)	n.m.
Income tax paid	(8,579)	(11,085)	(29.2%)
Dividend received	23	16	(30.4%)
Interest and other financial charges paid	(17,834)	(21,801)	(22.2%)
Interest received	2,732	2,548	(6.7%)
Other cashflows from operations	(2,055)	(5,393)	(162.4%)
Net cash generated from operating activities	**134,233**	**105,441**	**(21.4%)**
Cash flows from investing activities			
Investments in tangible and intangible assets	(43,875)	(70,891)	(61.6%)
Adjustments to cash purchases	(6,705)	(1,658)	75.3%
Purchase of subsidiaries and business units	(2,263)	(2,388)	(5.5%)
Cash acquired through business combinations	455	48	(89.5%)
Proceeds from other financial assets - net	7,109	15,567	119.0%
Proceeds from disposal of subsidiaries and associates	0	13,421	n.a.
Proceeds from disposal of property, plant and equipment (PPE) and intangible assets	3,862	777	(79.9%)
Net cash used in investing activities	**(41,417)**	**(45,124)**	**(9.0%)**
Cash flows from financing activities			
Dividends paid to shareholders and Non-controlling interest	(64,436)	(66,063)	(2.5%)
Repayment of / proceeds from loans and other borrowings - net	(29,543)	5,819	n.m.
Net cash used in financing activities	**(93,979)**	**(60,244)**	**35.9%**
Exchange losses on cash and cash equivalents	409	(657)	n.m.
Change in cash and cash equivalents	**(754)**	**(584)**	**22.5%**
Cash and cash equivalents, beginning of period	15,841	14,451	(8.8%)
Cash and cash equivalents, end of period	15,087	13,867	(8.1%)
Change in cash and cash equivalents	**(754)**	**(584)**	**22.5%**

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

	pieces	in HUF millions									
			Capital reserves				Accumulated Other Comprehensive Income				
	Shares of common stock	Common stock	Additional paid in capital	Reserve for equity settled share-based transactions	Treasury stock	Retained earnings	Cumulative translation adjustment	Revaluation reserve for AFS financial assets – net of tax	Equity of the owners of the parent	Non-controlling interests	Total Equity
Balance at December 31, 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						32,866	6,559	(9)	**39,416**	11,767	**51,183**
Balance at September 30, 2011	1,042,742 ,543	104,275	27,379	0	(307)	366,032	21,492	(60)	518,811	62,489	581,300
Total comprehensive income						(40,323)	9,530	(3)	**(30,796)**	5,587	**(25,209)**
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 interest									**0**	(13,951)	**(13,951)**
Disposal of subsidiaries									**0**	(12)	**(12)**
Equity settled share-based transactions				2					**2**		**2**
Total comprehensive income						38,472	(13,708)	(17)	**24,747**	2,852	**27,599**
Balance at September 30, 2012	1,042,742,543	104,275	27,379	2	(307)	312,065	17,314	(80)	460,648	56,965	517,613