

**Questions asked by shareholders at the annual meeting  
of the Shareholders' Assembly of Makedonski Telekom held on 14.04.2011  
Answers by the Company**

- **Upon Agenda item 6** – *“Proposed Resolution on the adoption of the Annual Report on the Operation of the Company for the Year 2010”*:

**Question:** A clarification of a paragraph on the second page of the Annual Report was requested with reference to the amount of approximately EUR 4,300,000.00 (four million and three hundred thousand euros), which constitutes tax paid to the Public Revenue Office, based upon a previously received Tax Decision.

**Answer:** An additional explanation upon this question will be published at the official webpage of the Company. The short answer upon the raised question is that, upon the receipt of the Final Report (“Report of Investigation to the Audit Committee of Magyar Telekom”), the said Report was reviewed and on that basis a provision was made for potential tax impacts which were posted as such. In the course of 2010, payment was effectuated on that basis of those potential tax impacts upon a Decision issued by the competent state institutions.

**Additional explanation:**

Based on the analysis of the Tax and Legal experts and information available to the Management related to the transactions subject of the Report of Investigation to the Audit Committee of Magyar Telekom (the “Final Report”), amount of MKD 248,379 thousand has been identified as potential tax impact (together with related penalty interest) as of 31 December 2009 arising from the transactions conducted by the Company and its subsidiary subject to the Final Report. In 2010 the amount related to the identified potential tax impact (together with related penalty interest) amounted to MKD 261,834 thousand out of which MKD 227,972 thousand related to the Company were paid in 2010 upon an executive decision issued by the Public Revenue Office.

- **Upon Agenda item 8** – *“Proposed Resolution on the payment of the dividend of the Company for the Year 2010”*:

**Question:** What was the reason that the Company announced one value – gross dividend amount, and then it stated how much was allocated for tax?

**Answer:** In accordance with the modifications of the Law on Trade Companies, an additional explanation upon this question will be published at the official webpage of the Company. The short answer to the question raised referred to the various shareholders' structure of the Company and the different taxation arising from that basis. Therefore, it is impossible to precisely state the net amount of the dividend for the Year 2010 in the Resolution. The final shareholders' structure would be known after the last day of stock exchange trade, i.e. after 21<sup>st</sup> April 2011, while on the official internet page of the Company it would be published what was the gross and what was the net amount of the dividend for the Year 2010 for all shareholder types. The Company adopts a Resolution on the distribution of gross dividend. Depending on the structure of the shareholders, the tax which is to be paid to the State upon various bases shall be determined. The amount that shall remain, depending on the structure, shall be distributed as net profit, and at this moment it cannot be established, i.e. the exact information would be known after 21<sup>st</sup> April. At the moment, there is no objective possibility to answer this question, due to the fact that there is a recording date, and in the meantime the shares are being continuously traded at the stock exchange.

**Additional explanation:**

Pursuant to the existing tax regulations in the Republic of Macedonia, the profit of the Company is subject to profit tax at the moment of the payment thereof in the form of dividend and other profit distributions, with the exception of the dividend paid to legal entities residents of the Republic of Macedonia, i.e. such dividend is exempted from taxation with profit tax. Additionally, the part of the profit that belongs/is paid to foreign legal entities, after the taxation with profit tax (an amount which constitutes income of the shareholder based upon dividend), shall be subject to taxation also with withholding tax, i.e. personal income tax in the event of payments to individuals.

Pursuant to the provisions of the Law on Trade Companies and the Statute of the Company, the distribution of the profit to the shareholders of the Company is to be performed in proportion to their shareholding in the total shares with the right to dividend.

Hence, having regard to the manner of profit taxation and the manner of distribution of the profit to the shareholders set forth above, for the purposes of ensuring equality amongst the shareholders, the dividend of the Company is determined as a gross amount from which the respective tax is later on withheld and paid.

Below is a summary table of the gross dividend for 2010 per type of shareholders:  
*in MKD*

Type of shareholders	Gross dividend	Profit tax	Personal income tax	Withholding tax	Net dividend	Undistributed dividend
Individuals (domestic and foreign)	133,690,146	13,369,015	12,032,320	-	108,288,811	-
Foreign legal entities <sup>1)</sup>	137,606,847	13,760,684	-	1,233,075	122,613,088	-
Domestic investment funds	339,867	33,987	-	-	305,880	-
Domestic legal entities	5,675,559,253	-	-	-	5,675,559,253	-
Undistributed dividend <sup>2)</sup>	283,049	-	-	-	-	283,049
<b>Total</b>	<b>5,947,479,162</b>	<b>27,163,686</b>	<b>12,032,320</b>	<b>1,233,075</b>	<b>5,906,767,032</b>	<b>283,049</b>

1) IFC is also included, whose dividend is not subject to withholding tax

2) The dividend for 4,105 shares which constitute a part of 2% shares which the Government of the Republic of Macedonia in 2006 granted to the individuals that were employees at AD Makedonski Telekomunikacii on 15.01.2001 and for which, due to various reasons, the owners have not been registered yet in the Book of Shareholders of Makedonski Telekom AD - Skopje. Dividend is determined for these shares, while the payment thereof shall be effectuated after the registration of the owners of these shares in the Book of Shareholders of Makedonski Telekom AD - Skopje.