

Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

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| <b>Македонски Телеком</b>              |                  |
| АД за електронски комуникации - Скопје |                  |
| Број                                   | 01 - 187675 /    |
| Датум                                  | 30 - 04 - 2010 / |

**To:** Securities and Exchange Commission of the RoM  
26 Dimitrija Cupovski, 1000 Skopje

**Date:** 30.04.2010

**Subject:** Financial Statements for the first quarter of 2010

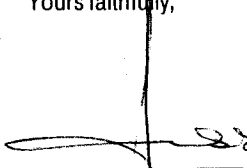
Dear Sirs/Madams,

In accordance with Articles 157, 160 and 164 of the Law on Securities and the respective by-laws, please find enclosed herewith the Financial Statements for the first quarter of 2010 which contain the following:

1. The consolidated and non-consolidated unaudited income statement and the analysis of the consolidated and non-consolidated operating profit prepared in accordance with the International Financial Reporting Standards (IFRS);
2. Explanation on the operation of Makedonski Telekom AD - Skopje (MKT) for the period from 01.01.2010 until 31.03.2010 (the same refers to the consolidated unaudited income statement);
3. Statement for the accuracy of the foregoing.

In accordance with the respective by-laws, MKT shall post the above listed financial statements in an electronic format on the website of the Securities and Exchange Commission through the respective module, with the exception of the non-consolidated unaudited income statements and the analysis of the non-consolidated operating profit, due to the technical option and structure of the module.

Yours faithfully,

  
Zarko Lukovski  
President of the Board of Directors

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**Македонски Телеком**

АД за електронски комуникации - Скопје

Nikolai Beckers  
Chief Executive Officer

Proofread and verified by Lingva Ekspert

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Makedonski Telekom AD Skopje  
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| <b>Македонски Телеком</b>              |              |
| АД за електронски комуникации - Скопје |              |
| Број                                   | 01-187645 /  |
| Датум                                  | 30-04-2010 / |

**To:** Securities and Exchange Commission of RoM  
26 Dimitrija Cupovski, 1000 Skopje

**Date:** 30.04.2010

**Subject:** Explanation on the operation of Makedonski Telekom AD Skopje for the period from 01.01.2010 until 31.03.2010

The following analysis refers to the consolidated income statement of Makedonski Telekom- Group, which includes Makedonski Telekom AD - Skopje, T-Mobile Macedonia AD Skopje and e-Makedonija Foundation - Skopje.

During the first quarter of 2010, the revenues on group level remain stable, however, still marking a slight decrease.

This is mainly due to the decrease in the revenues from fixed telecommunication services compared to the same period of the previous year, combined with the revenue growth from mobile telephony. Internet revenues still experience a continuous growth, as a result of the continuation of the trend for increasing the number of ADSL Internet subscribers. In addition, Makedonski Telekom AD - Skopje generates revenues from the sales of the new service for provision of digital television via Internet protocol ("IPTV"). Revenues from VPN in the fixed telecommunication services have also increased. Foreign sales revenues have increased due to the increased volume of incoming international traffic.

The movement in the employee-related costs results from the slight increase in the average salaries on the group level. The provisions for cost and risk have increased due to increase of the required provisions in the current period. Decrease in the revenue from investments, loans, interest and FX rate movements results from the decreased interest received from deposits placed with banks due to the downward movement in the interest rates.

*On 13 February 2006, Magyar Telekom Plc., the controlling owner of the Company, (via Stonebridge Communications AD - Skopje (under liquidation), majority shareholder of the Company), announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom Plc. to determine whether the contracts were entered into in violation of Magyar Telekom Plc. policy or applicable law or regulation. Magyar Telekom's Audit Committee retained White & Case, as its independent legal counsel to conduct the internal investigation. Subsequent to this on 19 February 2007, the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company and the Audit Committee of Magyar Telekom Plc., adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*For further information about the internal investigation, please refer to the financial statements of the Company for the year ended 31 December 2008.*

*According the information provided to the Company by Magyar Telekom Plc., on 2 December 2009, the Audit Committee of Magyar Telekom Plc., provided the Magyar Telekom's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated 30 November 2009 (the "Final Report"). The Audit Committee indicated that it considers that, with the preparation of the Final Report based on currently available facts, White & Case has completed its independent internal investigation.*

*According the information provided to the Company by Magyar Telekom Plc., the Final Report includes the following findings and conclusions related to Magyar Telekom's Macedonian affiliates, based upon the evidence available to the Audit Committee of Magyar Telekom Plc. and its counsel:*

- *As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by Magyar Telekom Plc. and its affiliates.*
- *Between 2000 and 2006 a small group of former senior executives at Magyar Telekom and Magyar Telekom's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between Magyar Telekom and its subsidiaries on one hand, and affiliates of a Cyprus-based consulting company on the other hand). The*

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ID number 5168660



Makedonski Telekom AD Skopje  
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*Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."*

- *"The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements." However, the Magyar Telekom Audit Committee's counsel did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.*
- *In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics:*
  - *intentional circumvention of internal controls;*
  - *false and misleading corporate documents and records;*
  - *lack of due diligence concerning, and failure to monitor performance of, contractors and agents in circumstances carrying a high risk of corruption; lack of evidence of performance; and*
  - *expenditures that were not for the purposes stated in the contracts under which they were made, but rather were intended to obtain benefits for the Magyar Telekom subsidiaries that could only be conferred by government action.*
- *The Final Report states that "the Investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials."*

*As previously disclosed, Magyar Telekom has taken remedial steps to address issues previously identified by the independent investigation, including steps designed to revise and enhance the Magyar Telekom Group's internal controls. According to the information provided to the Company by Magyar Telekom, the Audit Committee of Magyar Telekom has not made recommendations relating to Magyar Telekom's compliance program or internal controls in connection with the issuance of the Final Report and Magyar Telekom is considering, in consultation with its Audit Committee, whether and to what extent the Final Report warrants additional remedial actions, including any personnel actions and/or changes in internal control policies and procedures at Magyar Telekom or its subsidiaries that have been or will be implemented to address the findings of the Final Report.*

*In relation to the issuance of the Final Report and the information provided to the Company by Magyar Telekom, in January 2010 the Chairman of the Company's Board of Directors requested third party legal and tax expertise for assessment of the potential accounting and tax implications arising from the transactions conducted by the Company and its subsidiary subject to the Final Report.*

*The external experts prepared reports (the "Reports") on their assessment and submitted the Reports to the Chairman of the Company's BoD and the Management of the Company and its subsidiary accordingly. As a result, based on the analysis of the Tax and Legal experts and information available to the Management related to the transactions subject of the Final Report, amount of MKD 248,379 thousand has been identified as potential tax impact (together with related penalty interest) arising from the transactions conducted by the Company and its subsidiary subject to the Final Report (see note 1.2.2). In addition, the value of one contract MKD 105,147 thousand capitalised within treasury shares is now corrected and accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares as originally reported. The other contracts that were identified by the Final Report and the reports of the tax and legal experts related to transactions undertaken by the Company and its subsidiary were expensed in the related periods (2001-2007), which require no restatements (see note 1.2.2).*

*In May 2008, the Ministry of Interior ("MOI") of the Republic of Macedonia ("RoM") submitted to the Company an official written request for information and documentation regarding certain payments for consultancy services and advance dividend, as well as certain procurements and contracts. In June 2008 the Company submitted copies*



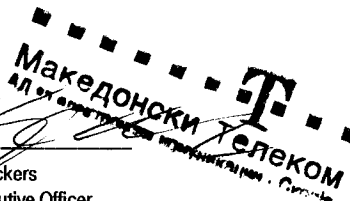
Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS (BY COST NATURE)

|                  |                                |           |         |
|------------------|--------------------------------|-----------|---------|
| Company          | Makedonski Telekom AD - Skopje |           |         |
| Reporting period | First quarter of 2010          | ID number | 5168660 |

(in thousands of MKD)

| No, | Item   | Previous year                             |                 | Current year                              |                 | Indices                       |                                  |
|-----|--|---|-----------------|---|-----------------|-------------------------------|----------------------------------|
|     |  | Cumulative from the beginning of the year | Current quarter | Cumulative from the beginning of the year | Current quarter | Compared to the previous year | Compared to the previous quarter |
| 1   | OPERATING INCOME   | 4,441,849                                 | 4,441,849       | 4,257,841                                 | 4,257,841       | 96                            | 96                               |
| 2   | Sales revenues   | 4,294,541                                 | 4,294,541       | 4,105,947                                 | 4,105,947       | 96                            | 96                               |
| 2a  | Domestic sales revenue   | 4,013,081                                 | 4,013,081       | 3,796,987                                 | 3,796,987       | 95                            | 95                               |
| 2b  | Foreign sales revenue  | 281,460                                   | 281,460         | 308,960                                   | 308,960         | 110                           | 110                              |
| 3   | Changes in the stock of finished products and work in progress | -   | -               | -   | -               | -                             | -                                |
| 4   | Other operating income   | 147,308                                   | 147,308         | 151,894                                   | 151,894         | 103                           | 103                              |
| 5   | OPERATING EXPENSES   | (2,734,814)                               | (2,734,814)     | (2,892,436)                               | (2,892,436)     | 106                           | 106                              |
| 6   | Cost value of trade goods                                      | (403,184)                                 | (403,184)       | (398,332)                                 | (398,332)       | 99                            | 99                               |
| 7   | Materials, small inventory and services                        | (1,145,954)                               | (1,145,954)     | (1,150,826)                               | (1,150,826)     | 100                           | 100                              |
| 7a  | Raw materials and small inventory                              | (26,150)                                  | (26,150)        | (20,235)                                  | (20,235)        | 77                            | 77                               |
| 7b  | Services   | (1,119,804)                               | (1,119,804)     | (1,130,591)                               | (1,130,591)     | 101                           | 101                              |
| 8   | Changes in the stock of finished products and work in progress | -   | -               | -   | -               | -                             | -                                |
| 9   | Employee-related costs   | (378,319)                                 | (378,319)       | (388,886)                                 | (388,886)       | 103                           | 103                              |
| 10  | Depreciation, amortization and provisions                      | (734,211)                                 | (734,211)       | (884,254)                                 | (884,254)       | 120                           | 120                              |
| 10a | Depreciation   | (733,688)                                 | (733,688)       | (742,290)                                 | (742,290)       | 101                           | 101                              |
| 10b | Impairment of fixed assets                                     | (231)                                     | (231)           | (3,638)                                   | (3,638)         | 1,575                         | 1,575                            |
| 10c | Provisions for costs and risks                                 | (292)                                     | (292)           | (138,326)                                 | (138,326)       | 47,372                        | 47,372                           |
| 11  | Other operating expenses                                       | (73,146)                                  | (73,146)        | (70,138)                                  | (70,138)        | 96                            | 96                               |
| 12  | OPERATING PROFIT/LOSS  | 1,707,035                                 | 1,707,035       | 1,365,405                                 | 1,365,405       | 80                            | 80                               |
| 13  | Financial income   | 8   | 8               | -   | -               | -                             | -                                |
| 14  | Income from investments, loans, interest and FX rate movements | 137,442                                   | 137,442         | 105,363                                   | 105,363         | 77                            | 77                               |
| 15  | Other financing income   | -   | -               | -   | -               | -                             | -                                |
| 16  | Financial expenses   | (20)                                      | (20)            | (47)                                      | (47)            | 235                           | 235                              |
| 17  | Expenses for interest, FX rate movements and similar expenses  | (4,916)                                   | (4,916)         | (5,353)                                   | (5,353)         | 109                           | 109                              |
| 18  | Other financing expenses                                       | -   | -               | -   | -               | -                             | -                                |
| 19  | Profit from regular operations before tax                      | 1,839,549                                 | 1,839,549       | 1,465,368                                 | 1,465,368       | 80                            | 80                               |
| 20  | Income tax   | (8,462)                                   | (8,462)         | (18,806)                                  | (18,806)        | 222                           | 222                              |
| 21  | Net profit after tax   | 1,831,087                                 | 1,831,087       | 1,446,562                                 | 1,446,562       | 79                            | 79                               |
| 22  | Minority interest  | -   | -               | -   | -               | -                             | -                                |
| 23  | Net profit for the fiscal year                                 | 1,831,087                                 | 1,831,087       | 1,446,562                                 | 1,446,562       | 79                            | 79                               |


  
 Nikolai Beckers  
 Chief Executive Officer

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Makedonski Telekom AD Skopje  
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ANALYSIS OF CONSOLIDATED OPERATING PROFIT ACCORDING TO IFRS (BY COST NATURE)

|                  |                                |           |         |
|------------------|--------------------------------|-----------|---------|
| Company          | Makedonski Telekom AD - Skopje |           |         |
| Reporting period | First quarter of 2010          | ID number | 5168660 |

(in thousands of MKD)

| No, | Item   | Previous year                             |                 | Current year                              |                 | Indices                       |                                  |
|-----|--|---|-----------------|---|-----------------|-------------------------------|----------------------------------|
|     |  | Cumulative from the beginning of the year | Current quarter | Cumulative from the beginning of the year | Current quarter | Compared to the previous year | Compared to the previous quarter |
| 1   | Sales revenues   | 4,294,541                                 | 4,294,541       | 4,105,947                                 | 4,105,947       | 96                            | 96                               |
| 2   | Other operating income   | 147,308                                   | 147,308         | 151,894                                   | 151,894         | 103                           | 103                              |
| 3   | Cost value of goods and services sold                          | (403,184)                                 | (403,184)       | (398,332)                                 | (398,332)       | 99                            | 99                               |
| 4   | Changes in the stock of finished products and work in progress | -   | -               | -   | -               | -                             | -                                |
| 5   | Raw materials, materials and small inventory                   | (26,150)                                  | (26,150)        | (20,235)                                  | (20,235)        | 77                            | 77                               |
| 6   | Impairment charges   | (51,252)                                  | (51,252)        | (32,073)                                  | (32,073)        | 63                            | 63                               |
| 7   | Employee-related costs   | (378,319)                                 | (378,319)       | (388,886)                                 | (388,886)       | 103                           | 103                              |
| 8   | Sales costs  | (806,084)                                 | (806,084)       | (964,864)                                 | (964,864)       | 120                           | 120                              |
| 9   | Costs for services provided by other parties                   | (1,047,700)                               | (1,047,700)     | (1,046,343)                               | (1,046,343)     | 100                           | 100                              |
| 10  | Other operating expenses                                       | (22,125)                                  | (22,125)        | (41,703)                                  | (41,703)        | 188                           | 188                              |
| 11  | OPERATING PROFIT   | 1,707,035                                 | 1,707,035       | 1,365,405                                 | 1,365,405       | 80                            | 80                               |


  
 Nikolai Boekers  
 Chief Executive Officer

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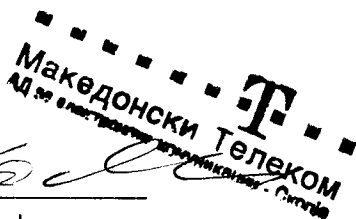
Makedonski Telekom AD Skopje  
Orce Nikolov bb 1000 Skopje

NON-CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS (BY COST NATURE)

|                  |                                |           |         |
|------------------|--------------------------------|-----------|---------|
| Company          | Makedonski Telekom AD - Skopje |           |         |
| Reporting period | First quarter of 2010          | ID number | 5168660 |

(in thousands of MKD)

| No. | Item   | Previous year                             |                 | Current year                              |                 | Indices                       |                                  |
|-----|--|---|-----------------|---|-----------------|-------------------------------|----------------------------------|
|     |  | Cumulative from the beginning of the year | Current quarter | Cumulative from the beginning of the year | Current quarter | Compared to the previous year | Compared to the previous quarter |
| 1   | OPERATING INCOME   | 2,266,861                                 | 2,266,861       | 2,090,329                                 | 2,090,329       | 92                            | 92                               |
| 2   | Sales revenues   | 2,193,398                                 | 2,193,398       | 1,976,820                                 | 1,976,820       | 90                            | 90                               |
| 2a  | Domestic sales revenue   | 1,995,751                                 | 1,995,751       | 1,754,479                                 | 1,754,479       | 88                            | 88                               |
| 2b  | Foreign sales revenue  | 197,647                                   | 197,647         | 222,341                                   | 222,341         | 112                           | 112                              |
| 3   | Changes in the stock of finished products and work in progress | -   | -               | -   | -               | -                             | -                                |
| 4   | Other operating income   | 73,463                                    | 73,463          | 113,509                                   | 113,509         | 155                           | 155                              |
| 5   | OPERATING EXPENSES   | (1,611,669)                               | (1,611,669)     | (1,562,214)                               | (1,562,214)     | 97                            | 97                               |
| 6   | Cost value of trade goods                                      | (113,975)                                 | (113,975)       | (102,573)                                 | (102,573)       | 90                            | 90                               |
| 7   | Materials, small inventory and services                        | (778,412)                                 | (778,412)       | (761,414)                                 | (761,414)       | 98                            | 98                               |
| 7a  | Raw materials and small inventory                              | (15,947)                                  | (15,947)        | (12,220)                                  | (12,220)        | 77                            | 77                               |
| 7b  | Services   | (762,465)                                 | (762,465)       | (749,194)                                 | (749,194)       | 98                            | 98                               |
| 8   | Changes in the stock of finished products and work in progress | -   | -               | -   | -               | -                             | -                                |
| 9   | Employee-related costs   | (255,035)                                 | (255,035)       | (261,094)                                 | (261,094)       | 102                           | 102                              |
| 10  | Depreciation, amortization and provisions                      | (413,557)                                 | (413,557)       | (401,182)                                 | (401,182)       | 97                            | 97                               |
| 10a | Depreciation   | (413,554)                                 | (413,554)       | (401,042)                                 | (401,042)       | 97                            | 97                               |
| 10b | Impairment of fixed assets                                     | (3)                                       | (3)             | (140)                                     | (140)           | 4,667                         | 4,667                            |
| 10c | Provisions for costs and risks                                 | -   | -               | -   | -               | -                             | -                                |
| 11  | Other operating expenses                                       | (50,690)                                  | (50,690)        | (35,951)                                  | (35,951)        | 71                            | 71                               |
| 12  | OPERATING PROFIT/LOSS  | 655,192                                   | 655,192         | 528,115                                   | 528,115         | 81                            | 81                               |
| 13  | Financial income   | 4,355,314                                 | 4,355,314       | -   | -               | -                             | -                                |
| 14  | Income from investments, loans, interest and FX rate movements | 92,608                                    | 92,608          | 75,174                                    | 75,174          | 81                            | 81                               |
| 15  | Other financing income   | -   | -               | -   | -               | -                             | -                                |
| 16  | Financial expenses   | -   | -               | -   | -               | -                             | -                                |
| 17  | Expenses for interest, FX rate movements and similar expenses  | (4,916)                                   | (4,916)         | (5,353)                                   | (5,353)         | 109                           | 109                              |
| 18  | Other financing expenses                                       | -   | -               | -   | -               | -                             | -                                |
| 19  | Profit from regular operations before tax                      | 5,098,198                                 | 5,098,198       | 597,936                                   | 597,936         | 12                            | 12                               |
| 20  | Income tax   | (7,667)                                   | (7,667)         | (4,751)                                   | (4,751)         | 62                            | 62                               |
| 21  | Net profit after tax   | 5,090,531                                 | 5,090,531       | 593,185                                   | 593,185         | 12                            | 12                               |
| 22  | Minority interest  | -   | -               | -   | -               | -                             | -                                |
| 23  | Net profit for the fiscal year                                 | 5,090,531                                 | 5,090,531       | 593,185                                   | 593,185         | 12                            | 12                               |


  
**Македонски Телеком**
  
 AD за в.п.с. "Македонски Телеком" Скопје


  
 Nikolai Beckers
   
 Chief Executive Officer

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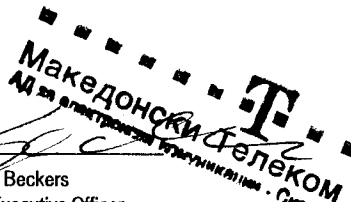
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ANALYSIS OF NON-CONSOLIDATED OPERATING PROFIT ACCORDING TO IFRS (BY COST NATURE)

|                  |                                |           |         |
|------------------|--------------------------------|-----------|---------|
| Company          | Makedonski Telekom AD - Skopje |           |         |
| Reporting period | First quarter of 2010          | ID number | 5168660 |

(in thousands of MKD)

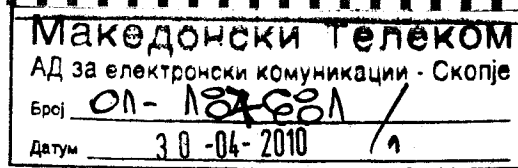
| No, | Item   | Previous year                             |                 | Current year                              |                 | Indices                       |                                  |
|-----|--|---|-----------------|---|-----------------|-------------------------------|----------------------------------|
|     |  | Cumulative from the beginning of the year | Current quarter | Cumulative from the beginning of the year | Current quarter | Compared to the previous year | Compared to the previous quarter |
| 1   | Sales revenues   | 2,193,398                                 | 2,193,398       | 1,976,820                                 | 1,976,820       | 90                            | 90                               |
| 2   | Other operating income   | 73,463                                    | 73,463          | 113,509                                   | 113,509         | 155                           | 155                              |
| 3   | Cost value of goods and services sold                          | (113,975)                                 | (113,975)       | (102,573)                                 | (102,573)       | 90                            | 90                               |
| 4   | Changes in the stock of finished products and work in progress | -   | -               | -   | -               | -                             | -                                |
| 5   | Raw materials, materials and small inventory                   | (15,947)                                  | (15,947)        | (12,220)                                  | (12,220)        | 77                            | 77                               |
| 6   | Impairment charges   | (30,763)                                  | (30,763)        | (13,761)                                  | (13,761)        | 45                            | 45                               |
| 7   | Employee-related costs   | (255,035)                                 | (255,035)       | (261,094)                                 | (261,094)       | 102                           | 102                              |
| 8   | Sales costs  | (462,625)                                 | (462,625)       | (461,123)                                 | (461,123)       | 100                           | 100                              |
| 9   | Costs for services provided by other parties                   | (713,394)                                 | (713,394)       | (689,113)                                 | (689,113)       | 97                            | 97                               |
| 10  | Other operating expenses                                       | (19,930)                                  | (19,930)        | (22,330)                                  | (22,330)        | 112                           | 112                              |
| 11  | OPERATING PROFIT   | 655,192                                   | 655,192         | 528,115                                   | 528,115         | 81                            | 81                               |


  
 Makedonski Telekom
   
 AD za elektronski prenos poruka i usluzi
   
 Niketai Beckers
   
 Chief Executive Officer

Makedonski Telekom AD - Skopje
   
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Makedonski Telekom AD Skopje  
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To: Securities and Exchange Commission of the RoM  
26 Dimitrija Cupovski, 1000 Skopje

Date: 30.04.2010

## STATEMENT

In accordance with the Law on Securities of the RoM as well as the respective by-laws, I, Nikolai Beckers, Chief Executive Officer of Makedonski Telekom AD – Skopje hereby affirm that the delivered financial reports for the first quarter of 2010, are accurate and reliable.

*On 13 February 2006, Magyar Telekom Plc., the controlling owner of the Company, (via Stonebridge Communications AD - Skopje (under liquidation), majority shareholder of the Company), announced that it was investigating certain contracts entered into by another subsidiary of Magyar Telekom Plc. to determine whether the contracts were entered into in violation of Magyar Telekom Plc. policy or applicable law or regulation. Magyar Telekom's Audit Committee retained White & Case, as its independent legal counsel to conduct the internal investigation. Subsequent to this on 19 February 2007, the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company and the Audit Committee of Magyar Telekom Plc., adopted a resolution to conduct an independent internal investigation regarding certain contracts in Macedonia.*

*For further information about the internal investigation, please refer to the financial statements of the Company for the year ended 31 December 2008.*

*According to the information provided to the Company by Magyar Telekom Plc., on 2 December 2009, the Audit Committee of Magyar Telekom Plc., provided the Magyar Telekom's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated 30 November 2009 (the "Final Report"). The Audit Committee indicated that it considers that, with the preparation of the Final Report based on currently available facts, White & Case has completed its independent internal investigation.*

*According to the information provided to the Company by Magyar Telekom Plc., the Final Report includes the following findings and conclusions related to Magyar Telekom's Macedonian affiliates, based upon the evidence available to the Audit Committee of Magyar Telekom Plc. and its counsel:*

- *As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by Magyar Telekom Plc. and its affiliates.*
- *Between 2000 and 2006 a small group of former senior executives at Magyar Telekom and Magyar Telekom's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between Magyar Telekom and its subsidiaries on one hand, and affiliates of a Cyprus-based consulting company on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."*
- *"The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements." However, the Magyar Telekom Audit Committee's counsel did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.*

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- *In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics:*
  - *intentional circumvention of internal controls;*
  - *false and misleading corporate documents and records;*
  - *lack of due diligence concerning, and failure to monitor performance of, contractors and agents in circumstances carrying a high risk of corruption; lack of evidence of performance; and*
  - *expenditures that were not for the purposes stated in the contracts under which they were made, but rather were intended to obtain benefits for the Magyar Telekom subsidiaries that could only be conferred by government action.*
- *The Final Report states that "the Investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials."*

*As previously disclosed, Magyar Telekom has taken remedial steps to address issues previously identified by the independent investigation, including steps designed to revise and enhance the Magyar Telekom Group's internal controls. According to the information provided to the Company by Magyar Telekom, the Audit Committee of Magyar Telekom has not made recommendations relating to Magyar Telekom's compliance program or internal controls in connection with the issuance of the Final Report and Magyar Telekom is considering, in consultation with its Audit Committee, whether and to what extent the Final Report warrants additional remedial actions, including any personnel actions and/or changes in internal control policies and procedures at Magyar Telekom or its subsidiaries that have been or will be implemented to address the findings of the Final Report.*

*In relation to the issuance of the Final Report and the information provided to the Company by Magyar Telekom, in January 2010 the Chairman of the Company's Board of Directors requested third party legal and tax expertise for assessment of the potential accounting and tax implications arising from the transactions conducted by the Company and its subsidiary subject to the Final Report.*

*The external experts prepared reports (the "Reports") on their assessment and submitted the Reports to the Chairman of the Company's BoD and the Management of the Company and its subsidiary accordingly. As a result, based on the analysis of the Tax and Legal experts and information available to the Management related to the transactions subject of the Final Report, amount of MKD 248,379 thousand has been identified as potential tax impact (together with related penalty interest) arising from the transactions conducted by the Company and its subsidiary subject to the Final Report (see note 1.2.2). In addition, the value of one contract MKD 105,147 thousand capitalised within treasury shares is now corrected and accounted for as though these payments had been expensed in 2006 rather than capitalized as part of treasury shares as originally reported. The other contracts that were identified by the Final Report and the reports of the tax and legal experts related to transactions undertaken by the Company and its subsidiary were expensed in the related periods (2001-2007), which require no restatements (see note 1.2.2).*

*In May 2008, the Ministry of Interior ("MOI") of the Republic of Macedonia ("RoM") submitted to the Company an official written request for information and documentation regarding certain payments for consultancy services and advance dividend, as well as certain procurements and contracts. In June 2008 the Company submitted copies from the requested documents. In the same period, T-Mobile Macedonia has also received similar requests for provision of certain documentation to the Ministry of Interior of RM and they were submitted accordingly.*

*In October 2008 the Investigation Judge from the Primary Court Skopje 1 - Skopje (the criminal court), has issued an official written order to the Company to handover certain original documentation. Later in October 2008, the Company officially and personally handed over the requested documentation. Additional MOI requests in written were submitted and the Company provided the requested documentation.*

*We understand, based on public information available as of 10 December 2008, that the MOI Organized Crime Department submitted the files to the Basic Public Prosecution Office of Organized Crime and Corruption, with a proposal to bring criminal charges against Attila Szendrei (former CEO of Makedonski Telekom AD - Skopje), Rolf Plath (former CFO of Makedonski Telekom AD - Skopje), Mihail Kefaloyannis (former member of the Board of*

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