

Magyar Telekom Plc.
Form 6-K
April 20, 2011

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

Report on Form 6-K dated April 20, 2011

Magyar Telekom Plc.

(Translation of registrant's name into English)

Budapest, 1013, Krisztina krt. 55, Hungary

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Edgar Filing: Magyar Telekom Plc. - Form 6-K

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Magyar Telekom Telecommunications

Public Limited Company

Annual Report

FOR THE YEAR ENDED DECEMBER 31, 2010

MAGYAR TELEKOM NYRT.

ANNUAL REPORT

31 DECEMBER 2010

INDEPENDENT AUDITOR S REPORT
(Free translation)

PricewaterhouseCoopers
Könyvvizsgáló és Gazdasági
Tanácsadó Kft.

1077 Budapest
Wesselényi u. 16.
1438 Budapest, Pf. 517
Telefon: (36-1) 461-9100
Fax: (36-1) 461-9101
www.pwc.com/hu

To the Shareholders of Magyar Telekom Nyrt.

Report on the financial statements

We have audited the accompanying financial statements of Magyar Telekom Nyrt. (the Company) which comprise the balance sheet as of 31 December 2010 (in which the balance sheet total is HUF 921.747 million, the profit per balance sheet is HUF 12.812 million), the related profit and loss account for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

Management s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provision of the Accounting Act and accounting principles generally accepted in Hungary and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian Standards on Auditing and with applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Edgar Filing: Magyar Telekom Plc. - Form 6-K

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

During our work we have audited the components and disclosures along with the accounting records and supporting documentation underlying the financial statements of Magyar Telekom Nyrt. in accordance with the Hungarian Standards on Auditing and, on the basis of our audit work, we have gained sufficient and appropriate evidence that the financial statements have been prepared in accordance with the provision of the accounting law and with accounting principles generally accepted in Hungary. In our opinion, the accompanying financial statements give a true and fair view of the financial position Magyar Telekom Nyrt. as of 31 December 2010, and of the results of its operations for the year then ended.

Other reporting requirements regarding the business report

We have examined the accompanying business report of Magyar Telekom Nyrt. (the Company) for the financial year of 2010.

Management is responsible for the preparation and fair presentation of the business report in accordance with the provision of the Accounting Act and accounting principles generally accepted in Hungary. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with that contained in the financial statements. Our work in respect of the business report was limited to checking it in within the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. In our opinion the 2010 business report is consistent with the disclosures in the financial statements as of 31 December 2010.

Budapest, April 12, 2011

Manfred Krawietz
Partner
PricewaterhouseCoopers Kft.
1077 Budapest, Wesselényi u. 16.
License Number: 001464

Hegedűsné Szűcs Márta
Statutory auditor
Licence number: 006838

Translation note:

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.

Magyar Telekom Plc.

MAGYAR TELEKOM TELECOMMUNICATIONS

PUBLIC LIMITED COMPANY

BALANCE SHEET AND PROFIT AND LOSS STATEMENT

TO THE 2010 ANNUAL REPORT

Magyar Telekom Plc.

BALANCE SHEET AS OF DECEMBER 31, 2010

(All amounts in millions of HUF)

ASSETS

	Note	December 31, 2009	Self-revision	December 31, 2010
<u>A. FIXED ASSETS AND FINANCIAL INVESTMENTS</u>				
		835,103	-531	817,906
I. Intangible assets	5	201,746	-35	191,655
Capitalised costs of foundation and restructuring		0	0	0
Capitalised costs of research and development		0	0	0
Rights		57,982	-37	55,838
Intellectual property		4,044	2	4,566
Goodwill		139,720	0	131,251
Advance payments on intangible assets		0	0	0
II. Tangible assets	6	440,377	-496	434,931
Land and buildings and related rights		242,792	1,818	241,419
- Land		2,338	52	2,756
- Buildings		65,175	223	64,453
- Telecommunication network		164,343	1,521	163,828
- Other properties		9,897	0	9,437
- Real estate related rights		1,039	22	945
Technical equipment, machinery and vehicles		160,917	3,230	149,469
- Telecommunication equipment and machinery		159,141	3,206	147,502
- Other technical equipment, machinery and vehicles		1,776	24	1,967
Other equipment and vehicles		13,243	1,066	9,981
Construction-in-progress		23,418	-6,610	33,991
Advance payments on construction-in-progress		7	0	71
III. Financial investments		192,980	0	191,320
Non current investments in related parties	7	174,974	0	179,244
Non current loans granted to related parties	8	13,147	0	8,250
Other investments		0	0	0
Other non current loans granted	9	4,859	0	3,826
Non current bonds and other securities		0	0	0
<u>B. CURRENT ASSETS</u>				
		100,098	-171	73,584
I. Inventories	10	6,912	-109	7,019
Raw materials		1,072	-1	826
Work in progress and semi-finished products		212	-104	149
Finished products		0	0	0
Goods resale		5,628	-4	6,044
Advance payments on inventories		0	0	0

Edgar Filing: Magyar Telekom Plc. - Form 6-K

II. Receivables		81,827	-62	60,585
Accounts receivable	11	39,664	6	36,632
Receivables from subsidiaries	12	6,893	21	14,735
Bills receivable		0	0	0
Receivables from other related companies	13	29,500	0	0
Other receivables	14	5,770	-89	9,218
III. Securities	15	1,179	0	307
Investments in related parties		0	0	0
Other investments		0	0	0
Treasury stock, quotas		1,179	0	307
Marketable securities		0	0	0
IV. Liquid assets		10,180	0	5,673
Cash and cheques		106	0	96
Bank deposits		10,074	0	5,577
C. PREPAYMENTS	16	33,211	-76	30,257
Accrued income		31,098	-76	28,725
Prepayments for costs and expenses		2,113	0	1,532
Deferred expenses		0	0	0
TOTAL ASSETS		968,412	-778	921,747

Budapest, April 12, 2011

Christopher Mattheisen
Chairman and Chief Executive Office,
Chairman of the Board

Thilo Kusch
Chief Financial Officer,
Board member

The supplement forms an integral part of these financial statements.

Edgar Filing: Magyar Telekom Plc. - Form 6-K

Magyar Telekom Plc.

BALANCE SHEET AS OF DECEMBER 31, 2010

(All amounts in millions of HUF)

LIABILITIES AND SHAREHOLDER'S EQUITY

	Note	December 31, 2009	Self-revision	December 31, 2010
D. SHAREHOLDER S EQUITY	17	355,002	-605	367,209
I.Common stock		104,274	0	104,274
- of this treasury stock at par value		150	0	100
II.Unpaid share capital (-)		0	0	0
III.Capital reserves		58,952	0	58,952
IV.Retained earnings		189,097	0	188,864
V.Restricted reserves		2,679	0	2,307
VI.Valuation reserves		0	0	0
VII.Net income		0	-605	12,812
E. PROVISIONS	18	19,495	-3	18,700
Provision for expected obligations		18,972	-3	18,700
Provision for expected expenses		447	0	0
Other provisions		76	0	0
F. LIABILITIES		545,646	223	488,054
I.Subordinated liabilities		0	0	0
II.Non current liabilities		291,056	6	236,094
Non current borrowings		0	0	0
Convertible bonds		0	0	0
Debt from issuance of bonds		121	0	121
Investment and development loans		0	0	0
Other non current loans	19	23,120	0	6,181
Non current liabilities to related parties		0	0	0
Non current liabilities to other related parties	20	267,017	0	228,817
Other non current liabilities		798	6	975
III.Liabilities		254,590	217	251,960
Current borrowings		70	0	70
- of this convertible bonds		0	0	0
Current loans	21	32,809	0	43,068
Advances received		311	24	310

Edgar Filing: Magyar Telekom Plc. - Form 6-K

Accounts payable		29,534	-52	26,999
Bills of exchange payable		0	0	0
Current liabilities to related parties	22	43,314	0	46,451
Current liabilities to other related parties	23	59,799	0	68,486
Other current liabilities	24	88,753	245	66,576
- of this dividends payable		77,052	0	52,117
G. ACCRUED EXPENSES	25	48,269	-393	47,784
Deferred income		4,821	0	4,521
Accrued expenses		43,151	-393	43,027
Other deferred revenue		297	0	236
<u>TOTAL LIABILITIES AND SHAREHOLDER S EQUITY</u>		968,412	-778	921,747

Budapest, April 12, 2011

Christopher Mattheisen
Chairman and Chief Executive Office,
Chairman of the Board

Thilo Kusch
Chief Financial Officer,
Board member

The supplement forms an integral part of these financial statements.

Magyar Telekom Plc.

INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER, 2010

(All amounts in millions of HUF)

		Note	2009	Self-revision	2010	
	1.	Domestic sales	26	456,437	-233	442,832
	2.	Export sales	27	18,832	107	15,913
I.		Sales revenues		475,269	-126	458,745
	3.	Change in self-manufactured inventories		63	-104	41
	4.	Capitalised value of self-manufactured assets		21,417	-33	18,498
II.		Own work capitalized		21,480	-137	18,539