TELEKOM AUSTRIA GROUP

Results for the First Nine Months 2011

Highlights

> Demand for fixed broadband and product bundles drives fixed access line growth of 11,700 lines in Austria

> Mobile broadband, smartphones and no frills drive mobile subscriber growth in all operations

> Further convergence milestone: B.net cable acquisition in Croatia

> Group revenue decline and lower Group EBITDA comparable mainly driven by competition in Austria and FX devaluation in Belarus

> In Q3 2011 slight rise in Group revenues and almost stable Group EBITDA comparable excluding FX translation effects due to strong operational performance and strict focus on cost control

> Subscriber growth and increased usage translate into strong revenue and EBITDA comparable growth in the Additional Markets segment

> Guidance 2011 reiterated: Group revenues approximately EUR 4.50 bn, Group EBITDA comparable up to EUR 1.55 bn

> Dividend floor of EUR 0.76 reiterated for the years 2011 and 2012

in EUR million	Q3 2011	Q3 2010	% change	1-9 M 2011	1-9 M 2010	% change
Revenues	1,111.4	1,185.4	-6.2%	3,338.7	3,480.1	-4.1%
EBITDA comparable	412.9	449.1	-8.1%	1,190.4	1,292.5	-7.9%
Operating income	166.1	176.0	-5.6%	208.8	476.4	-56.2%
Net income	127.9	96.5	32.5%	68.7	256.5	-73.2%
Earnings per share (in EUR)	0.29	0.22	32.7%	0.16	0.58	-73.2%
Free cash flow per share (in EUR)	0.44	0.51	-13.9%	0.86	1.36	-36.5%
Capital Expenditures	177.8	146.8	21.1%	454.9	443.3	2.6%

in EUR million	Sept. 30, 2011	Dec. 31, 2010	% change
Net Debt	3,488.6	3,305.2	5.5%
Net Debt/EBITDA comparable (12 months) excluding restructuring program	2.3x	2.0x	

All financial figures are based on IFRS; if not stated otherwise, all comparisons are given year-on-year. EBITDA comparable is defined as net income excluding financial result, income tax expense, depreciation and amortization, restructuring and impairment charges.

Interim Management Report

Group Review

Vienna, 14 November 2011 – Today, the Telekom Austria Group (VSE: TKA, OTC US: TKAGY) announced its results for the first nine months and the third quarter 2011 ending 30 September 2011.

The use of automated calculation systems may give rise to rounding differences.

Summary

Year-to-date comparison:
In the first nine months 2011 Group revenues declined by 4.1% to EUR 3,338.7 million driven by a challenging macro-economic environment, fierce competition and further regulatory cuts of roaming and interconnection tariffs. Moreover, the strong performance of the Belarusian operations was overshadowed by the two devaluation steps of the Belarus Ruble. Revenue growth in the Additional Markets segment partly compensated lower revenues from the Austrian, Bulgarian, Croatian and Belarusian segments. The negative impact of foreign currency translations on Group revenues amounted to EUR 119.0 million. On a like-for-like basis Group revenues remained almost stable at EUR 3,457.7 million.

The presentation for the conference call and key figures of the Telekom Austria Group in Excel format ("Fact Sheet Q3 2011") are available on our website at www.telekomaustria.com.

Results for the full year 2011 will be announced on 23 February, 2012.

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Group EBITDA comparable which does not include restructuring and impairment charges declined by 7.9% to EUR 1,190.4 million in the first nine months 2011. Strict cost management in the Austrian and Croatian segments mitigated the impact of decreasing revenues on EBITDA comparable. Operating expenses increased in the Bulgarian segment mainly due to higher bad debt expenses in the first nine months 2011. A higher contribution from the Additional Markets segment was achieved as a result of strong EBITDA comparable growth rates in the Republic of Serbia, the Republic of Macedonia and in Slovenia. The negative impact of foreign currency translations on Group EBITDA comparable amounted to EUR 53.3 million. Group EBITDA comparable declined by 3.8% on a like-for-like basis.

Restructuring charges rose from EUR 26.0 million in the first nine months of 2010 to EUR 224.8 million in the first nine months of 2011. Together with lower revenues this resulted in a decline in operating income to EUR 208.8 million in the first nine months of 2011 from EUR 476.4 million in the same period of 2010 in spite of lower depreciation and amortization charges.

The financial result increased due to higher foreign exchanges losses following the Belarus Ruble devaluations. All together, net income declined from EUR 256.5 million in the first nine months of 2010 to EUR 68.7 million in the same period of 2011. Above all this was a consequence of higher restructuring charges and the impact from the devaluations of the Belarus Ruble.

Capital expenditures increased by 2.6% to EUR 454.9 million due to higher investments in the next generation network in the Austrian segment as well as investments related to infrastructure in the Bulgarian and Additional Markets segments in the first nine months of 2011.

Quarterly comparison:
The impact of the devaluation of the Belarus Ruble outstripped the improvement of the operating performance of the Telekom Austria Group during the third quarter of 2011 compared to previous quarterly results. While reported Group revenues declined by 6.2% to EUR 1,111.4 million in the third quarter 2011, Group revenues increased by 0.2% excluding FX effects. Price pressure in Austria, ongoing economic headwinds particularly in Croatia and Bulgaria as well as regulatory induced cuts of termination rates continued to burden revenues. Revenue growth in the Additional Markets segment could partly compensate the revenue decrease in the other segments. The negative impact of foreign currency translations on Group revenues amounted to EUR 75.8 million.

Group EBITDA comparable, which does not include restructuring and impairment charges, declined by 8.1% to EUR 412.9 million in the third quarter of 2011, but remained almost stable at EUR 447.8 million excluding FX effects. Higher results from the Additional Markets segment could partly offset the EBITDA comparable decline from the other segments.

This decline mainly derived from the Belarusian segment as its strong operational performance was overshadowed by negative foreign currency translations. Lower EBITDA comparable in the Austrian, Bulgarian and Croatian segments were caused by lower revenues and were mitigated partially by continued strict cost control. The negative impact of foreign currency translations on Group EBITDA comparable amounted to EUR 34.9 million.

In the third quarter 2011 a restructuring charge in the amount of EUR 6.1 million related to the employee restructuring in the Austrian segment was recorded compared to EUR 12.3 million in the same period in 2010. Group operating income declined to EUR 166.1 million in the third quarter of 2011 from EUR 176.0 million in the previous year as lower depreciation and amortization could partly offset the impact of lower revenues in the third quarter 2011. In the third quarter 2011 Group net income increased by 32.5 % to EUR 127.9 million as a result of higher deferred tax benefits.

Group capital expenditures increased by 21.1% to EUR 177.8 million primarily due to higher investments in the next generation network in the Austrian segment.

Market Environment

Telekom Austria Group operates in a highly competitive environment both in the fixed line and mobile communication market as competitive pressure continues to impact pricing levels negatively in all segments. Regulation, particularly on mobile termination and roaming tariffs, impacts domestic as well as the international businesses negatively. Innovative products in both fixed line and mobile businesses highlight the clear focus on customers. Furthermore, the improvement of productivity and the continuous assessment of cost structures are essential for the success of Telekom Austria Group.

In Austria, the Telekom Austria Group offers a broad portfolio of fixed and mobile products as well as convergent bundles. Based on the ongoing demand for bundles, Telekom Austria Group continued its sustainable fixed access line growth in the third quarter of 2011. However, the loss of fixed line minutes, due to the fixed to mobile substitution, remains a key challenge in the Austrian market. Moreover, competition remained fierce in the mobile communication market with focus on smartphones and mobile data tariffs. This persistent pricing pressure is a key challenge and characteristic of the Austrian mobile market.

In CEE, the macro-economic environment remains challenging, particularly in Belarus, Croatia and Bulgaria. In Belarus, a floating exchange rate was established. Whilst this led to a return of liquidity to foreign exchange markets allowing Telekom Austria Group to restart repatriating cash, volumes remain relatively low. Moreover, with inflation reaching 78% in the third quarter 2011, hyperinflation accounting may be imposed for Belarus in the fourth quarter 2011. In Croatia a telecom sector specific tax levy remains in place, but will be abolished as of 1 January, 2012. Smartphones, mobile broadband and convergent product bundles become of growing importance and increasingly shape the competitive environment in CEE.

Unchanged Telekom Austria Group outlook for Full Year 2011

Several negative external factors continue to shape the market environment of the Telekom Austria Group. The unabated fixed-to-mobile substitution and the ongoing price pressure in Telekom Austria Group's major markets pose key challenges. Furthermore, regulatory burden such as lower roaming charges as well as cuts of mobile termination rates will continue to impact the Group in 2011. Taxes levied on mobile communication services in Croatia pose an additional burden.

While in the medium term the macro-economic environment is expected to recover, in the short run economic headwinds are anticipated to remain strong in Telekom Austria Group's major markets in the CEE region. The Telekom Austria Group continues to expect a delayed positive impact of such improvements on its operational performance by approximately three to four quarters. In addition, Belarus, which faces structural, financial and economic challenges, continues to exhibit increased foreign exchange volatility. Moreover, management highlights that Belarus may be classified as a hyperinflation country as of the fourth quarter 2011.

Minimum DPS of EUR 0.76 until 2012

Nevertheless, the unchanged outlook for the full year 2011 reflects the Group's confidence of its ability to mitigate these challenges through clear customer focus, intensified marketing of innovative products as well as strict cost management.

Group revenues are expected to amount to approximately EUR 4.50 billion for the full year 2011. Focus on cost control will mitigate the impact from lower revenues and is anticipated to result in a Group EBITDA comparable, which does not include impairment and restructuring charges, of up to EUR 1.55 billion. Capital expenditures of the Telekom Austria Group are forecasted to reach EUR 0.75 – 0.80 billion and do not include investments for license or spectrum acquisitions. Operating Free cash flow* remains the primary focus of management and is expected to amount to up to EUR 0.80 billion.

The Telekom Austria Group intends to distribute 55% of Free cash flow** to its shareholders as dividends. For the years 2011 and 2012, management confirms the intended minimum dividend of EUR 0.76 per share. Maintaining a stable investment grade rating of at least BBB (stable outlook) remains central to the Group's financial profile.

A leverage corridor of 2.0x – 2.5x Net debt/EBITDA comparable provides increased flexibility to balance share buybacks with growth projects. Hence, the start of share buybacks depends on the volume of potential growth projects. However, cash will always be returned to shareholders via share buybacks if leverage falls below 2.0x Net debt/EBITDA comparable. A stable business and currency environment remains a prerequisite for share buybacks.

This outlook is given on a constant currency basis for all markets of the Telekom Austria Group as well as before any effects of potential inflation accounting for the Belarusian segment in the fourth quarter of 2011.

Telekom Austria Group	Outlook 2011 as of 30 September 2011	Outlook 2011 as of 17 August 2011
Revenues	approximately EUR 4.50 bn	approximately EUR 4.50 bn
EBITDA comparable	up to EUR 1.55 bn	up to EUR 1.55 bn
Capital Expenditures	EUR 0.75 - 0.80 bn	EUR 0.75 - 0.80 bn
Operating Free Cash Flow*	up to EUR 0.80 bn	up to EUR 0.80 bn
Dividend	55% of Free cash flow**, DPS of EUR 0.76 minimum	55% of Free cash flow**, DPS of EUR 0.76 minimum

* Operating Free cash flow = EBITDA comparable minus capital expenditures in existing business
** Free cash flow = Cash flow from operating activities minus capital expenditures in existing business

Year-to-Date Comparison
Revenues

Revenues

in EUR million	1-9 M 2011	1-9 M 2010	% change
Austria	2,190.1	2,297.2	–4.7%
Bulgaria	395.1	417.6	–5.4%
Croatia	314.4	346.1	–9.1%
Belarus	219.7	253.1	–13.2%
Additional Markets	290.9	236.1	23.2%
Corporate & Holding, Eliminations	–71.5	–70.0	2.1%
Total	**3,338.7**	3,480.1	–4.1%

Group revenues decline by 4.1%

In the first nine months of 2011 Group revenues declined by 4.1% to EUR 3,338.7 million, as higher revenues from the Additional Markets partially compensated lower contributions from the other segments. Group revenues were negatively impacted by foreign currency translations in the amount of EUR 119.0 million mainly due to the devaluation of the Belarus Ruble following a severe economic deficit.

In the Austrian segment revenues declined by 4.7% to EUR 2,190.1 million as fierce competition led to lower Monthly Fee and Traffic revenues and regulatory burdens led to lower Interconnection revenues. Despite a 3.9% rise in the mobile subscribers base revenues declined due to competition driven lower pricing levels resulting in ongoing migration to package tariffs as well as roaming regulation. Fixed service revenues declined as the strong demand for fixed broadband solutions could not fully compensate for the 12.1% decline of fixed voice minutes. In the first nine months of 2011, Monthly fee and Traffic revenues were reduced by a reclassification of EUR 11.3 million from other OPEX. In the first nine months of 2010, Monthly Fee and Traffic revenues included a negative one-off effect of EUR 10.0 million which was offset by a positive one-off effect in the same amount recorded in Wholesale (including roaming) revenues. A further decline in national and international mobile termination rates and roaming rates were major drivers for the decline in Interconnection revenues and Wholesale (incl. roaming) revenues. Continued strong demand for smartphones and higher handset prices for replacements translated into higher Equipment revenues in the first nine months of 2011.

In the Bulgarian segment revenues declined by 5.4% to EUR 395.1 million. The economic slowdown as well as continued fierce competition remained the main drivers of the reduction of Monthly Fee and Traffic revenues. These effects could only partially be compensated by higher mobile broadband revenues. In addition, revenues were negatively affected by activities aimed to improve collection of outstanding receivables from prior quarters. Indemnifications for extraordinary effects were included in other income and partially offset these negative effects. Interconnection revenues declined as a consequence of further regulatory cuts. In the first quarter of 2011 the acquisition of two fixed line operators was finalized. Both companies have been consolidated in the Bulgarian segment since February 2011. In the first nine months of 2011 total fixed line revenues amounted to EUR 12.8 million.

Ongoing economic headwinds, regulatory and fiscal burdens and a highly competitive environment were key drivers of the 9.1% revenue decline in the Croatian segment. Lower Monthly Fee and Traffic revenues, a decline in Interconnection and Wholesale (incl. Roaming) revenues were partly compensated by higher Equipment revenues following the strong demand for smartphones. In the third quarter of 2011 the acquisition of the country's largest cable operator B.net was finalized. B.net has been consolidated in the Croatian segment since August 2011. An amount of EUR 5.6 million for revenues from fixed line broadband and IPTV services was recorded in the first nine months of 2011.

Revenues in segment Belarus negatively impacted by FX translation effects

In the first nine months of 2011 revenues in the Belarusian segment declined by 13.2% to EUR 219.7 million. Following the devaluation of the Belarus Ruble in two steps in the first nine months of 2011, a negative effect of EUR 112.7 million from foreign currency translation was recorded. On a like-for like basis revenues increased by 31.3%, as a higher number of subscribers, the continued strong demand for mobile broadband solutions as well as a price increase translated into higher Monthly Fee and Traffic revenues.

In the Additional Markets segment revenues increased in all markets and grew by 23.2% to EUR 290.9 million. In Slovenia, a rise of subscribers, particularly in the contract segment, as well as strong demand for mobile broadband solutions and smartphones translated into higher revenues. The operations in the Republic of Serbia and the Republic of Macedonia exhibited strong revenue growth, which was primarily driven by higher subscriber numbers and higher usage.

EBITDA

EBITDA comparable

in EUR million	1-9 M 2011	1-9 M 2010	% change
Austria	746.1	813.3	–8.3%
Bulgaria	203.8	226.7	–10.1%
Croatia	104.2	122.9	–15.2%
Belarus	99.7	119.2	–16.4%
Additional Markets	63.1	29.5	113.8%
Corporate & Holding, Eliminations	–26.5	–19.1	38.7%
Total	**1,190.4**	1,292.5	–7.9%

Group EBITDA comparable declines by 7.9%

In the first nine months of 2011 Group EBITDA comparable declined by 7.9% to EUR 1,190.4 million, as higher results from the Additional Markets segment only partly compensated the decline in the Austrian, Bulgarian Croatian and Belarusian segments. Furthermore, Group EBITDA comparable was negatively impacted by foreign currency translations in the amount of EUR 53.3 million mainly due to the devaluation of the Belarus Ruble during the first nine months of 2011.

In the Austrian segment a strict focus on cost control softened the impact of lower revenues on EBITDA comparable which declined by 8.3% to EUR 746.1 million. Total cost savings amounted to EUR 42.4 million and were primarily driven by lower Employee expenses, due to a lower number of FTE, a decline in costs for Maintenance and repair as well as a decline in costs for Services received driven by lower roaming costs. Interconnection expenses declined due to lower mobile termination rates. In the first nine months of 2011 a reclassification effect of EUR 7.4 million for energy costs increased Other expenses and reduced costs for Services received. Material expenses increased due to a higher number of high-value handsets sold.

In the Bulgarian segment EBITDA comparable declined by 10.1% to EUR 203.8 million. While other operating income increased due to the above mentioned extraordinary effect related to warranty issues, total operating expenses rose by EUR 14.4 million and were impacted by higher provisions for bad debt and the acquisition of two fixed line operators in February 2011. Regulatory cuts on mobile termination rates led to a decline of Interconnection expenses. The acquired fixed line business contributed EUR 3.3 million to EBITDA comparable in the first nine months of 2011.

In the first nine months of 2011 EBITDA comparable in the Croatian segment declined by 15.2% and amounted to EUR 104.2 million. A strict focus on cost control mitigated the impact of declining revenues on EBITDA comparable. Lower Interconnection expenses, due to regulatory cuts, a decline in costs for Services received driven by leased lines and lower bad debt expenses were the major drivers for the 7.4% reduction of operating expenses. On the other hand, operating expenses were impacted by the consolidation of the cable operator B.net since August 2011. Employee expenses increased due to severance payments following a headcount reduction in the second quarter of 2011 and due to the acquisition of B.net. Total EBITDA comparable contribution of the fixed line business amounted to EUR 1.7 million in the first nine months of 2011.

In the Belarusian segment EBITDA comparable declined by 16.4% to EUR 99.7 million. Following the devaluation of the Belarus Ruble a negative effect of EUR 51.1 million from foreign currency translations was recorded. Excluding foreign exchange translation effects EBITDA comparable increased by 26.5% in the first nine months of 2011. Operating expenses denominated in hard currencies were successfully reduced. In addition, the impact of the Belarus Ruble devaluation led to a decline of operating expenses by 8.9% to EUR 125.4 million. On a like-for-like basis operating expenses increased mainly due to a revenue related rise in Material expenses.

In the first nine months of 2011 EBITDA comparable in the Additional Markets segment increased by 113.8% to EUR 63.1 million. In Slovenia higher revenues translated into a rise in EBITDA comparable. Operating expenses increased by 9.1% as a consequence of higher Material expenses driven by the strong demand for smartphones, volume driven higher Interconnection expenses and higher Other operating expenses. In the Republic of Serbia and in the Republic of Macedonia higher revenues due to customer growth, led to turnarounds of EBITDA comparable, which rose to positive amounts of EUR 21.6 million and EUR 1.1 million respectively. In the first nine months of 2011 a positive effect of EUR 0.1 million from foreign currency translations was recorded in the Additional Markets segment.

EBITDA (incl. Restructuring and Impairment Charges)

in EUR million	1-9 M 2011	1-9 M 2010	% change
Austria	521.4	787.2	–33.8%
Bulgaria	203.8	226.7	–10.1%
Croatia	104.2	122.9	–15.2%
Belarus	99.7	119.2	–16.4%
Additional Markets	63.1	29.5	113.8%
Corporate & Holding, Eliminations	–26.5	–19.1	38.7%
Total	**965.7**	**1,266.4**	**–23.7%**

Restructuring charge amounts to EUR 224.8 million in the first nine months of 2011

In the first nine months of 2011 Group EBITDA (including restructuring and impairment charges) declined by 23.7% to EUR 965.7 million. In the Austrian segment a restructuring charge related to staff reduction of EUR 224.8 million was recorded compared to a restructuring charge of EUR 26.0 million in the first nine months of 2010. EUR 26.2 million was attributable to the transfer of 80 civil servants to the Austrian government and the remainder to the acceptance of social plans by 587 full time employees during the first nine months of 2011.

Operating Income

EBIT

in EUR million	1-9 M 2011	1-9 M 2010	% change
Austria	68.5	293.3	–76.7%
Bulgaria	56.1	96.5	–41.8%
Croatia	54.9	72.4	–24.2%
Belarus	57.7	58.9	–1.9%
Additional Markets	–4.1	–26.1	–84.3%
Corporate & Holding, Eliminations	–24.3	–18.5	31.9%
Total	**208.8**	**476.4**	**–56.2%**

In the first nine months of 2011 Group EBIT declined by 56.2% to EUR 208.8 million, as lower depreciation and amortization could not offset the effects of lower revenues and the higher restructuring charge in the Austrian segment.

Following a lower EBITDA comparable operating income declined in the Bulgarian and Croatian segments in the first nine months of 2011. In the Belarusian segment operating income declined slightly by 1.9%, as the impact of the currency devaluations resulted in lower depreciation and amortization charges in the first nine months of 2011. In the Additional Markets segment operating loss improved to EUR 4.1 million.

Consolidated Net Income

Net interest expense remained almost stable at EUR 149.4 million in the first nine months of 2011 compared to EUR 148.3 million in the first nine months of 2010. Foreign exchange differences increased to a loss of EUR 50.5 million in the first nine months of 2011 compared to a loss of EUR 4.8 million in the first nine months of 2010 due to two devaluations of the Belarus Ruble.

Income before income taxes declined from EUR 325.1 million to EUR 5.9 million mainly due to the above mentioned restructuring charge in the Austrian segment. Expenses from income taxes turned from EUR 68.6 million in the first nine months of 2010 to an income tax benefit amounting to EUR 62.8 million in the same period of 2011.

Net income decreased from EUR 256.5 million in the first nine months of 2010 to EUR 68.7 million in the same period of 2011. Consequently, basic and diluted earnings per share declined to EUR 0.16 in the first nine months of 2011.

Balance Sheet and Net Debt

In the first nine months of 2011 total current assets increased by 13.0% to EUR 1,624.3 million due to a rise in cash and cash equivalents as well as short term investments. Other intangible assets and property, plant and equipment declined by 16.9% and 8.1% respectively, due to two devaluations of the Belarus Ruble as well as higher depreciation and amortization charges than additions.

Current liabilities increased by 16.3% to EUR 2,189.2 million mainly due to higher short-term borrowings due to reclassification of maturing long-term debt to short-term debt. Non-current liabilities increased slightly by 0.5% to EUR 4,217.8 million. Non-current provisions increased by 22.3% to EUR 932.0 million mainly due to the personnel restructuring program in Austria and could only be partially offset by lower long-term debt and lower deferred tax liabilities.

Stockholder's equity declined from EUR 1,476.9 million to EUR 767.5 million as of 30 September 2011 mainly due to negative foreign exchange translation adjustments, restructuring charges and the distribution of dividends.

Net Debt

in EUR million	Sept. 30, 2011	Dec. 31, 2010	% change
Net Debt	3,488.6	3,305.2	5.5%
Net Debt/EBITDA comparable (12 months) excluding restructuring program	2.3x	2.0x	

As of 30 September 2011, net debt increased by 5.5% to EUR 3,488.6 million mainly due to the issuance of bank debt. Net debt to EBITDA comparable (last 12 months) increased from 2.0x on 31 December 2010 to 2.3x on 30 September 2011.

Cash Flow

Cash Flow

in EUR million	1-9 M 2011	1-9 M 2010	% change
Cash generated from operations	834.7	1,034.4	–19.3%
Cash used in investing activities	–571.4	–225.0	153.9%
Cash used in financing activities	–37.0	–710.3	–94.8%
Effect of exchange rate changes	–27.9	–2.8	n.a.
Net increase/decrease in cash and cash equivalents	198.5	96.4	106.0%

In the first nine months of 2011 cash flow from operations declined by 19.3% to EUR 834.7 million compared to EUR 1,034.4 million in the same period of 2010 primarily as a result of lower gross cash flow and higher working capital. This rise was mainly due to higher payments of accounts payable in the first quarter of 2011.

Cash used in investing activities increased to EUR 571.4 million. The net cash outflow for the acquisition of the two fixed line operators in Bulgaria, which was settled in January 2011, amounted to EUR 68.8 million. The net cash outflow for the acquisition of the largest cable operator B.net in Croatia, which was settled in August 2011, amounted to EUR 66.9 million. Capital expenditures increased by 2.6% in the first nine months of 2011. Furthermore, net cash inflow of investments declined in the first nine months of 2011 compared to the same period previous year.

Cash outflow from financing activities amounted to EUR 37.0 million compared to EUR 710.3 million in the same period of the previous year. In the first nine months of 2011 the repayment of long-term debt of EUR 442.5 million was offset by the issuance of EUR 755.0 million loans. In the first nine months of 2010 the higher cash outflow from financing activities resulted mainly from the repayment of a EUR 500 million Eurobond and other bank debt.

Capital Expenditures

Capital Expenditures

in EUR million	1-9 M 2011	1-9 M 2010	% change
Austria	318.6	290.4	9.7%
Bulgaria	48.4	41.8	15.7%
Croatia	25.9	37.2	–30.5%
Belarus	14.4	30.8	–53.2%
Additional Markets	47.7	43.1	10.6%
Corporate & Holding, Eliminations	0.0	0.0	n.a.
Total capital expenditures	**454.9**	443.3	**2.6%**
Thereof tangible	368.3	339.8	8.4%
Thereof intangible	86.6	103.5	–16.4%

Capital expenditures increase driven by Austrian segment

In the first nine months of 2011 total capital expenditures increased by 2.6% to EUR 454.9 million. Reductions in the Croatian and Belarusian segments partly compensated increases in the Austrian, Bulgarian and Additional Markets segments.

In the Austrian segment the rise in capital expenditures was driven by higher investments in the next generation network and in radio access. Higher investments in mobile and fixed line infrastructure led to higher capital expenditures in the Bulgarian segment in the first nine months of 2011. In the Croatian and Belarusian segments capital expenditures were reduced to mitigate the impacts of the challenging economic environments as well as the foreign exchange translation of the Belarus Ruble. Moreover, lower investment needs due to higher investments following the 3G rollout in Belarus and network upgrades in Croatia in 2010 led to capital expenditure declines.

Quarterly Analysis
Segment Austria

Note: Detailed data of the segments are shown in the appendix from page 19 onwards

Key Performance Indicators Austria

in EUR million	Q3 2011	Q3 2010	% change
Revenues	720.7	758.3	–5.0%
EBITDA comparable	248.3	261.2	–4.9%
EBITDA (incl. Restructuring and Impairment Charges)	242.2	248.8	–2.7%
EBIT	99.8	88.9	12.2%
Fixed Line Market			
ARPL (in EUR)	31.8	33.2	–4.3%
Total Access Lines ('000)	2,326.7	2,303.0	1.0%
Fixed Broadband Lines ('000)	1,246.9	1,119.4	11.4%
Fixed Line Voice Minutes (in millions)	628.3	713.2	–11.9%
Mobile Communication Market			
Mobile Subscribers ('000)	5,211.8	5,017.5	3.9%
Mobile Market Share	40.3%	41.5%	
Mobile Penetration	153.5%	144.0%	
Mobile Broadband Customers ('000)	721.4	616.5	17.0%
Average monthly revenue per User (in EUR)	20.0	22.3	–10.3%

In the third quarter 2011 the Austrian market was mainly characterized by a fierce competitive environment, regulatory burdens, mainly driven by cuts in mobile termination rates of more than 30%, and the continued fixed to mobile substitution. Pricing levels decreased further as competition remains focused on smartphones and attractive mobile package offerings. Furthermore, the strong demand for convergent products and no-frills offers continued in the third quarter of 2011.

Access line growth of 3,200 lines

Higher numbers of no-frills customers and mobile broadband subscribers backed the increase of the total number of mobile subscribers by 3.9% to more than 5.2 million subscribers in the third quarter 2011. At the same time the increase of product bundles, mainly driven by the demand for broadband, resulted in growth of fixed access lines by more than 3,200 lines. The total number of product bundles increased to more than 1.0 million bundles, while the A1TV subscriber base rose by 39.0% to more than 186,000 customers in the third quarter 2011.

In the third quarter 2011 revenues in the Austrian segment declined by 5.0% to EUR 720.7 million, mainly due to lower mobile tariffs, cuts of termination rates as well as the loss of fixed line minutes. Monthly Fee and Traffic revenues decreased by 4.8% to EUR 507.4 million and included a reclassification effect in the amount of EUR 3.9 million, which also reduced Other OPEX in the same amount. Adjusted for the reclassification effect, Monthly Fee and Traffic revenues declined by 4.1% from EUR 532.9 million to EUR 511.3 million. This derived primarily from the migration of existing customers to lower tariffs, the negative impact from roaming regulation and the loss of fixed voice minutes. Mobile service revenues declined by 6.7% to EUR 311.9 million as the increase in mobile subscribers driven by no frills as well as higher data usage could not compensate lower prices as well as a decrease of mobile minutes. Moreover, lower interconnection prices impacted mobile service revenues negatively. Fixed line service revenues declined by 3.4% to EUR 221.6 million as a rise in access lines driven by the ongoing demand for fixed line broadband and convergent products could not compensate the decrease of fixed voice minutes of 11.9%.

Data & ICT Solution revenues declined by 10.8% to EUR 48.1 million in the third quarter 2011 due to reduced demand for data cash solutions. Furthermore, lower contribution from ICT solution such as hosting and LAN solutions impacted Data & ICT Solution revenues negatively. In the third quarter 2011, Wholesale (incl. Roaming) revenues increased by 6.3% to EUR 47.1 million mainly due to higher data usage.

Interconnection revenues declined by 10.9% to EUR 82.4 million in the third quarter 2011 due to lower mobile termination rates and a negative one-off effect of EUR 8.3 million. An increase in the transit business driven by higher volumes as well as higher mobile usage could not compensate further regulatory cuts of national and international mobile termination rates and the above mentioned negative one-off effect. Equipment revenues increased by 4.9% to EUR 25.3 million due to higher unit prices for handsets.

Other operating income increased by EUR 4.9 million to EUR 23.1 million in the third quarter 2011 due to higher own work capitalized.

Average revenues per fixed access line (ARPL) declined by 4.3% to EUR 31.8 mainly due to the loss of fixed line voice minutes which could not be compensated by a higher number of access lines. The increasing number of no-frills customers, the ongoing price pressure as well as lower termination rates impacted blended average revenue per user (ARPU), which declined by 10.3% to EUR 20.0. Data ARPU declined to EUR 6.7 in the third quarter 2011 as a higher usage was offset by lower prices.

In the Austrian segment EBITDA comparable decreased by 4.9% to EUR 248.3 million in the third quarter 2011. Strict cost management resulted in total cost savings of EUR 19.9 million which equals to a reduction in operating expenses by 3.9% to EUR 495.5 million. This was primarily driven by lower Employee and Interconnection expenses as well as reduced roaming costs, which were included in Services received, and Other expenses. Material expenses increased by 5.7% to EUR 62.5 million mainly due to the strong demand for smartphones. The reduction of Employee expenses by 6.8% to EUR 146.3 million was driven by a decrease of headcount numbers as a result of the restructuring program for civil servants. Interconnection expenses decreased by 8.3% to EUR 80.3 million. The decline is mainly due to a one-off effect of EUR 6.3 million and lower national and international mobile termination rates. Strict cost control resulted in a decline of Maintenance and repair costs by 9.6% to EUR 31.2 million. Lower roaming tariffs resulted in a reduction of costs for Services received of 18.2% to EUR 38.1 million. In the third quarter of 2011 costs for Services received included a reclassification effect in the amount of EUR 3.2 million for energy costs, which increased Other expenses and reduced Services received. Other support services increased by EUR 10.1 million to EUR 37.2 million to meet short-term capacity spikes.

Mobile subscriber acquisition costs (SAC) increased by 16.4% to EUR 15.1 million driven by the ongoing demand for smartphones and convergent products in the third quarter 2011. Mobile subscriber retention costs (SRC) remained stable at EUR 19.8 million.

In the third quarter 2011 restructuring charges amounted to EUR 6.1 million as a result of 10 civil servants having transferred to government agencies and 10 full-time employees having accepted social plans. Operating income increased by 12.2% to EUR 99.8 million in the third quarter of 2011 and was driven by lower depreciation and amortization.

Segment Bulgaria*

Key Performance Indicators Bulgaria

in EUR million	Q3 2011	Q3 2010	% change
Revenues	131.2	140.4	–6.6%
EBITDA comparable	68.3	77.3	–11.7%
EBITDA (incl. Restructuring and Impairment Charges)	68.3	77.3	–11.7%
EBIT	18.4	32.5	–43.4%
Mobile Communication Market			
Mobile Subscribers ('000)	5,291.3	5,235.8	1.1%
Mobile Market Share	48.4%	50.0%	
Mobile Penetration	145.9%	139.0%	
Mobile Broadband Customers ('000)	177.6	97.8	81.6%
Average monthly revenue per User (in EUR)	7.0	8.2	–14.1%
Fixed Line Market			
ARPL (in EUR)	14.5	0.0	n.a.
Total Access Lines ('000)	109.5	0.0	n.a.
Fixed Broadband Lines ('000)	103.8	0.0	n.a.

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

Strong increase of mobile broadband customers

A laggard domestic economy as well as fierce competition characterized the market environment in Bulgaria in the third quarter 2011. Despite these challenges Mobiltel increased its customer base by 1.1% to almost 5.3 million customers with clear focus on the value segment. This allowed Mobiltel to increase its contract share from 62.6% to 67.6%. Mobile market share declined to 48.4% in the third quarter 2011. The number of mobile broadband customers rose by 81.6% to more than 177,600 subscribers driven by continued strong demand for mobile data solutions. Ongoing strong demand for fixed broadband solutions drove fixed broadband lines to more than 103,800 lines. Total fixed access lines amounted to more than 109,500 lines in the third quarter 2011.

In the third quarter 2011 revenues declined by 6.6% to EUR 131.2 million. Lower contract usage driven by the economic slowdown combined with the effects of strong competition impacted Monthly fee and Traffic revenues negatively in the third quarter 2011. Furthermore, activities to enhance the collection rate for outstanding bills of previous quarters affected revenues negatively. This, however, was partially offset by warranty payments, which were reported in Other operating income. Equipment revenues declined as higher charges for handsets could not compensate lower handset volumes sold. Interconnection revenues increased slightly in the third quarter 2011. With stable interconnection charges year on year, interconnection revenues increased due to revenues from termination of fixed line calls. Revenues from fixed broadband, IPTV and fixed line solutions and services amounted to EUR 4.6 million in the third quarter 2011. Average revenue per user (ARPU) declined to EUR 7.0 mainly driven by lower traffic, lower prices as well as the above mentioned collection activities. Average revenue per line (ARPL) amounted to EUR 14.5.

Other operating income increased from EUR 1.4 million to EUR 5.6 million mainly due to aforementioned warranty payments.

Total operating expenses increased by 6.3% to EUR 68.6 million leading to an EBITDA comparable decline of 11.7% to EUR 68.3 million. The increase of operating expenses by EUR 4.1 million was a result of higher provisions for bad debt. Excluding this effect, operating expenses declined moderately as strict focus on cost control allowed Mobiltel to compensate costs from the fixed line business that were acquired in the first quarter of 2011. In the third quarter 2011, operating income declined by 43.4% to EUR 18.4 million due to higher depreciation and amortization charges.

Segment Croatia*

Key Performance Indicators Croatia

in EUR million	Q3 2011	Q3 2010	% change
Revenues	123.7	135.2	–8.5%
EBITDA comparable	52.2	58.0	–10.0%
EBITDA (incl. Restructuring and Impairment Charges)	52.2	58.0	–10.0%
EBIT	35.2	41.3	–14.6%
Mobile Subscribers ('000)	2,173.5	2,138.6	1.6%
Mobile Market Share	39.6%	40.0%	
Mobile Penetration	127.9%	121.3%	
Mobile Broadband Customers ('000)	195.3	164.0	19.1%
Average monthly revenue per User (in EUR)	13.2	15.1	–12.2%
Fixed Line Market			
ARPL (in EUR)	15.8	0.0	n.a.
Total Access Lines ('000)	248.4	0.0	n.a.
Fixed Broadband Lines ('000)	63.1	0.0	n.a.

* Due to a new definition on prepaid subscribers, the counting method of active prepaid SIM cards was changed from a 15-month rolling average to a 90 day active methodology. Following this implementation historic KPI's have been restated as of Q1 2010. The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

The Croatian market remains dominated by the persistent macro-economic pressure, regulatory and fiscal burden and fierce competition. To respond to this challenging operational backdrop Vipnet addressed the increasing demand for convergent bundles and acquired 100% of Croatia's largest cable operator B.net on the 8 August 2011. B.net has been consolidated in the Croatian segment as of 8 August 2011.

Mobile broadband customer growth of 19.1%

Vipnet's mobile subscribers increased by 1.6% to almost 2.2 million customers in the third quarter of 2011. Market share declined to 39.6% in the third quarter 2011. The contract share increased from 31.8% to 34.2%. The mobile broadband subscriber base increased by 19.1% to more than 195,300 subscribers.

In the third quarter 2011, revenues in the Croatian segment declined by 8.5% to EUR 123.7 million. This was due to lower Monthly Fee and Traffic revenues as the challenging macro-economic situation continued to dampen usage. In addition, strong competition caused pricing levels to decline further in the third quarter 2011. Roaming revenues declined as higher usage could not compensate for lower roaming tariffs. Interconnection revenues decreased due to further declines in mobile termination rates and lower volumes. B.net contributed positively to the revenues in the amount of EUR 5.6 million in the third quarter 2011.

Average revenue per user (ARPU) decreased by 12.2% to EUR 13.2 and was negatively impacted by lower volumes and lower interconnection rates.

Strict cost control led to lower operating expenses

EBITDA comparable in the Croatian segment declined by 10.0% to EUR 52.2 million in the third quarter 2011 as lower operating expenses could only partially mitigate the impact of the revenue decline. Total operating expenses declined by 6.9% to EUR 72.0 million mainly due to lower Other expenses and Interconnection expenses. Other expenses fell due to strict savings of sales costs and marketing activities. Interconnection expenses declined due to lower terminations rates.

In the third quarter 2011, operating income in the Croatian segment declined by 14.6% to EUR 35.2 million.

Segment Belarus*

Key Performance Indicators Belarus

in EUR million	Q3 2011	Q3 2010	% change
Revenues	56.9	93.2	–39.0%
EBITDA comparable	24.2	42.2	–42.5%
EBITDA (incl. Restructuring and Impairment Charges)	24.2	42.2	–42.5%
EBIT	15.7	20.8	–24.3%
Mobile Subscribers ('000)	4,532.8	4,224.7	7.3%
Mobile Market Share	41.3%	42.0%	
Mobile Penetration	116.0%	106.1%	
Mobile Broadband Customers ('000)	349.6	86.2	305.4%
Average monthly revenue per User (in EUR)	3.5	6.7	–47.4%

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

Two currency devaluations impacted Belarusian operation

In the third quarter 2011, the Belarusian market was characterized by the ongoing challenging financial and economic environment, which resulted in a further devaluation of the Belarus Ruble. On 14 September 2011, the Belarus national bank introduced an alternative trading session based on free float at an opening rate of EUR/BYR 12.100 equating to a devaluation of the Belarus Ruble versus the Euro of 40%. As of 30 September 2011, the EUR/BYR exchange rate was 10.320. The free float led to a return of liquidity to the foreign exchange markets, albeit at relatively limited volumes. Thus, repatriation of cash out of Belarus resumed in the third quarter of 2011.

Operationally, velcom continued to perform strongly throughout the third quarter 2011 despite these financial and economic headwinds. An ongoing optimization of tariff and handset portfolios, continued cost control and reduction of capital expenditures allowed the management to mitigate the negative effects from foreign exchange translation.

Strong demand for mobile broadband continued to be the key driver for the subscriber growth of 7.3% to more than 4.5 million customers in the third quarter 2011. Mobile market share declined from 42.0% in the third quarter 2010 to 41.3% in the same period this year.

ARPU declines to EUR 3.5

However, the devaluations affected reported results negatively. Revenues decreased by EUR 36.4 million to EUR 56.9 million due to a negative foreign exchange effect of EUR 73.8 million. On a like-for-like basis revenues rose by EUR 37.4 million and were mainly driven by subscriber growth, optimized tariff portfolios as well as higher charges. In addition, ongoing demand for smartphones and mobile data devices impacted revenues positively. Whilst average revenue per user (ARPU) halved to EUR 3.5 in the third quarter 2011 as a result of the currency devaluation, it improved by 23.1% on a like-for-like basis.

Operating expenses declined by 34.1% to EUR 34.5 million due to the devaluation of the Belarus Ruble. Moreover, a strict focus on cost efficiency resulted in further reduction of operating expenses denominated in hard currencies. Excluding foreign exchange effects, operating expenses increased and were mainly driven by revenue related costs such as higher Material expenses as well as energy and maintenance costs.

EBITDA comparable declined by 42.5% to EUR 24.2 million as it was negatively impacted by foreign currency translations in the amount of EUR 33.2 million. On a like-for-like basis EBITDA comparable increased by 36.1% in the third quarter of 2011.

In the third quarter of 2011 operating income declined by EUR 5.1 million to EUR 15.7 million. The negative effect for foreign currency translations amounted to EUR 19.5 million.

Segment Additional Markets

Slovenia

Key Performance Indicators Slovenia

in EUR million	Q3 2011	Q3 2010	% change
Revenues	51.9	47.3	9.8%
EBITDA comparable	16.2	12.2	33.2%
EBITDA (incl. Restructuring and Impairment charges)	16.2	12.2	33.2%
EBIT	11.2	6.9	61.8%
Mobile Subscribers ('000)	631.0	605.3	4.2%
Mobile Market Share	29.7%	28.8%	
Mobile Penetration	104.1%	102.1%	
Mobile Broadband Customers ('000)	15.2	14.5	4.8%
Average monthly revenue per User (in EUR)	22.7	21.7	4.8%

Si.mobil customer base grows by 4.2%

In the third quarter 2011, Si.mobil continued its successful focus on the value segment via attractive smartphone offers which was helped by being the first operator in Slovenia to launch the iPhone in the second quarter of 2011.

Despite a highly competitive environment Si.mobil's mobile subscriber base increased by 4.2% to almost 631,000 customers in the third quarter of 2011. The contract subscriber base increased by 7.5% driven by clear customer focus. This also led to an improved mobile market share of 29.7% at the end of the third quarter 2011.

Revenues increased by 9.8% to EUR 51.9 million as Monthly Fee and Traffic revenues were positively impacted by a higher contract subscriber base, higher usage and price increase. Higher transit volumes overcompensated lower interconnection tariffs and led to higher interconnection revenues in the third quarter 2011.

Average revenue per user (ARPU) increased by 4.8% to EUR 22.7. This was mainly driven by higher fixed fees and airtime revenues as a result of growth in contract subscribers as well as higher usage.

Operating expenses increased slightly by 1.1% to EUR 35.7 million in the third quarter 2011 driven by higher Interconnection expenses due to a higher transit volume. EBITDA comparable increased by 33.2% to EUR 16.2 million as revenues rose significantly compared to a slight increase of Operating expenses. In the third quarter of 2011, operating income increased by 61.8% to EUR 11.2 million due to higher revenues.

Republic of Serbia

Key Performance Indicators Republic of Serbia

in EUR million	Q3 2011	Q3 2010	% change
Revenues	38.6	27.6	39.8%
EBITDA comparable	9.7	3.3	190.0%
EBITDA (incl. Restructuring and Impairment charges)	9.7	3.3	190.0%
EBIT	–6.7	–7.5	–10.4%
Mobile Subscribers ('000)	1,588.8	1,280.6	24.1%
Mobile Market Share	15.3%	13.0%	
Mobile Penetration	140.6%	132.1%	
Average monthly revenue per User (in EUR)	7.4	6.4	16.3%

Mobile subscriber base grows to more than 1.5 million customers

Focusing on contract share growth, Vip mobile increased its mobile subscriber base by 24.1% to more than 1.5 million customers in the third quarter 2011. As a result, Vip mobile managed to reach a market share of 15.3%.

ARPU increases by 16.3%

Vip mobile's revenues rose by 39.8% to EUR 38.6 million mainly driven by higher Monthly Fee and Traffic as well as Interconnection revenues. The increase in contract subscribers and an optimized tariff portfolio fuelled this growth. Foreign exchange translation positively impacted revenues in the amount of EUR 1.1 million. Subscriber growth and higher charges led to an increase of average revenues per user (ARPU) by 16.3% to EUR 7.4.

In light of strict cost control, the increase in operating expenses by 18.4% to EUR 29.8 million was mainly caused by higher Interconnection costs. In the third quarter 2011, EBITDA comparable almost tripled to EUR 9.7 million as a result of higher revenues. Foreign currency translations negatively impacted EBITDA comparable by EUR 0.4 million. Operating loss improved further in the third quarter 2011 and amounted to EUR 6.7 million compared to EUR 7.5 million in the third quarter 2010.

Republic of Macedonia

Key Performance Indicators Republic of Macedonia

in EUR million	Q3 2011	Q3 2010	% change
Revenues	15.1	10.2	47.2%
EBITDA comparable	1.1	0.1	n.a.
EBITDA (incl. Restructuring and Impairment charges)	1.1	0.1	n.a.
EBIT	–1.6	–2.2	–24.4%
Mobile Subscribers ('000)	548.5	388.2	41.3%
Mobile Market Share	24.6%	19.0%	
Mobile Penetration	108.7%	99.7%	
Average monthly revenue per User (in EUR)	8.3	7.5	10.8%

Vip operator's market share up to 24.6%

Vip operator increased its mobile subscriber base by 41.3% to more than 548,500 customers in the third quarter 2011. Consequently, its market share improved from 19.0% to 24.6%.

In the third quarter 2011, revenues continued to increase markedly by 47.2% to EUR 15.1 million. The ongoing rise in subscriber base as well as higher volumes resulted in higher Monthly Fee and Traffic revenues. Moreover, Interconnection revenues increased due to higher usage. This revenue increase is also reflected in the average revenue per user (ARPU) which rose by 10.8% to EUR 8.3.

Strong EBITDA comparable growth in the third quarter 2011

Higher revenues translated into a continued EBITDA comparable growth, which increased from EUR 0.1 million in the third quarter 2010 to EUR 1.1 million in the third quarter 2011. Operating expenses increased by EUR 3.7 million to EUR 14.0 million in the third quarter 2011. This was mainly due to higher Personnel expenses as a result of a rising number of FTE and higher Interconnection as well as Roaming costs due to higher volumes. Operating loss improved to EUR 1.6 million in the third quarter 2011.

Consolidated Net Income

In the third quarter 2011 the financial result increased by 72.9% to a negative amount of EUR 95.8 million. While net interest expenses remained almost unchanged at EUR 51.9 million, foreign exchange differences increased to a loss of EUR 44.0 million in the third quarter of 2011 due to the devaluation of the Belarus Ruble, up from a loss of EUR 6.2 million in 2010.

Lower depreciation and amortization charges mitigated the negative impact from lower EBITDA comparable and restructuring charges on income before income tax. Income tax expense of EUR 24.0 million in the third quarter 2010 turned to an income tax benefit of EUR 57.6 million mainly due to higher deferred taxes as a result of write-offs of investments in consolidated subsidiaries. Consequently, net income increased by 32.5% to EUR 127.9 million. Basic and diluted earnings per share rose from EUR 0.22 in the third quarter 2010 to EUR 0.29 in the third quarter 2011.

Cash Flow and Capital Expenditures

Cash Flow

in EUR million	Q3 2011	Q3 2010	% change
Cash from operations	371.6	372.7	–0.3%
Cash from investing	–243.4	–89.4	172.3%
Cash from financing	27.8	363.0	–92.3%
Effect of exchange rate changes	–5.7	6.8	n.a.
Net increase/decrease in cash and cash equivalents	**150.2**	653.1	–77.0%

Cash flow from operations remains almost stable at EUR 371.6 million

In the third quarter 2011 cash flow from operating activities remained almost stable at EUR 371.6 million as lower gross cash flow could almost be compensated by working capital changes, which were mainly driven by lower cash outflow for accounts receivable.

Cash outflow from investing activities increased to EUR 243.4 million in the third quarter 2011 mainly due to higher capital expenditures as well as the net cash outflow of EUR 66.9 million for B.net. In the third quarter 2010 cash outflow from investing activities was reduced by proceeds from the sale of investments and amounted to EUR 89.4 million.

Cash outflow from financing activities decreased to EUR 27.8 million mainly due to higher short-term borrowings in the third quarter of 2010. In the third quarter 2011, the issuance of long-term debt more than offset the repayment of short-term debt.

Capital Expenditures

in EUR million	Q3 2011	Q3 2010	% change
Austria	125.6	101.2	24.1%
Bulgaria	17.7	15.6	13.8%
Croatia	8.4	4.7	77.6%
Belarus	6.9	7.9	–12.0%
Additional Markets	19.0	17.5	8.9%
Corporate & Other, Eliminations	0.0	0.0	n.a.
Total capital expenditures	**177.8**	**146.8**	**21.1%**
Thereof tangible	148.1	113.2	30.8%
Thereof intangible	29.7	33.6	–11.7%

Total capital expenditures increase by 21.1%

In the third quarter 2011 capital expenditures increased by 21.1% to EUR 177.8 million. This was mainly driven by the Austrian segment following higher investments in the next generation network as well as investments related to infrastructure. Capital expenditures also increased in the Bulgarian and Croatian segments due to higher investments in the fixed line business in both countries and higher software investments in Croatia. Strict focus on control of investments led to a decline of capital expenditures in the Belarusian segment to EUR 6.9 million in the third quarter 2011.

In the Additional Markets segment, capital expenditures increased slightly to EUR 19.0 million mainly driven by higher investments in infrastructure related equipment in Slovenia.

Additional Information

Risks & Uncertainties

The Telekom Austria Group faces various risks and uncertainties that could affect its results. These risks include, but are not limited to, a further reduction of prices for mobile communication services in all of the Telekom Austria Group's markets as well as an acceleration of fixed-to-mobile substitution resulting in a return to access line losses and a further decline in fixed line minutes. The Telekom Austria Group is also subject to risks related to the planned reduction of the number of employees in the Austrian segment. Furthermore, the Telekom Austria Group is subject to intensive regulation.

Through its activities in the Eastern and South-Eastern European region, the company operates in markets that have been experiencing political and economic change. This circumstance has affected and may continue to affect the activities of enterprises operating in this environment. Consequently, operations in the Eastern and South-Eastern European region involve uncertainties, including foreign exchange and tax uncertainties that typically do not exist in other markets. In recent years, the growth of the Telekom Austria Group's business was marked by an expansion to various markets in Eastern and South-Eastern Europe. However, further growth will be affected by a number of factors over which the Telekom Austria Group has no influence. Further organic growth also depends on the growth of the respective economies and individual telecommunication markets in which the Telekom Austria Group operates.

Further impacts of the economic downturn on the Telekom Austria Group's results cannot be ruled out. In the mobile communication business there are uncertainties with regards to lower roaming revenues as a result of regulation. Moreover, customer usage behavior might change as a result of the economic crisis impacting the financial results of the Telekom Austria Group. Since December 31, 2010 no other material risks than those mentioned above occurred. For further details on risks and uncertainties with respect to the Telekom Austria Group please refer to the annual report 2010.

Personnel

Headcount increased by 504 full-time employees due to acquisition of fixed line operators in Bulgaria

The total number of employees of the Telekom Austria Group increased by 504 to 17,063 employees by the end of September 2011 compared to the same period of the previous year. The increase in the number of employees emerged from higher workforces in the Bulgarian and Croatian segments which in both countries were triggered by the acquisition of fixed line operators. The workforce in the Austrian segment decreased by 552 to 9,282 full-time equivalents by the end of September 2011.

Other and Subsequent Events

Please refer to page 34 for further information on Other and Subsequent Events for the Telekom Austria Group.

Waiver of Review

This financial report of the Telekom Austria Group contains quarterly results which were not audited nor reviewed by a certified public accountant.

Condensed Consolidated Financial Statements Telekom Austria Group

Condensed Consolidated Statements of Operations

in EUR million, except per share information	Q3 2011 unaudited	Q3 2010 unaudited	1-9 M 2011 unaudited	1-9 M 2010 unaudited
Operating revenues	1,111.4	1,185.4	3,338.7	3,480.1
Other operating income	25.1	14.3	73.9	54.6
Operating expenses				
Materials	–100.2	–97.2	–304.2	–270.2
Employee expenses, including benefits and taxes	–178.2	–190.7	–599.5	–601.5
Other operating expenses	–445.1	–462.7	–1,318.5	–1,370.5
EBITDA comparable	**412.9**	**449.1**	**1,190.4**	**1,292.5**
Restructuring	–6.1	–12.3	–224.8	–26.0
Impairment charges	0.0	0.0	0.0	0.0
EBITDA incl. restructuring and impairment charges	**406.8**	**436.8**	**965.7**	**1,266.4**
Depreciation and amortization	–240.7	–260.8	–756.9	–790.0
Operating income (loss)	**166.1**	**176.0**	**208.8**	**476.4**
Financial result				
Interest income	4.1	2.4	11.3	9.8
Interest expense	–56.0	–52.9	–160.7	–158.1
Foreign exchange differences	–44.0	–6.2	–50.5	–4.8
Other financial result	0.0	0.1	–3.8	0.1
Equity in earnings of affiliates	0.0	1.2	0.9	1.6
Earnings before income taxes	**70.3**	**120.6**	**5.9**	**325.1**
Income taxes	57.6	–24.0	62.8	–68.6
Net income	**127.9**	**96.5**	**68.7**	**256.5**
Attributable to:				
Owners of the parent	128.0	96.5	68.8	256.5
Non-controlling interests	–0.1	0.1	–0.1	0.0
Basic and fully diluted earnings per share	0.29	0.22	0.16	0.58
Weighted-average number of ordinary shares outstanding	442,563,969	442,563,969	442,563,969	442,563,969

Condensed Statement of Comprehensive Income

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	1-9 M 2011 unaudited	1-9 M 2010 unaudited
Net income	**127.9**	**96.5**	**68.7**	**256.5**
Unrealized result on securities available-for-sale	–0.4	0.2	–0.6	0.4
Income tax (expense) benefit	0.1	0.0	0.2	–0.1
Unrealized result on hedging activities	–28.3	4.1	–24.6	6.5
Income tax (expense) benefit	7.1	–0.5	6.2	–0.3
Foreign currency translation adjustment	–100.2	–86.3	–433.2	–28.5
Income tax (expense) benefit	6.3	0.0	6.3	0.0
Other comprehensive income (loss)	**–115.3**	**–82.6**	**–445.8**	**–22.1**
Total comprehensive income (loss)	**12.6**	**13.9**	**–377.1**	**234.4**
Attributable to:				
Owners of the parent	12.7	13.8	–377.1	234.4
Non-controlling interests	–0.1	0.1	–0.1	0.0

Condensed Consolidated Statements of Financial Position

in EUR million	Sept. 30, 2011 unaudited	Dec. 31, 2010 audited
ASSETS		
Current assets		
Cash and cash equivalents	318.7	120.2
Short-term investments	159.4	127.6
Accounts receivable - trade, net of allowances	746.9	772.2
Receivables due from related parties	0.1	0.1
Inventories	149.0	150.2
Prepaid expenses	141.3	128.4
Income taxes receivable	33.5	40.7
Non-current assets held for sale	1.0	0.0
Other current assets	74.5	98.3
Total current assets	**1,624.3**	**1,437.7**
Non-current assets		
Investments in associates	4.5	4.3
Financial assets long-term	14.2	90.4
Goodwill	1,392.2	1,489.2
Other intangible assets, net	1,428.3	1,718.1
Property, plant and equipment, net	2,342.2	2,549.0
Other non-current assets	35.8	31.2
Deferred tax assets	332.9	235.8
Receivables due from related parties, finance	0.1	0.1
Total non-current assets	**5,550.2**	**6,118.1**
TOTAL ASSETS	**7,174.5**	**7,555.8**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	−886.6	−506.7
Accounts payable - trade	−544.1	−678.7
Current provisions and accrued liabilities	−265.0	−258.0
Payables to related parties	−5.1	−13.1
Income taxes payable	−37.5	−41.7
Other current liabilities	−281.8	−221.9
Deferred income	−169.0	−163.0
Total current liabilities	**−2,189.2**	**−1,883.0**
Non-current liabilities		
Long-term debt	−3,029.3	−3,077.2
Lease obligations and Cross Border Lease	−0.2	−13.9
Employee benefit obligation	−128.3	−131.6
Non-current provisions	−932.0	−761.8
Deferred tax liabilities	−73.9	−125.4
Other non-current liabilities and deferred income	−54.0	−86.1
Total non-current liabilities	**−4,217.8**	**−4,195.9**
Stockholders' equity		
Common stock	−966.2	−966.2
Treasury shares	8.2	8.2
Additional paid-in capital	−582.9	−582.9
Retained earnings	−83.2	−346.3
Fair value reserve	0.8	0.3
Hedging reserve	25.8	7.4
Translation adjustments	832.0	405.1
Equity attributable to equity holders of the parent	**− 765.4**	**− 1,474.4**
Non-controlling interests	− 2.1	− 2.5
Total stockholders' equity	**−767.5**	**−1,476.9**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**−7,174.5**	**−7,555.8**

Condensed Consolidated Statements of Cash Flows

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	1-9 M 2011 unaudited	1-9 M 2010 unaudited
Cash flow from operating activities				
Net Income	127.9	96.5	68.7	256.5
Depreciation, amortization and impairment charges	240.7	260.8	756.9	790.0
Employee benefit obligation - non-cash	1.5	7.0	6.4	10.7
Bad debt expenses	21.5	12.6	50.2	31.1
Change in deferred taxes	–79.1	–10.0	–107.8	11.1
Equity in earnings of affiliates - non-cash	0.0	–1.2	–0.2	–1.6
Stock compensation	–0.1	–0.1	0.2	0.5
Asset retirement obligation - accretion expense	2.6	1.4	5.9	4.1
Provision for restructuring - non-cash	0.4	15.1	215.8	42.1
Result on disposal / retirement of equipment	0.6	1.7	3.1	–2.5
Other	35.0	4.8	38.1	16.4
Gross cash flow	**351.3**	**388.7**	**1,037.7**	**1,158.2**
Changes in assets and liabilities				
Accounts receivable - trade	–0.5	–54.4	–35.1	–85.4
Receivables due from related parties	0.0	0.3	0.0	0.9
Inventories	7.4	8.5	–3.8	–4.0
Prepaid expenses and other assets	11.7	24.4	4.6	30.9
Accounts payable - trade	20.3	27.4	–132.0	–21.7
Employee benefit obligation	–7.1	–4.5	–7.3	–4.7
Povisions and accrued liabilities	–18.7	–3.0	–52.6	–37.5
Other liabilities and deferred income	10.2	–14.7	31.3	2.0
Payables due to related parties	–3.0	0.1	–8.0	–4.2
Changes in working capital	20.3	–15.9	–203.0	–123.8
Cash flow from operating activities	**371.6**	**372.7**	**834.7**	**1,034.4**
Cash flow from investing activities				
Capital expenditures, including interest capitalized	–177.8	–146.8	–454.9	–443.3
Acquisitions of subsidiaries, net of cash acquired	–66.9	3.5	–135.7	3.5
Sale of subsidiary, net of cash	0.0	3.2	0.0	3.8
Proceeds from sale of equipment	1.2	0.5	2.2	10.3
Purchase of investments	0.0	0.0	–2.0	–221.5
Proceeds from sale of investments	0.2	50.3	19.1	422.2
Cash flow from investing activities	**–243.4**	**–89.4**	**–571.4**	**–225.0**
Cash flow from financing activities				
Proceeds from issuance of long term debt	45.3	0.0	755.3	0.0
Principal payments on long-term debt	–2.7	0.0	–224.1	–579.7
Changes in short-term borrowings	–12.8	324.6	–218.5	162.9
Dividends paid	0.0	0.0	–331.9	–331.9
Proceeds from derivative financial instruments	0.0	38.4	0.0	38.4
Deferred consideration paid for business combinations	–2.0	0.0	–17.8	0.0
Cash flow from financing activities	**27.8**	**363.0**	**–37.0**	**–710.3**
Effect of exchange rate changes	–5.7	6.8	–27.9	–2.8
Change in cash and cash equivalents	150.2	653.1	198.5	96.4
Cash and cash equivalents at beginning of period	168.4	173.3	120.2	730.1
Cash and cash equivalents at end of period	318.7	826.4	318.7	826.4

Condensed Consolidated Statements of Changes in Stockholders' Equity

in EUR million (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Market value reserves	Translation adjustment	Total	Non-controlling interest	Total stockholders' equity
Balance at January 1, 2011	966.2	–8.2	582.9	346.3	–7.7	–405.1	1,474.4	2.5	1,476.9
Net income	0.0	0.0	0.0	68.8	0.0	0.0	68.8	–0.1	68.7
Net unrealized result on securities	0.0	0.0	0.0	0.0	–0.5	0.0	–0.5	0.0	–0.5
Net unrealized result on heding activities	0.0	0.0	0.0	0.0	–18.5	0.0	–18.5	0.0	–18.5
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0	–426.9	–426.9	0.0	–426.9
Other comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**0.0**	**–18.9**	**–426.9**	**–445.8**	**0.0**	**–445.8**
Total comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**68.8**	**–18.9**	**–426.9**	**–377.1**	**–0.1**	**–377.1**
Distribution of dividends	0.0	0.0	0.0	–331.9	0.0	0.0	–331.9	0.0	–331.9
Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–0.3	–0.3
Balance at Sept. 30, 2011	966.2	–8.2	582.9	83.2	–26.6	–832.0	765.4	2.1	767.5

in EUR million (unaudited)	Common stock	Treasury shares	Additional paid-in capital	Retained earnings	Market value reserves	Translation adjustment	Total	Non-controlling interest	Total stockholders' equity
Balance at January 1, 2010	966.2	–8.2	582.9	482.9	–15.5	–396.9	1,611.4	2.7	1,614.1
Net income	0.0	0.0	0.0	256.5	0.0	0.0	256.5	0.0	256.5
Net unrealized result on securities	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0	0.3
Net unrealized result on heding activities	0.0	0.0	0.0	0.0	6.2	0.0	6.2	0.0	6.2
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0	–28.5	–28.5	0.0	–28.5
Other comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**0.0**	**6.4**	**–28.5**	**–22.1**	**0.0**	**–22.1**
Total comprehensive income (loss)	**0.0**	**0.0**	**0.0**	**256.5**	**6.4**	**–28.5**	**234.4**	**0.0**	**234.4**
Distribution of dividends	0.0	0.0	0.0	–331.9	0.0	0.0	–331.9	0.0	–331.9
Balance at Sept. 30, 2010	966.2	–8.2	582.9	407.5	–9.1	–425.4	1,513.9	2.7	1,516.6

	Sept. 30, 2011	Dec. 31, 2010	Sept. 30, 2010
Number of shares of common stock	443,000,000	443,000,000	443,000,000
Number of treasury shares	436,031	436,031	601,778
Average purchase price of treasury shares	18.80	18.80	18.80

Condensed Operating Segments

in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Additional Markets	Corporate & Other	Elimina-tions	Consoli-dated
1-9 M 2011								
External revenues	2,172.4	375.3	300.2	219.6	271.3	0.0	0.0	3,338.7
Intersegmental revenues	17.7	19.8	14.2	0.1	19.6	0.0	–71.5	0.0
Total revenues	**2,190.1**	**395.1**	**314.4**	**219.7**	**290.9**	**0.0**	**–71.5**	**3,338.7**
Other operating income	68.4	17.0	1.7	5.4	3.3	15.1	–37.1	73.9
Segment expenses	–1,512.4	–208.3	–211.9	–125.4	–231.1	–41.6	108.5	–2,222.1
EBITDA comparable	**746.1**	**203.8**	**104.2**	**99.7**	**63.1**	**–26.5**	**0.0**	**1,190.4**
Restructuring	–224.8	0.0	0.0	0.0	0.0	0.0	0.0	–224.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA incl. restructuring and impairment charges	**521.4**	**203.8**	**104.2**	**99.7**	**63.1**	**–26.5**	**0.0**	**965.7**
Depreciation and amortization	–452.9	–147.6	–49.3	–41.9	–67.2	0.0	2.1	–756.9
Operating income (loss)	**68.5**	**56.1**	**54.9**	**57.7**	**–4.1**	**–26.5**	**2.1**	**208.8**
Interest income	7.6	1.8	0.8	2.3	1.4	20.7	–23.4	11.3
Interest expense	–42.7	–5.4	–1.5	–2.1	–0.7	–131.5	23.2	–160.7
Equity in earnings of affiliates	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Other	–3.7	–0.1	–0.5	–17.5	0.0	278.8	–311.3	–54.3
Earnings before income taxes	**30.5**	**52.5**	**53.7**	**40.4**	**–3.4**	**141.5**	**–309.3**	**5.9**
Income taxes								62.8
Net income (loss)								**68.7**
Segment assets	4,257.5	1,685.9	550.8	365.9	772.5	7,421.2	–7,879.3	7,174.5
Segment liabilities	–2,729.3	–284.6	–240.8	–84.7	–141.3	–5,033.5	2,107.3	–6,407.0
Capital expenditures - intangible	64.9	11.4	2.4	0.3	7.6	0.0	0.0	86.6
Capital expenditures - tangible	253.7	37.0	23.5	14.1	40.1	0.0	0.0	368.3
Total capital exenditures	**318.6**	**48.4**	**25.9**	**14.4**	**47.7**	**0.0**	**0.0**	**454.9**

in EUR million (unaudited)	Austria	Bulgaria	Croatia	Belarus	Additional Markets	Corporate & Other	Elimina-tions	Consoli-dated
1-9 M 2010								
External revenues	2,278.1	394.9	330.3	253.0	223.8	0.0	0.0	3,480.1
Intersegmental revenues	19.1	22.7	15.8	0.1	12.3	0.0	–70.0	0.0
Total revenues	**2,297.2**	**417.6**	**346.1**	**253.1**	**236.1**	**0.0**	**–70.0**	**3,480.1**
Other operating income	70.8	3.0	0.9	3.6	3.0	28.9	–55.8	54.6
Segment expenses	–1,554.8	–193.9	–224.1	–137.6	–209.6	–32.7	110.5	–2,242.2
EBITDA comparable	**813.3**	**226.7**	**122.9**	**119.2**	**29.5**	**–3.8**	**–15.3**	**1,292.5**
Restructuring	–26.0	0.0	0.0	0.0	0.0	0.0	0.0	–26.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA incl. restructuring and impairment charges	**787.2**	**226.7**	**122.9**	**119.2**	**29.5**	**–3.8**	**–15.3**	**1,266.4**
Depreciation and amortization	–493.9	–130.2	–50.5	–60.3	–55.6	0.0	0.6	–790.0
Operating income (loss)	**293.3**	**96.5**	**72.4**	**58.9**	**–26.1**	**–3.8**	**–14.6**	**476.4**
Interest income	6.5	1.2	0.4	0.7	0.9	26.8	–26.7	9.8
Interest expense	–49.6	–0.2	–0.6	–0.6	–0.6	–133.4	26.7	–158.1
Equity in earnings of affiliates	1.6	0.0	0.0	0.0	0.0	0.0	0.0	1.6
Other	107.4	0.0	–0.7	–0.8	–1.6	512.0	–621.0	–4.7
Earnings before income taxes	**359.2**	**97.5**	**71.5**	**58.2**	**–27.4**	**401.6**	**–635.7**	**325.1**
Income taxes								–68.6
Net income (loss)								**256.5**
Segment assets	4,217.1	1,610.8	510.1	832.6	713.8	7,343.3	–7,222.6	8,005.0
Segment liabilities	–2,448.4	–99.3	–133.7	–89.1	–117.0	–5,138.5	1,537.6	–6,488.4
Capital expenditures - intangible	71.9	16.5	3.6	0.4	11.1	0.0	0.0	103.5
Capital expenditures - tangible	218.5	25.3	33.7	30.4	32.0	0.0	0.0	339.8
Total capital exenditures	**290.4**	**41.8**	**37.2**	**30.8**	**43.1**	**0.0**	**0.0**	**443.3**

Results by Segments

in EUR million (unaudited)	Q3 2011	Q3 2010	% change	1-9 M 2011	1-9 M 2010	% change
Revenues						
Austria	720.7	758.3	–5.0%	2,190.1	2,297.2	–4.7%
Bulgaria	131.2	140.4	–6.6%	395.1	417.6	–5.4%
Croatia	123.7	135.2	–8.5%	314.4	346.1	–9.1%
Belarus	56.9	93.2	–39.0%	219.7	253.1	–13.2%
Additional markets	107.3	86.7	23.8%	290.9	236.1	23.2%
Corporate, Other & Eliminations	–28.4	–28.5	–0.5%	–71.5	–70.0	2.1%
Revenues	**1,111.4**	**1,185.4**	**–6.2%**	**3,338.7**	**3,480.1**	**–4.1%**
EBITDA comparable						
Austria	248.3	261.2	–4.9%	746.1	813.3	–8.3%
Bulgaria	68.3	77.3	–11.7%	203.8	226.7	–10.1%
Croatia	52.2	58.0	–10.0%	104.2	122.9	–15.2%
Belarus	24.2	42.2	–42.5%	99.7	119.2	–16.4%
Additional markets	27.1	16.1	68.6%	63.1	29.5	113.8%
Corporate, Other & Eliminations	–7.3	–5.6	29.3%	–26.5	–19.1	38.7%
EBITDA comparable	**412.9**	**449.1**	**–8.1%**	**1,190.4**	**1,292.5**	**–7.9%**
EBITDA incl. restructuring and impairment charges						
Austria	242.2	248.8	–2.7%	521.4	787.2	–33.8%
Bulgaria	68.3	77.3	–11.7%	203.8	226.7	–10.1%
Croatia	52.2	58.0	–10.0%	104.2	122.9	–15.2%
Belarus	24.2	42.2	–42.5%	99.7	119.2	–16.4%
Additional markets	27.1	16.1	68.6%	63.1	29.5	113.8%
Corporate, Other & Eliminations	–7.3	–5.6	29.3%	–26.5	–19.1	38.7%
EBITDA incl. restructuring and impairment charges	**406.8**	**436.8**	**–6.9%**	**965.7**	**1,266.4**	**–23.7%**
Operating income (loss)						
Austria	99.8	88.9	12.2%	68.5	293.3	–76.7%
Bulgaria	18.4	32.5	–43.4%	56.1	96.5	–41.8%
Croatia	35.2	41.3	–14.6%	54.9	72.4	–24.2%
Belarus	15.7	20.8	–24.3%	57.7	58.9	–1.9%
Additional markets	3.5	–2.1	–261.4%	–4.1	–26.1	–84.3%
Corporate, Other & Eliminations	–6.5	–5.4	21.5%	–24.3	–18.5	31.9%
Operating income (loss)	**166.1**	**176.0**	**–5.6%**	**208.8**	**476.4**	**–56.2%**

Capital Expenditures

in EUR million (unaudited)	Q3 2011	Q3 2010	% change	1-9 M 2011	1-9 M 2010	% change
Austria	125.6	101.2	24.1%	318.6	290.4	9.7%
Bulgaria	17.7	15.6	13.8%	48.4	41.8	15.7%
Croatia	8.4	4.7	77.6%	25.9	37.2	–30.5%
Belarus	6.9	7.9	–12.0%	14.4	30.8	–53.2%
Additional markets	19.0	17.5	8.9%	47.7	43.1	10.6%
Total capital exenditures	**177.8**	**146.8**	**21.1%**	**454.9**	**443.3**	**2.6%**
Thereof tangible	148.1	113.2	30.8%	368.3	339.8	8.4%
Thereof intangible	29.7	33.6	–11.7%	86.6	103.5	–16.4%

Net Debt

in EUR million	Sept. 30, 2011 unaudited	Dec. 31, 2010 audited
Long-term debt	3,029.5	3,146.4
Short-term borrowings	947.3	522.6
Cash and cash equivalents, short-term and long-term investments, finance lease receivables	–509.0	–355.0
Derivative financial instruments for hedging purposes	20.8	–8.9
Net debt *	**3,488.6**	**3,305.2**
Net debt/EBITDA comparable (last 12 months)	**2.3x**	**2.0x**

* Finance lease obligations are included in long-term debt and short-term borrowings. The remaining performance based considerations related to the acquisition of SBT and Megalan/Spectrumnet are included in short-term borrowings and long-term debt. As of December 31, 2010 cross border lease is included in long-term debt and short-term borrowings and deposits for cross border lease are included in short-term and long-term investments.

Personnel

	End of period			Average of period		
Personnel (full-time equivalent)	Sept. 30, 2011	Sept. 30, 2010	change	Q3 2011	Q3 2010	change
Austria	9,282	9,834	–5.6%	9,319	9,967	–6.5%
International Operations	7,621	6,582	15.8%	7,457	6,526	14.3%
Total	**17,063**	16,559	3.0%	**16,937**	16,571	2.2%

Key Data Segment Austria

Financials - Segment Austria

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	720.7	758.3	–5.0%	2,190.1	2,297.2	–4.7%
EBITDA comparable	248.3	261.2	–4.9%	746.1	813.3	–8.3%
EBITDA (incl. Restructuring and Impairment Charges)	242.2	248.8	–2.7%	521.4	787.2	–33.8%
EBIT	99.8	88.9	12.2%	68.5	293.3	–76.7%

Revenue detail - Austria	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Monthly Fee and Traffic	507.4	532.9	–4.8%	1,524.6	1,571.2	–3.0%
Data & ICT Solutions	48.1	53.9	–10.8%	147.0	155.0	–5.2%
Wholesale (incl. Roaming)	47.1	44.3	6.3%	142.8	157.8	–9.5%
Interconnection	82.4	92.5	–10.9%	256.5	301.9	–15.0%
Equipment	25.3	24.1	4.9%	80.7	67.4	19.6%
Other Operating Income	10.3	10.7	–3.4%	38.5	44.0	–12.5%
Total revenues Austria	**720.7**	758.3	–5.0%	**2,190.1**	2,297.2	–4.7%

Key Data Segment Austria

Key Data Fixed Line - Austria	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Average revenues per access line (in EUR)	31.8	33.2	–4.3%	32.2	33.1	–2.8%
Fixed service revenues (in EUR mn)	221.6	229.4	–3.4%	672.2	687.9	–2.3%
Total voice minutes (in 000 min)	628.3	713.2	–11.9%	1,971.7	2,242.1	–12.1%

Lines (in '000)	Q3 2011 unaudited	Q3 2010 unaudited	% change
Access lines (without broadband lines)	1,079.7	1,183.6	–8.8%
Fixed broadband retail lines	1,203.6	1,073.2	12.2%
Fixed broadband wholesale lines	43.3	46.3	–6.5%
Fixed broadband lines	1,246.9	1,119.4	11.4%
Total access lines	2,326.7	2,303.0	1.0%
Lines unbundled	272.1	276.7	–1.7%

Austrian Telecommunications Market

Broadband Market Shares	Q3 2011 unaudited	Q3 2010 unaudited	% change
A1 Telekom Austria Fixed Line Retail	30.6%	30.3%	
A1 Telekom Austria Fixed Line Wholesale	1.1%	1.3%	
Mobile broadband A1 Telekom Austria	18.3%	17.4%	
Mobile broadband other operators	29.0%	28.0%	
Cable	14.7%	15.8%	
Unbundled lines	6.3%	7.2%	
Broadband penetration - Total market	108.7%	99.3%	

Voice Market Shares	Q3 2011 unaudited	Q3 2010 unaudited	% change
Fixed Line A1 Telekom Austria	11.3%	12.6%	
Fixed Line Others	6.6%	7.2%	
Mobile	82.1%	80.2%	

Key Data Mobile Communication	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Customers ('000)	5,211.8	5,017.5	3.9%
Contract share	77.5%	75.4%	
Mobile Broadband Customers	721,377	616,541	17.0%
Mobile Market Share	40.3%	41.5%	
Mobile Penetration	153.5%	144.0%	

	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Average monthly revenue per User (in EUR)	20.0	22.3	–10.3%	20.2	22.2	–8.9%
Mobile service revenues (in EUR mn)	311.9	334.2	–6.7%	939.2	984.8	–4.6%
thereof interconnection share	7.6%	9.6%		9.0%	10.7%	
Data as percentage of traffic-related revenues	45.5%	42.5%		45.4%	41.3%	
Subscriber acquisition cost (SAC)	15.1	13.0	16.4%	37.4	28.8	29.8%
Subscriber retention cost (SRC)	19.8	19.8	–0.2%	60.2	56.6	6.4%
Churn (3 Months)	3.6%	3.4%		11.1%	10.5%	

Key Data Segment Bulgaria*

Bulgaria

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	131.2	140.4	–6.6%	395.1	417.6	–5.4%
EBITDA comparable	68.3	77.3	–11.7%	203.8	226.7	–10.1%
EBITDA (incl. Restructuring and Impairment Charges)	68.3	77.3	–11.7%	203.8	226.7	–10.1%
EBIT	18.4	32.5	–43.4%	56.1	96.5	–41.8%

Mobile Communication Market	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Subscribers ('000)	5,291.3	5,235.8	1.1%
Mobile Market Share	48.4%	50.0%	
Mobile Penetration	145.9%	139.0%	
Mobile Broadband Customers	177,609	97,792	81.6%
Average monthly revenue per User (in EUR)	7.0	8.2	–14.1%
Data as percentage of traffic-related revenues	21.6%	17.1%	

Fixed Line Market	Q3 2011 unaudited	Q3 2010 unaudited	% change
ARPL (in EUR)	14.5	0.0	n.a.
Total Access Lines ('000)	109.5	0.0	n.a.
Fixed Broadband Lines ('000)	103.8	0.0	n.a.

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

Key Data Segment Croatia*

Croatia

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	123.7	135.2	–8.5%	314.4	346.1	–9.1%
EBITDA comparable	52.2	58.0	–10.0%	104.2	122.9	–15.2%
EBITDA (incl. Restructuring and Impairment Charges)	52.2	58.0	–10.0%	104.2	122.9	–15.2%
EBIT	35.2	41.3	–14.6%	54.9	72.4	–24.2%
Average monthly revenue per User (in EUR)	13.2	15.1	–12.2%	10.8	14.7	–26.4%
Data as percentage of traffic-related revenues	26.8%	26.5%		26.7%	27.0%	

Mobile Communication Market	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Subscribers ('000)	2,173.5	2,138.6	1.6%
Contract share	34.2%	31.8%	
Mobile Market Share	39.6%	40.0%	
Mobile Penetration	127.9%	121.3%	
Mobile Broadband Customers	195,293	163,959	19.1%

Fixed Line Market	Q3 2011 unaudited	Q3 2010 unaudited	% change
ARPL (in EUR)	15.8	0.0	n.a.
Total Access Lines ('000)	248.4	0.0	n.a.
Fixed Broadband Lines ('000)	63.1	0.0	n.a.

* The reported result of 2011 includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements. Due to a new definition on prepaid subscribers, the counting method of active prepaid SIM cards was changed from a 15-month rolling average to a 90 day active methodology. Following this implementation historic KPI's have been restated as of Q1 2010.

Key Data Segment Belarus*

Belarus

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	56.9	93.2	–39.0%	219.7	253.1	–13.2%
EBITDA comparable	24.2	42.2	–42.5%	99.7	119.2	–16.4%
EBITDA (incl. Restructuring and Impairment Charges)	24.2	42.2	–42.5%	99.7	119.2	–16.4%
EBIT	15.7	20.8	–24.3%	57.7	58.9	–1.9%
Average monthly revenue per User (in EUR)	3.5	6.7	–47.4%	4.8	6.2	–22.3%

	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Subscribers ('000)	4,532.8	4,224.7	7.3%
Contract Share	79.5%	77.8%	
Market Share	41.3%	42.0%	
Market Penetration	116.0%	106.1%	
Mobile Broadband Customers	349,585	86,222	n.a.

* The reported result includes depreciation and amortization of fair value adjustments resulting from past business combinations and therefore may deviate from the result of the single financial statements.

Key Data Segment Additional Markets

Slovenia

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	51.9	47.3	9.8%	141.9	129.0	10.0%
EBITDA comparable	16.2	12.2	33.2%	39.1	35.3	10.8%
EBITDA (incl. Restructuring and Impairment Charges)	16.2	12.2	33.2%	39.1	35.3	10.8%
EBIT	11.2	6.9	61.8%	22.9	19.6	16.6%
Average monthly revenue per User (in EUR)	22.7	21.7	4.8%	20.8	20.6	0.7%
Data as percentage of traffic-related revenues	36.5%	28.1%		34.3%	26.4%	

	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Subscribers ('000)	631.0	605.3	4.2%
Contract Share	72.9%	70.7%	
Market Share	29.7%	28.8%	
Market Penetration	104.1%	102.1%	
Mobile Broadband Customers	15,248	14,544	4.8%

Key Data Segment Additional Markets

Republic of Serbia

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	38.6	27.6	39.8%	104.2	76.7	35.8%
EBITDA comparable	9.7	3.3	190.0%	21.6	–3.8	n.a.
EBITDA (incl. Restructuring and Impairment Charges)	9.7	3.3	190.0%	21.6	–3.8	n.a.
EBIT	–6.7	–7.5	–10.4%	–22.2	–37.0	–39.9%
Average monthly revenue per User (in EUR)	7.4	6.4	16.3%	7.1	6.1	16.6%

	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Subscribers ('000)	1,588.8	1,280.6	24.1%
Market Share	15.3%	13.0%	
Market Penetration	140.6%	132.1%	

Republic of Macedonia

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	15.1	10.2	47.2%	39.4	25.6	53.8%
EBITDA comparable	1.1	0.1	n.a.	1.1	–3.0	n.a.
EBITDA (incl. Restructuring and Impairment Charges)	1.1	0.1	n.a.	1.1	–3.0	n.a.
EBIT	–1.6	–2.2	–24.4%	–6.8	–9.6	–29.9%
Average monthly revenue per User (in EUR)	8.3	7.5	10.8%	7.5	6.7	12.3%

	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Subscribers ('000)	548.5	388.2	41.3%
Market Share	24.6%	19.0%	
Market Penetration	108.7%	99.7%	

Liechtenstein

in EUR million	Q3 2011 unaudited	Q3 2010 unaudited	% change	1-9 M 2011 unaudited	1-9 M 2010 unaudited	% change
Revenues	1.9	1.7	8.6%	5.8	5.1	12.9%
EBITDA comparable	0.3	0.5	–26.6%	1.5	1.2	28.8%
EBITDA (incl. Restructuring and Impairment Charges)	0.3	0.5	–26.6%	1.5	1.2	28.8%
EBIT	0.1	0.3	–55.4%	0.9	0.6	51.9%

	Q3 2011 unaudited	Q3 2010 unaudited	% change
Mobile Communication Subscribers ('000)	6.6	6.3	4.0%

Selected Explanatory Notes to the Consolidated Interim Financial Statements (unaudited)

Basis of Presentation

The consolidated interim financial statements, in the opinion of management, include all adjustments necessary for a fair presentation in accordance with International Financial Reporting Standards (IFRS).

These financial results in accordance with IAS 34 "Interim Financial Reporting" are not audited or reviewed and should be read in connection with the Company's annual consolidated financial statements according to IFRS for the year ended December 31, 2010. The consolidated results for the interim periods are not necessarily indicative of results for the full year.

No major related party transactions, commitments and guarantees occurred since December 31, 2010.

The preparation of the interim financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The Company has applied the same accounting policies and methods of computation in the interim financial statements as in the annual financial statements as of and for the year ended December 31, 2010 except for standards/interpretations which became effective during 2010 and as of January 1, 2011:

		Effective *
IAS 24	Related party disclosures (revised)	January 1, 2011
IAS 32	Changes regarding classification of rights issue	February 1, 2010
IFRS 1	Additional exemptions for first time adopters in connection with IFRS 7	July 1, 2010
IFRIC 19	Repayments of financial liabilities with equity instruments	July 1, 2010
IFRIC 14	Minimum funding payments (revised)	January 1, 2011
	Amendments to IFRS's as result of improvements project 2010	January 1, 2011

* This standard/interpretation is effective for annual periods beginning on or after the presented date (in accordance with IASB).

The Company has adopted these standards/interpretations as of January 1, 2011. The effects of these new Standards/Interpretations, if any, on the consolidated financial statements were insignificant.

Compared to other economic sectors the telecommunications industry is in general less cyclical. Within the telecommunication sector the seasonality of the Company's segments shows the same pattern as other European incumbents, having lower margins in the year-end quarter due to Christmas promotions, equipment provided to customers and increases in sales commissions. However, customer and visitor roaming revenues are above average in the third quarter due to the summer vacation season. In Austria visitor roaming is also above average in the first quarter due to winter sports tourism.

Format of the Condensed Consolidated Statements of Operations

Telekom Austria Group uses EBITDA comparable and EBITDA (incl. impairment and restructuring charges) to better evaluate trends in the Company's underlying operations. EBITDA comparable comprises EBITDA adjusted for expenses of the restructuring program in the segment Austria and impairment charges, if applicable. The restructuring program includes social plans for employees whose employment will be terminated in a socially responsible way, and expenses for the future compensation of civil servants, who will no longer provide services for Telekom Austria Group but who cannot be terminated due to their status as civil servants. Furthermore expenses for the transfer of civil servants to the Austrian government are adjusted in this line item. For details on restructuring expenses for the first nine months 2011 see "provisions and accrued liabilities".

Business Combinations

On August 8, 2011 Telekom Austria Group purchased 100% shares of B.net Hrvatska d.o.o. ("B.net"), the largest cable operator in Croatia, through its Croatian subsidiary Vipnet for a provisional purchase price of EUR 70.5 million. B.net is the sole shareholder of Na KVADRAT d.o.o., VOLJAGLAS d.o.o. and NA KUB d.o.o, with its corporate seats in Zagreb. The acquisition of a cable operator will allow Vipnet to participate in the anticipated strong growth of fixed broadband, TV-services and convergent products in the Croatian market and to position itself as a fully integrated operator. The entities are reported in the Segment Croatia. The table "Acquisition of B.net" summarizes the acquisition-date fair values of each major class of asset and liabilities of the acquired companies. Fair values were determined based on the provisional purchase price allocation to assets and liabilities. Acquisition-related costs recognized as expense amounted to EUR 0.1 million.

Acquisiton of B.net

in EUR millions (unaudited)	Fair values on acquisition
Property, plant and equipment	37.2
Intangible assets	36.9
Other assets and receivables	8.1
Cash and cash equivalents	3.5
Loans and short-term borrowings	−28.9
Deferred tax liabilities	−6.5
Accounts payable - trade	−3.9
Accrued liabilities and other payables	−6.1
Net identifiable assets and liabilities	**40.3**
Goodwill on acquisitions	30.1
Total purchase considerations	**70.5**
Cash acquired	−3.5
Net cash outflow	**66.9**

On September 7, 2011 Telekom Austria Group sold its stake in Mass Response Service GmbH for a sales price of EUR 0.1 million which was paid in cash.

On January 25, 2011 Telekom Austria Group purchased 100% shares of the fixed line provider Spectrum Net AD ("Spectrum") through its Bulgarian subsidiary Mobiltel. On February 3, 2011, Telekom Austria Group purchased 80% of another fixed line operator, Megalan Network AD ("Megalan"), and committed to purchase the remaining 20% until March 31, 2012. Therefore Telekom Austria Group consolidates 100% of Megalan, without recognizing a non-controlling interest. The purchase price due for the remaining 20% of the shares is deposited in an ESCROW bank account. Both companies are presented in the segment Bulgaria. The table "Acquisition of Megalan and Spectrum" summarizes the acquisition-date fair values of each major class of asset and liabilities of the acquired companies. Fair values were determined based on the provisional purchase price allocation to assets and liabilities. Acquisition-related costs recognized as expense amounted to EUR 1.0 million. The unpaid contingent purchase prices depend on the fulfillment of certain performance criteria of the acquired companies and are recognized as financial liabilities at fair value. In the third quarter 2011 a portion of EUR 2.0 million of the outstanding contingent purchase price was paid.

Acquisiton of Megalan and Spectrum

in EUR millions (unaudited)	Fair values on acquisition
Property, plant and equipment	15.3
Intangible assets	35.4
Other assets and receivables	5.6
Cash and cash equivalents	2.2
Loans, bonds and short-term borrowings	−9.2
Deferred tax liabilities	−3.0
Accounts payable - trade	−1.7
Accrued liabilities and other payables	−3.6
Net identifiable assets and liabilities	**41.0**
Goodwill on acquisitions	37.1
Total purchase considerations	**78.1**
Purchase prices not yet paid	−7.1
Cash acquired	−2.2
Net cash outflow	**68.8**

Since the effect of the acquired entities prior to the acquisition on the consolidated financial statements of the Telekom Austria Group is not considered significant, no pro forma information is presented.

In the first quarter 2011 EUR 15.8 million of the outstanding performance-based deferred consideration for the acquisition of SB Telecom Limited (SBT), the sole owner of FE VELCOM ("velcom"), was paid, since predetermined performance criteria had been fulfilled. As of December 31, 2010 this consideration was recorded in other current liabilities.

Non-current and current liabilities

In the first nine months 2011 an amount of EUR 755.3million of long-term debt was raised and EUR 224.1 million of long term debt was repaid. Short-term borrowings increased mainly due to classifying maturing long –term debt as short-term which was partly offset by repayment of multi-currency notes, short-term debt and current portion of long-term debt.

The decrease in other non-current liabilities is mainly due to the reclassification of the deferred consideration for the acquisition of SBT to other current liabilities, because this deferred consideration is expected to become due in first quarter 2012.

In April 2011 the last existing cross border lease transaction was terminated prior to maturity. The early termination was attractive from both, legal and economic perspectives. The Telekom Austria Group recognized an expense for the termination and on the other hand realized the remaining unrealized balance on the sale of tax benefit allocated to this transaction. As a result net interest income of EUR 0.5 million was recorded.

In 2010 the Telekom Austria Group has introduced a Long Term Incentive Program (LTI). At June 1, 2011, the second tranche of LTI (LTI 2011) was granted. Main conditions remained unchanged compared to LTI 2010.

As of the reporting date a liability measured at fair value for the expected future expense of the LTI program, which is already vested, is recorded. The fair value of the liability is measured based on the expected target achievement and the expected share price, as determined by applying a binomial calculation model generally used for share price analysis, taking into account expected dividends. The liability is recognized over the vesting period. As of September 30, 2011 the liability recorded for LTI 2010 and LTI 2011 amounted to EUR 1.5 million.

Provisions and accrued liabilities

As of January 19, 2011 the new social plans became effective in the segment Austria, providing for early retirement, special severance packages and golden handshake options. In the first nine months 2011 a restructuring expense of EUR 198.6 million was recorded. The provision for restructuring amounting to EUR 673.0 million as of December 31, 2010 increased to EUR 834.8 million as of September 30, 2011.

Additionally, a restructuring expense of EUR 26.2 million was recorded for civil servants of the segment Austria who voluntarily changed to Austrian government agencies to take on administrative tasks. The corresponding provision amounting to EUR 38.2 million as of December 31, 2010 increased to EUR 48.1 million as of September 30, 2011.

Income Taxes

The income tax benefit in the first nine months 2011 mainly results from write-downs of investments in consolidated subsidiaries, which are recognized over a period of seven years for tax purposes according to Austrian legislation and for which deferred tax is calculated. The effective tax rate for the first nine months 2010 was 21.1%.

Net deferred tax assets of EUR 110.4 million as of December 31, 2010 increased to EUR 258.9 million as of September 30, 2011 mainly due to the reduction of deferred tax liabilities resulting from foreign exchange differences in Belarus, the recognition of deferred tax assets relating to operating loss carry-forwards and to impairments in connection with investments in subsidiaries, which was only partly compensated by the recognition of the deferred impairments of investments in subsidiaries for tax purposes over seven years according to Austrian legislation.

Foreign currency translation adjustment

On May 23, 2011 the Belarusian Ruble was devaluated, in September the Belarusian Currency Stock Exchange opened the so called "alternative trading sessions" which lead to a further devaluation. The exchange rate for the Belarusian ruble as of September 30, 2011 was 10,320, compared to 3,972 as of December 31, 2010, resulting in in a negative adjustment of EUR 434.7 million in the first nine months 2011. The appreciation of the Serbian Dinar lead to a positive adjustment of EUR 12.9 million in the first nine months 2011. In the first nine months 2010 the appreciation of the Belarusian Ruble resulted in a positive adjustment amounting to EUR 3.1 million whereas the devaluation of the Serbian Dinar lead to a negative adjustment of EUR 31.8 million.

Condensed Consolidated Statements of Financial Position

The item "Other", which is part of the reconciliation of net result to cash flow from operating activities, mainly consists of foreign exchange differences in 2011 and of interest and hedging expenses in 2010.

Impairment Test

The devaluation of the Belarusian Ruble in May and the further development on the Belarusian market was the trigger to perform an impairment test for the cash-generating unit velcom. Key assumptions applied in the value in use calculation are discount rates after tax (WACC) of 29.7% declining to 10.0% for the perpetual annuity (pre-tax 39.1% declining to 13.1%) and a growth rate for the terminal value of 2.0 %. The resulting value in use was compared with the carrying amount of the cash-generating unit velcom including goodwill. As the carrying amount does not exceed the value in use no impairment had to be recorded.

Changes in Estimates

In 2011, the Company reduced estimated useful lives of certain technical equipment and related software programs due to the rapid development of technological environment in the relevant areas. This change in estimate resulted in an increase of depreciation and amortization by EUR 8.6 million in the segment Bulgaria.

Subsequent Events

On October 28, 2011 the Croatian Parliament decided to abolish the 6% tax on mobile network service revenues as of 1 January 2012. The tax was introduced on August 1, 2009 for all mobile operators in Croatia as a measure against the economic crisis. The tax was applicable on revenues generated by mobile services, i.e. voice, SMS and MMS, and was payable by the mobile operator. The Croatian subsidiary Vipnet recorded a mobile tax expense of EUR 9.5 million in the first nine months 2011 and EUR 15.2 million in the full year 2010.

On October 13, 2011 Telekom Austria Group sold its stake in Cable Runner Iberica S.L. for a sales price of EUR 1.0 million.

The inflation rate of Belarus is closely monitored by the big 4 audit firms, which will bring the issue of hyperinflation accounting to the so called "International Practice Taskforce" situated at the US SEC Regulations committee. It is expected that this task force will take a decision regarding the necessity to apply financial reporting in hyperinflationary economies according to IAS 29 by end of November 2011.