

HUNGARIAN TELECOMMUNICATIONS CO LTD

Form 20-F

May 09, 2003

As filed with the Securities and Exchange Commission on May 9, 2003

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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### Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

Commission file number 1-14540

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### MAGYAR TÁVKÖZLÉSI RT.

(Exact Name of Registrant as Specified in Its Charter)

### HUNGARIAN TELECOMMUNICATIONS CO. LTD.

(Translation of Registrant's Name Into English)

**Hungary**

(Jurisdiction of Incorporation or Organization)

**Budapest, 1013, Krisztina krt. 55, Hungary**

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act

*Title of each class*

*Name of each exchange  
on which registered*

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American Depositary Shares, each representing  
five Ordinary Shares  
Ordinary Shares

New York Stock Exchange  
New York Stock Exchange\*

Securities registered or to be registered pursuant to Section 12(g) of the Act

**NONE**

**(Title of Class)**

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

**NONE**

**(Title of Class)**

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares 1,042,811,600

nominal value HUF 100 per share

(as of December 31, 2002)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

Name of each exchange on which registered

\*Not for trading, but only in connection with the registration of American Depositary Shares.

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### **Certain Defined Terms and Conventions**

In this annual report, the terms *Matáv*, the *Group* and the *Company* refer to Matáv Rt. and its direct and indirect subsidiaries as a group; the term *Westel* refers to Westel Mobil Távközlési Rt.; the term *Westel 0660* refers to Westel Rádiótelefon Kft. and the term *MakTel* refers to Makedonski Telekomunikacii AD. The Company owns 100 percent of each of the Westel companies. In this annual report, the term *Minister* refers to the Minister heading the Ministry of Informatics and Communications, to whom the rights of the Prime Minister Office were transferred as of May 27, 2002. The rights belonging to the Prime Minister Office belonged to the Ministry of Transport, Telecommunications and Water Management prior to June 1, 2000.

Totals in tables may be affected by rounding. Segment revenue and operating expense figures included in this annual report do not give effect to intersegment eliminations.

### **Forward-looking Statements May Not Be Accurate**

The Company may from time to time make written or oral forward-looking statements. Written forward-looking statements appear in documents the Company files with the Securities and Exchange Commission, including this annual report, reports to shareholders and other communications. The U.S. Private Securities Litigation Reform Act of 1995 contains a safe harbor for forward-looking statements. Factors identified in filings with the Commission may cause actual results to differ materially from a forward-looking statement made by Matáv or on its behalf. Readers should also consider the information contained in Item 3, *Key Information -Risk Factors* and Item 5, *Operating and Financial Review and Prospects*, as well as the information contained in the Company's periodic filings with the Securities and Exchange Commission for further discussion of the risks and uncertainties that may cause such differences to occur. The Company's forward-looking statements speak only as of the date they are made, and the Company does not have an obligation to update or revise them, whether as a result of new information, future events or otherwise.



***ITEM 1* IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

***ITEM 2*** OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

***ITEM 3* KEY INFORMATION**



*SELECTED FINANCIAL DATA*





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This selected consolidated financial and statistical data should be read together with the consolidated financial statements, including the accompanying notes, included in this annual report. Matáv derived the financial data from Matáv's consolidated financial statements as of and for the years ended December 31, 1998, 1999, 2000, 2001 and 2002 and the accompanying notes, which PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft., Matáv's independent accountants, have audited. This consolidated financial data is qualified by reference to Matáv's consolidated financial statements and accompanying notes, which the Company has prepared in accordance with International Financial Reporting Standards (IFRS). IFRS differs from U.S. Generally Accepted Accounting Principles (GAAP). For a discussion of the principal differences between IFRS and U.S. GAAP as they relate to the Company, see Note 32 to the consolidated financial statements.

	1998	1999	Year ended December 31,		2002	2002
	HUF	HUF	2000 (3) HUF	2001 (3) HUF	HUF	U.S.\$(1)
(in millions, except per share amounts)						
<b>Consolidated Income Statement Data:</b>						
Amounts in accordance with IFRS						
Revenues	318,060	384,932	445,945	547,735	590,585	2,623
Operating profit	96,109	121,131	96,091	119,400	122,240	543
Net income	58,337	78,632	66,652	82,560	68,128	303
Net income per share(2)	56.24	75.81	64.27	79.61	65.66	0.29
Diluted net income per share(2)	56.24	75.52	63.97	79.61	65.66	0.29
Amounts in accordance with U.S. GAAP						
Revenues	318,342	385,306	461,537	550,900	592,294	2,631
Operating profit	96,346	121,460	90,456	120,144	132,585	589
Net income	58,564	78,721	64,508	82,231	78,153	347
Net income per share(2)	56.46	75.89	62.20	79.30	75.32	0.33
Diluted net income per share(2)	56.46					