Fotex Holding SE
75, Parc d'activités
L-8308 Capellen

R.C.S. Luxembourg B 146.938

Consolidated financial statements as at 31 March 2012

Fotex Holding SE and Subsidiaries
Consolidated Statement of Financial Position
Figures in EUR

	Note	31 March 2012	31 December 2011
		EUR	EUR
Assets			
Current Assets:			
Cash and short-term deposits	4	17,034,077	8,199,500
Current portion of other financial assets	5	1,431,614	1,198,987
Accounts receivable and prepayments	6	5,343,278	7,227,778
Income tax receivable	16	322,217	343,261
Inventories	7	6,952,469	6,161,415
Total current assets		31,083,655	23,130,941
Non-current Assets:			
Property, plant & equipment	8	153,600,202	152,005,095
Deferred tax assets	16	557,673	529,837
Intangible assets	10	2,794,964	2,792,748
Non-current portion of other financial assets	5	1,842,826	2,015,808
Goodwill arising on acquisition	11	11,292,264	10,728,613
Total non-current assets		170,087,929	168,072,101
Total assets		201,171,584	191,203,042
Liabilities and Shareholders' Equity			
Current Liabilities:			
Interest-bearing loans and borrowings	15	1,501,056	1,258,801
Provisions	12	62,625	71,398
Accounts payable and other liabilities	12	8,009,928	15,812,488
Total current liabilities		9,573,609	17,142,687
Non-current Liabilities:			
Interest-bearing loans and borrowings	15	72,949,486	59,822,161
Other long-term liabilities	12	1,383,877	1,443,329
Deferred tax liability	16	3,004,437	2,854,471
Total non-current liabilities		77,337,800	64,119,961
Shareholders' Equity:			
Issued capital	13	30,543,933	30,543,933
Additional paid-in capital		28,635,050	29,267,019
Goodwill write-off reserve	13	(1,130,758)	(1,211,432)
Retained earnings		76,925,661	71,441,246
Treasury shares, at cost	13	(20,837,043)	(20,205,074)
Equity attributable to equity holders of the parent company		114,136,843	109,835,692
Non-controlling interests in consolidated subsidiaries		123,332	104,702
Total shareholders' equity		114,260,175	109,940,394
Total liabilities and shareholders' equity		201,171,584	191,203,042

The accompanying notes on pages 6 to 40 form an integral part of these consolidated financial statements.

Fotex Holding SE and Subsidiaries
Consolidated Income Statement
Figures in EUR

	Note	31 March 2012	31 March 2011
		EUR	EUR
Revenue	17	8,928,981	9,384,175
Operating expenses	14	(6,766,384)	(7,380,903)
Interest income		62,927	275,543
Interest expenses	15	(867,652)	(586,326)
Income before income tax	20	1,357,872	1,692,489
Income tax expense	16	(361,695)	(411,777)
Net income		996,177	1,280,712
Attributable to:			
Equity holders of the parent company		983,108	1,277,882
Non-controlling interests		13,069	2,830
Net income		996,177	1,280,712
Basic earnings per share	24	0.02	0.02
Diluted earnings per share	24	0.02	0.02

The accompanying notes on pages 6 to 40 form an integral part of these consolidated financial statements.

Fotex Holding SE and Subsidiaries
Consolidated Statement of Comprehensive Income
Figures in EUR

	Note	31 March 2012	31 March 2011
		EUR	EUR
Net income		996,177	1,280,712
Other comprehensive income:			
Exchange differences on translation of foreign operations	18	3,955,573	3,673,445
Total comprehensive income		4,951,750	4,954,157
Attributable to:			
Equity holders of the parent company		4,933,120	4,946,781
Non-controlling interests		18,630	7,376
		4,951,750	4,954,157

The accompanying notes on pages 6 to 40 form an integral part of these consolidated financial statements.

Fotex Holding SE and Subsidiaries
Consolidated Statement of Changes in Equity
Figures in EUR

	Issued Capital EUR	Additional Paid-in Capital EUR	Goodwill Write-off Reserve EUR	Retained Earnings EUR	Treasury Shares EUR	Total EUR	Non-controlling interests EUR	Total Equity EUR
1 January 2012	30,543,933	29,267,019	(1,211,432)	71,441,246	(20,205,074)	109,835,692	104,702	109,940,394
Profit for the period 2012	–	–	–	983,108	–	983,108	13,069	996,177
Other comprehensive income	–	–	–	3,950,012	–	3,950,012	5,561	3,955,573
Total comprehensive income	–	–	–	4,933,120	–	4,933,120	18,630	4,951,750
Redeemed treasury shares	–	–	–	–	(631,969)	(631,969)	–	(631,969)
Increase in minority shareholding	–	–	–	–	–	–	–	–
Minority dividends	–	–	–	–	–	–	–	–
Reversed written off goodwill reserve	–	–	80,674	(80,674)	–	–	–	–
Reclassification from additional paid in capital to retained earnings	–	(631,969)	–	631,969	–	–	–	–
31March 2012	30,543,933	28,635,050	(1,130,758)	76,925,661	(20,837,043)	114,136,843	123,332	114,260,175
01 Jan 2011	30,543,933	32,895,729	(1,534,125)	71,637,487	(19,266,955)	114,276,069	91,699	114,367,768
Profit for the period 2011	–	–	–	1,277,882	–	1,277,882	2,830	1,280,712
Other comprehensive income	–	–	–	3,668,899	–	3,668,899	4,546	3,673,445
Total comprehensive income	–	–	–	4,946,781	–	4,946,781	7,376	4,954,157
Redeemed treasury shares	–	–	–	–	–	–	–	–
Reversed written off goodwill reserve	–	–	80,674	(80,674)	–	–	–	–
31March 2011	30,543,933	32,895,729	(1,453,451)	76,503,594	(19,266,955)	119,222,850	99,075	119,321,925

The accompanying notes on pages 6 to 40 form an integral part of these consolidated financial statements.

Fotex Holding SE and Subsidiaries
Consolidated Cash Flow Statement
Figures in EUR

	Note	31 March 2012	31 March 2011
		EUR	EUR
Cash flows from operating activities:			
Income before non-controlling interest and income taxes	20	1,357,872	1,692,489
Depreciation and amortisation	14	1,687,747	1,454,299
Provisions used and reversed	12	(12,466)	(100,088)
Scrapped inventories, impairment loss of debtors and investments, reversed impairment loss, impairment of tangible assets		385	341,119
(Gain)/loss on disposals of fixed assets		(127)	(176)
Gain on disposal of other investments		-	(83,859)
Interest income		(62,927)	(275,543)
Interest expenses		867,652	586,326
Changes in working capital:			
Accounts receivable and prepayments		1,866,822	1,217,100
Inventories		(791,240)	(4,654)
Accounts payable and other liabilities		(1,062,426)	(2,160,001)
Cash generated from operations		3,851,292	2,667,012
Income tax paid	16	(320,265)	(411,777)
Net cash flow from operating activities		3,531,027	2,255,235
Cash flows from investing activities:			
Acquisition of tangible and intangible assets		(7,118,373)	(152,492)
Sale proceeds of tangible and intangible assets		127	958
(Purchase)/sale of financial investments		(55,819)	80,263
Repayments of loans granted		134,976	38,961
Interest received		37,107	275,543
Net cash flow used in investing activities		(7,001,982)	243,233
Cash flows from financing activities:			
Loan received		13,381,089	(176,749)
Dividends paid		-	-
Interest paid		(884,381)	(444,406)
Purchased treasury shares		(631,969)	(275,873)
Net cash flow from financing activities		11,864,739	(897,028)
Change in cash and cash equivalents		8,393,784	1,601,440
Cash and cash equivalents at beginning of the year	4	8,199,500	17,480,416
Effect of foreign currency translation		440,793	173,266
Cash and cash equivalents at end of the period	4	17,034,077	19,255,122

The accompanying notes on pages 6 to 40 form an integral part of these consolidated financial statements.

1. General

Further to the decision of the shareholders, as of 31 December 2008, the Court of Registration cancelled Fotex Nyrt. from the companies register on the grounds of transformation and, according to the Court's decision dated 9 January 2009, registered FOTEX HOLDING SE Nyilvánosan Működő Európai Részvénytársaság (FOTEX HOLDING SE European public limited company) as of 1 January 2009. Following the transformation into a European public limited company, the Company's extraordinary general meeting held on 4 June 2009 decided to move the Company's registered office to Luxembourg. The Company has been registered in the Luxembourg companies register under the number R.C.S.B 146.938. The Company's registered address is at 75, Parc d'activités, L-8308 Capellen, Luxembourg. The Metropolitan Court of Budapest, as the competent authority, struck the Company off the Hungarian companies register on 28 August 2009.

Fotex Holding SE ("Fotex" or the "Company") is a European public limited company regulated under the laws of the Grand Duchy of Luxembourg. The Company is primarily the holding company of a group of subsidiaries (Fotex and its subsidiaries, hereafter the "Group") incorporated in Hungary, Luxembourg and The Netherlands and engaged in a variety of property management, manufacturing, retailing and other activities. Fotex Holding SE is the ultimate parent of the Group. Except for Upington Investments S.à r.l., which is registered in Luxembourg, and Fotex Netherlands B.V. and FN2 B.V., which are registered in The Netherlands, all subsidiaries of the Group are registered and operate in Hungary.

As part of the Group's restructuring process, the scope of subsidiaries taken into account at the consolidation has changed compared to the basis period as follows:

- On 8 August 2011, the Group disposed of 100% of Europrizma Ügyviteli Kft. As a result Europrizma Ügyviteli Kft. was not a Fotex Group member since 8 August 2011.
- On 1 July 2011, the Group purchased 100% of Plaza Park Kft., a company located in Hungary. As a result Plaza Park Kft. has been a 100% subsidiary of the Group since 1 July 2011.
- On 24 June 2011, Fotex Netherlands B.V. established a subsidiary in The Netherlands, FN 2 B.V., to enhance and manage the Group's property portfolio in The Netherlands.
- The assets and operations of Downington S.à.r.l. were taken over by its former sole owner, Upington S.à.r.l. in the second quarter of 2011. Downington S.à.r.l. was struck off the Luxembourg companies register on 7 April 2011.
- Proprimo Kft. was demerged from Primo Zrt, Proprimo Kft.'s core operations are intercompany advisory services. The demerger was registered by the Companies Court on 17 October 2011. Following the demerge, Primo Zrt.'s operations was limited to the retail and wholesale of men's clothing.
- The Group sold its share in Primo Zrt. to third parties on 12 December 2011. Accordingly, Primo Zrt. has no longer been a Fotex Group member since that date.

1. General (continued)

- At 1 September 2011 the share capital of Fotexnet Kft was increased, Fotex Ingatlan Kft, a related party company took part in the capital increase which resulted, that the Group's share in Fotexnet Kft has decreased.

Subsidiaries taken into account at the consolidation at 31 March 2012 and at 31 March 2011 are as follows:

Subsidiaries	Principal Activities	Issued capital EUR		Ownership (%)		Voting rights %	
		31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Ajka Kristály Üvegipari Kft	Crystal manufacturing and retail	5,051,043	5,050,721	100.0	100.0	100.0	100.0
Balaton Bútor Kft	Furniture manufacturer	1,325,100	1,325,100	100.0	100.0	100.0	100.0
Downington Sàrl,	Investment holding	-	2,050,000	-	100.0	-	100.0
Europrizma Kft	Administration services	-	35,879	-	100.0	-	100.0
Fotex Cosmetics Kft	Cosmetics retailer	870,723	870,723	100.0	100.0	100.0	100.0
Fotexnet Kft	Internet retail and other services	56,963	28,349	87.9	100.0	89.2	100.0
Hungaroton Music Zrt	Music archive	480,399	480,399	99.2	99.2	99.2	99.2
Hungaroton Records Kft	Music release and music retailing	1,707,078	1,707,078	99.8	99.8	100.0	100.0
Keringatlan Kft	Property management	20,558,176	20,558,176	100.0	100.0	100.0	100.0
Proprimo Kft	Intercompany advisory services	17,157	-	100.0	-	100.0	-
FN 2 BV	Property management	18,000	-	100.0	-	100.0	-
Plaza Park Kft	Property management:	1,171,580	-	100.0	-	100.0	-
Fotex Netherlands B.V.	Property management	18,000	18,000	100.0	100.0	100.0	100.0
Primo Zrt	Clothing retailing and wholesaling	-	1,859,657	-	100.0	-	100.0
Sigma Kft	Property services	100,650	100,650	75.1	75.1	75.1	75.1
Székhely 2007 Kft	Property management	86,109	86,109	99.1	99.1	99.1	99.1
Upington Investments Ltd	Investment holding	12,500	12,500	100.0	100.0	100.0	100.0

2. Significant Accounting Policies

Fotex Group's report on its operations in the period I-III. months 2012 is prepared in accordance with IFRS requirements. These figures are consolidated but not audited.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

Statement of compliance

The subsidiaries of the Group maintain their official accounting records and prepare their individual financial statements in accordance with the accounting regulations of their country of registration. The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), and the EU.

Effective 1 January 2005, the Group prepares its consolidated financial statements in accordance with IFRS as adopted by the EU. At 31 March 2012, due to the endorsement process of the EU, and the activities of the Group, there is no difference in the policies applied by the Group between IFRS and IFRS that have been adopted by the EU.

As a result of Fotex's transformation to an SE (Societas Europaea) from 1 January 2009, Fotex Holding SE became a European public limited company. Fotex moved it's registered office to Luxembourg, it is regulated under the laws of the Grand Duchy of Luxembourg. The reporting currency of the consolidated financial statements changed to EUR.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Fotex and its subsidiaries as at 31 March 2012. The financial statements of the subsidiaries are prepared for the same reporting period as Fotex and are converted in to the consolidated financial statement by using consistent accounting policies.

All intra-group balances, revenues and expenses and gains and losses resulting from intra-group transactions are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of income or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within shareholders' equity in the consolidated statement of financial position, separately from the

2. Significant Accounting Policies (continued)

equity attributable to equity holders of the parent. Acquisitions of minority interests are accounted under the entity concept method. The entire difference between the cost of the additional interest in the subsidiary and the minority interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the minority interest is reflected as being a transaction between owners.

As a result of its transformation into a European public limited company, the Company's financial records have been kept in EUR since 1 January 2009. Accordingly, Fotex Group's consolidated financial statements for the period I-III months 2012 are prepared in EURO ("EUR").

The functional currency of the group's subsidiaries included in the consolidation is the Hungarian Forint ("HUF") – except for the subsidiaries outside of Hungary, whose functional currency is EUR. Considering that the reporting currency is EUR, it was necessary to convert the elements of statement of financial position and income statement of subsidiaries from HUF to EUR.

The following foreign currency ("FX") rates have been applied at the conversion from HUF to EUR:

The income statement has been converted to EUR using the quarterly Hungarian National Bank ("MNB") average FX rate:

		2012		2011
First quarter	296.97	HUF/EUR	272.48	HUF/EUR

Assets and liabilities have been converted to EUR using the MNB FX rate as at 31 March 2012: 295.6 HUF/EUR (31 December 2011: 311.13 HUF/EUR), this resulted in the significant exchange difference in translation of foreign operations shown in total comprehensive income.

3. Significant accounting judgments, estimates and assumptions

In the process of applying the Group's accounting policies, management has made judgements on the balance sheet date of prior year. The management makes these judgements at the preparation of the annual financial statements, and in the interim financial statements the effect of judgements, which have been made on the prior year's balance sheet date, are applied. . The key assumptions concerning the future and other key sources of estimation uncertainty made at the prior year's balance sheet date, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at the preparation of current year's closing annual financial statement. From these the following has the most significant effect on the figures presented in the financial statement.

Operating Lease Commitments-Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

3. Significant accounting judgments, estimates and assumptions (continued)

Presentation of operating segments

In the Fotex Group financial statements as of 31 December 2010 eight segments were identified for disclosure for segment reporting purposes to comply with IFRS 8. During 2011 Fotex revised the segment reporting disclosure and identified those segments which are neither individually nor in aggregate material and could be presented as one segment in the consolidated financial statements as of 31 December 2011.

Based on this management decision, two segments were identified, 'Investment property management' and 'Crystal and glass production and sales'; other activities are disclosed in aggregate as 'other category' in the consolidated financial statements. The change of this estimate is disclosed in the comparative information too.

Impairment of Goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of Intangibles

The Group determines whether intangible assets with indefinite useful lives such as merchandising and media rights are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income together with future tax planning strategies.

Fair Value of Investment Properties

The Group determines on an annual basis and presents in the notes the fair value of investment property as the present value of the estimated future cash flows generated from leasing such assets. Future cash flows were determined separately for the following categories of investment property: retail outlets, offices, warehouses and other real estate property and plots of land using average rental fees currently realisable by the Group; present values were calculated using a uniform discount rate that is considered by management as appropriate for the valuation of real estate property on the relevant markets.

4. Cash and cash equivalents

Liquid assets held at banks bear daily floating interest rates and are deposited for the short-term (1 day to 3 months) in anticipation of the liquidity needs of the Group. Such deposits yield interest according to the applicable short-term rates. The fair value of cash and short-term deposits is EUR 17,034,077 (2011: EUR 8,199,500).

Cash includes fixed deposits of EUR 328,972 (2011: EUR 2,013,641) at rates ranging from 0.42% to 4.7% (2011: 3.74 to 5,3%). The Company has EUR, USD and HUF deposits. The lower rates are on foreign currencies while the higher ones are on HUF.

5. Other financial assets

	31 March 2012	31 December 2011
Current	EUR	EUR
Cash deposits connected to rented properties	644,724	507,749
Short-term loans to other companies *	729,884	690,108
Other short-term investments	57,006	1,130
Other current financial assets, total	1,431,614	1,198,987

	31 March 2012	31December 2011
Non-current	EUR	EUR
Cash deposits connected to rented properties	1,383,877	1,438,100
Unquoted equity instruments available for sale	85,118	80,925
Long-term loans to other companies *	373,831	496,783
Other non-current financial assets, total	1,842,826	2,015,808

* The short- and long term loans given to other companies and their interest receivable have been reclassified from other receivables and accrued income to short and long term other financial assets see Note 6

Cash deposits connected to rented properties:

The Group has received 2 to 3 months deposits from its tenants which are held at a bank. Deposits are only repayable if the related rental contract is terminated. Based on the historical and expected rental cancellation rate, the Group has classified the deposits which are expected to be repayable in more than one year to long-term, and the deposits which are expected to be repayable within one year were classified as short-term.

5. Other financial assets (continued)

Short-term loans to other companies:

This contains the short term part of loans grant to other companies and their interest receivable on such these loans.

Other short-term investments:

This contains mainly fixed deposit in amount of EUR 55,819, which maturity date is after 3 months since the reporting date (31 December 2011: 0 EUR)

Unquoted equity instruments available for sale

In 2010 held-to-maturity investments contained holdings in OTP and MOL bonds and other unquoted equity investments. The Group transferred them at 1 July 2011 to Blackburn International Luxembourg, a related party. As a consequence of these sold held-to-maturity investments and the requirements of IAS 39, Fotex is not able to classify any financial assets as held to maturity until 1 January 2014. The entire remaining portfolio of such investments is reclassified as available-for-sale and remeasured to fair value.

Non-current part of long-term loans given to other companies:

Non-current part of other long-term loans include long term part of loans given to other companies in amount of EUR 368,785 (31 December 2011: 491,714) and employee loans totalling EUR 5,046 (31 December 2011: EUR 5,069).

6. Accounts receivable and prepayments

	31 March 2012	31 December 2011
	EUR	EUR
Accounts receivable (debtors)	3,584,190	5,839,530
Impairment loss on accounts receivable (debtors)	(1,186,834)	(1,136,190)
Tax assets	647,994	379,328
Other receivables and prepayments/accrued income*	2,433,997	2,276,598
Impairment loss on other receivables	(136,069)	(131,488)
Total	5,343,278	7,227,778

* The short- and long term loans given to other companies and their interest receivable have been reclassified from other receivables and accrued income to short and long term other financial assets see Note 5

The terms applicable to related parties are set out in Note 25.

Debtors typically pay between 0 and 60 days, during this period no late payment interest is charged.
Tax assets are typically received within three months.

Impairment loss on debtors and on other receivables at 31 March 2012: EUR 1,322,903 (31 December 2011: EUR 1,267,678).

Movements in impairment loss:

	EUR
1 January 2011	1,611,759
Charge for the year	327,397
Utilised	(266,896)
Unused amount reversed	(271,257)
Currency gain arising on retranslation	(133,325)
31 December 2011	1,267,678
Charge for the year	474
Utilised	(51)
Unused amount reversed	(5,330)
Currency gain arising on retranslation	60,132
31 March 2012	1,322,903

6. Accounts receivable and prepayments (continued)

Aged debtors less impairment loss at period end (31 March)

	Not overdue and not impaired	Overdue but not impaired					Total
		< 30 days	30-90 days	90-180 days	180-360 days	>360 days	
31 March 2012	1,266,752	450,977	271,981	352,575	25,787	29,286	2,397,358
31 December 2011	3,664,252	678,799	243,552	62,545	30,061	24,131	4,703,340

Aged tax assets less impairment loss, other receivables and prepayments at period end:

	Not overdue and not impaired	Overdue but not impaired					Total
		< 30 days	30-90 days	90-180 days	180-360 days	>360 days	
31 March 2012	2,620,653	27,845	15,152	29,337	193,985	58,948	2,945,920
31 December 2011	2,219,652	51,532	179,934	129	22,444	50,747	2,524,438

7. Inventories

	31 March 2012	31 December 2011
	EUR	EUR
Merchandise and finished products	7,265,285	6,751,404
Materials	828,752	782,531
Work in progress	2,232,208	1,832,855
Inventories, gross	10,326,245	9,366,790
Impairment of merchandise and finished products	(2,858,977)	(2,716,272)
Impairment of materials	(37,788)	(35,902)
Impairment of work in progress	(477,011)	(453,201)
Impairment of inventories	(3,373,776)	(3,205,375)
Total inventories, net	6,952,469	6,161,415

Movements in inventory impairment loss:

Management has identified a number of Group companies that have slow moving inventories. Management believes that the EUR 3,373,776 provision made for the impairment of inventories (2011: EUR 3,205,375) is adequate, there was no current year charge. In addition to the impairment, in 31 March 2012 EUR 1,437,358 of inventories was recognised as an expense (31 March 2011: EUR 2,034,655).

8. Property, plant and equipment

Movements in tangible assets during I-III months in 2012 were as follows:

	Land, buildings, improvements	Furniture, machinery, equipment, fittings	Construction in progress	Total
	EUR	EUR	EUR	EUR
Cost:				
1 January 2012	174,095,373	17,660,624	129,030	191,885,027
Additions	5,509	27,973	84,042	117,524
Other increase	24,659	1,330	-	25,989
Disposals and write downs	-	(95,744)	-	(95,744)
Currency loss arising on retranslation	4,094,274	920,480	7,168	5,021,922
31 March 2012	178,219,815	18,514,663	220,240	196,954,718
Accumulated depreciation:				
1 January 2012	(25,106,238)	(14,773,694)	-	(39,879,932)
Depreciation expense	(1,481,010)	(201,229)	-	(1,682,239)
Other increase	(24,667)	(3)		(24,670)
Disposals and write downs	-	91,912	-	91,912
Currency gain arising on retranslation	(1,085,731)	(773,856)	-	(1,859,587)
31 March 2012	(27,697,646)	(15,656,870)	-	(43,354,516)
Net book value				
31 March 2012	150,522,169	2,857,793	220,240	153,600,202
31 December 2011	148,989,135	2,886,930	129,030	152,005,095

8. Property, plant and equipment (continued)

Movements in tangible assets during 2011 were as follows:

	Land, buildings, improvements	Furniture, machinery, equipment, fittings	Construction in progress	Total
	EUR	EUR	EUR	EUR
Cost:				
1 January 2011	132,002,513	18,843,351	436,957	151,282,821
Additions and acquisition arising on business combination	54,140,785	1,602,009	-	55,742,794
Disposals and write downs	(2,052,860)	(750,625)	(292,464)	(3,095,949)
Currency loss arising from retranslation	(9,995,065)	(2,034,111)	(15,463)	(12,044,639)
31 December 2011	174,095,373	17,660,624	129,030	191,885,027
Accumulated depreciation:				
1 January 2011	(23,530,138)	(15,526,490)	-	(39,056,628)
Depreciation expense	(5,061,434)	(929,165)	-	(5,990,599)
Disposals and write downs	1,606,762	482,516	-	2,089,278
Accumulated depreciation arising on business combination	(508,681)	(508,748)	-	(1,017,429)
Currency gain arising from retranslation	2,387,253	1,708,193	-	4,095,446
31 December 2011	(25,106,238)	(14,773,694)	-	(39,879,932)
Net book value				
31 December 2011	148,989,135	2,886,930	129,030	152,005,095
31 December 2010	108,472,375	3,316,861	436,957	112,226,193

9. Real estate property

The Group's assets principally comprise of real estates owned by the parent company and the subsidiaries and rented out predominantly to third parties. Most of the Group's revenues are realized from real estate utilization. This type of activity is highly sensitive to macroeconomic trends. The real estate players still have no reason to be optimistic, because the Hungarian economic growth in 2012 is expected to stagnate or 0.2% - 0.5% decline can also be expected. The effect of adverse market conditions can be strongly felt in the retail, office and logistics sectors of the real estate market. The changes on retail real estate market have the greatest effect on the Group's activity due to the structure of the Group's real estate portfolio, so at the forecasting of the revenue the changes in this sector should have mainly taken into account.

The trend on the retail real estate market is the following:

- due to the economic difficulties purchasing power hasn't strengthened so the turnover of the retail sector is not expected to increase so the retailers do not plan to open new stores. In order to optimize their costs the retailers increasingly require that the rental fees be linked to the actual turnover.

- due to the significant decline of demand on the real estate market, the opportunities to let decreased significantly and mostly the retail real estate market has been effected and the latest recovery can be expected in this sector.

- the attainable rental fees are presumed to be lower or to stagnate

- the offered real estate portfolio of the Group and the quality and place of the released properties so many times do not fit to the requirements of the declining number of potential lessees.

- the prolongation of the expired rental contracts are still expected to be more difficult and more unfavourable rental conditions are expected to achieve as it was previously

Significant portion of the rental revenue will be derived from the let of the retail real estates, and the rental revenue originated from the let of offices and warehouses will represents a lower level as it happened in the previous periods also.

Retail real estates

The demand for retailed outlets has continuously declined as it happened in the prior years. The retailers search for mainly retail outlets with a territory of 50 m^2 to 80 m^2. The negotiations are also more difficult and more time-consuming, so many times it lasts for months. It also becomes typical that shorter term rental agreements are signed and the rental fees decrease or stagnate.

It is expected that further stores situated at a less commercially frequented places and retailers with low economic potential will cease their operation during the year and in addition we cannot take into account the appearance of new multinational companies and expansion of domestic companies.

Warehouses

Last year some experts had optimistic prospects in relation to the future on the logistic real estate market but no positive change has happened yet. The vacancy rate on the logistic real estate market is

9. Real estate property (continued)

21.1% in case of industrial warehouses, 20.5% in case of logistic centers and 27% in case of warehouses in the cities.
Since the beginning of the financial crises the logistic property rental fees have dropped significantly and it hasn't stopped yet. In addition the supply of state-of-the-art logistic centres and newly built warehouses make it increasingly difficult for us to rent out our less up-to-date warehouses.

<u>Offices</u>

The conditions on the office real estate market have worsened. The rented area has decreased in comparison to prior year that's why the vacancy rate on the office real estate market has increased also to 20.4%. Due to the hard market conditions the rental fees are presumed to stagnate or even decrease.

In view of the adverse market conditions, the Group pays extra attention to controlling and optimising its costs to attainable revenues. Nonetheless, the Group makes efforts to make the best of investment opportunities offered by the stagnating real estate market. Between 2009 and 2010 the Group's Dutch subsidiary, Fotex Netherlands B.V., purchased five significant office buildings totalling an area of 32,563 m2 (Zoetermeer, Gorinchem, Haarlem, Rotterdam, Zwolle). All these buildings are fully let with long term contracts, at good returns. In 2011 FN 2 BV purchased an office building having 7,122 m2 in Utrecht and purchased another office building having 11,802 m2 in Hoofddorp and by the acquisition of Plaza Park Kft the group's investment property portfolio further expanded.

Adverse changes in the world's economy have made it particularly necessary to review the value of the Group's real estate properties on an annual basis. Our investment properties were revalued as part of the audited annual financial statements prepared at the end of 2011. The figures disclosed in the annual financial statements for 2011 are considered as relevant values with respect to the Group's real estate property which will be revalued by the Company in the audited financial statement for the current year.

Category	Area	Estimated fair value
	m^2	EUR
Retail outlets	145,554	161,247,924
Offices	65,262	103,611,851
Warehouses	83,780	14,375,903
Other structures	43,522	7,689,074
Plots of land	787,038	32,321,580
Total investment properties	1,125,156	319,246,332

10. Intangible assets

Movements in intangible assets during 2012 were as follows:

	Media and merchandising rights	Other	Total
	EUR	EUR	EUR
Cost:			
1 January 2012	6,667,194	1,123,415	7,790,609
Additions	-	849	849
Other increase	-	-	-
Disposals and write downs	-	(24,683)	(24,683)
Currency gain arising from retranslation	-	(80,918)	(80,918)
31 March 2012	6,667,194	1,018,663	7,685,857
Accumulated amortisation:			
1 January 2012	(4,008,798)	(989,063)	(4,997,861)
Amortisation expense	-	(5,508)	(5,508)
Other increase	-	-	-
Impairment	-	-	-
Disposals and write downs	-	24,683	24,683
Currency loss arising from retranslation	-	87,793	87,793
31 March 2012	(4,008,798)	(882,095)	(4,890,893)
Net book value:			
31 March 2012	2,658,396	136,568	2,794,964
31 December 2011	2,658,396	134,352	2,792,748

10. Intangible assets (continued)

Movements in intangible assets during 2011 were as follows:

	Media and merchandising rights	Other	Total
	EUR	EUR	EUR
Cost:			
1 January 2011	6,667,194	956,371	7,623,565
Additions	-	27,516	27,516
Other increase	-	5,777	5,777
Disposals and write downs	-	(44,712)	(44,712)
Currency gain arising from retranslation	-	178,463	178,463
31 December 2011	6,667,194	1,123,415	7,790,609
Accumulated amortisation:			
1 January 2011	(4,008,798)	(799,771)	(4,808,569)
Amortisation expense	-	(29,669)	(29,669)
Other increase	-	(5,602)	(5,602)
Impairment	-	-	-
Disposals and write downs	-	39,928	39,928
Currency loss arising from retranslation	-	(193,949)	(193,949)
31 December 2011	(4,008,798)	(989,063)	(4,997,861)
Net book value:			
31 December 2011	2,658,396	134,352	2,792,748
31 December 2010	2,658,396	156,600	2,814,996

The column ’Other’ reflects property rental rights associated with subsidiaries.

As part of discontinuing its ownership of FTC Labdarúgó Zrt. (a company that operates and manages the football club „FTC”), acquired in 2001 (at a cost of HUF 1.9 billion – ca. EUR 7 million), Fotex acquired certain merchandising rights in FTC (media and brand merchandise, distribution and promotion rights [billboards]) in 2003 for an unlimited period. In view of the cash inflows in the near future and estimated potential inflows, management calculated the fair value of these rights based on the expected cash flows discounted at 8.5%. An impairment loss of EUR 4,008,798 was recorded in previous years. Based on management’s estimates, no additional impairment loss was required in December 2011. Owing to changes in Hungarian legislation, as of 1 January 2012, all rights related to a Club’s address, logo and name will be reverted to the original association which owned such rights and previous owners shall be compensated based on the current market value of said rights. It is the company’s position that the wording of the legislation is such that it has no bearing on the FTC rights currently owned by the company. In this respect the parties (the FTC association and Fotex) are currently discussing whether these rights are in fact affected by the current changes in legislation however should the parties be unable to reach an agreement, the Company will take the appropriate legal actions to settle any dispute which arises due to these legislative changes.

11. Goodwill arising on acquisition

Movements in goodwill on business combinations were as follows during 2012 and 2011

	31 March 2012	31 December 2011
	EUR	EUR
Cost:		
1 January	18,114,079	19,972,104
Increase (i)	-	2,009,370
Disposal of fully written off goodwill (ii)	-	(1,658,501)
Currency loss arising from retranslation	951,663	(2,208,894)
Closing balance	19,065,742	18,114,079
Impairment:		
1 January	(7,385,466)	(9,904,610)
Disposal of fully written off goodwill (ii)	-	1,658,501
Currency gain arising from retranslation	(388,012)	860,643
Closing balance	(7,773,478)	(7,385,466)
Net book value		
1 January	10,728,613	10,067,494
Closing balance	11,292,264	10,728,613

(i) Goodwill of EUR 2,009,370 (HUF 531,679) was recorded at 1 July 2011, upon the acquisition of the 100% shares in Plaza Park Kft.

(ii) As both Europrizma Kft. and Primo Zrt. were sold in 2011, both the gross amount of goodwill and the impairment losses related to these entities were derecognised in the reporting year.

Goodwill is tested for impairment at least annually. Goodwill may be created by the recognition of deferred taxation in excess of its fair value. Therefore, in performing an impairment test, the amount of such deferred tax is offset against the goodwill and the net amount tested to determine whether that goodwill is impaired.
Goodwill is therefore tested as follows:

	31 March 2012	31 December 2011
	EUR	EUR
Total goodwill	11,292,264	10,728,613
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	(1,544,734)	(1,725,712)
Goodwill tested for impairment	9,747,530	9,002,901

11. Goodwill arising on acquisition (continued)

The goodwill tested for impairment is allocated to the group of cash generating units that constitute Plaza Park Kft. and the property portfolio of the most significant investment property group company. At the year-end, the Group considered whether there were any indicators of impairment of the value of goodwill. The Group estimated the value in use of the cash generating units attributable to goodwill. Based on this calculation no impairment loss was recognised on goodwill in 2011. Management estimates that goodwill is not impaired even in case of the potential changes in the assumptions of the underlying valuation model, since the fair values of the investment properties, to which the goodwill relates, are significantly higher than the book values of the properties.

Goodwill is allocated to the following entities:

	31 March 2012	31 December 2011
	EUR	EUR
Keringatlan Kft.	9,493,619	9,019,747
Plaza Park Kft.	1,798,645	1,708,866
Net book value	11,292,264	10,728,613

12. Accounts payable, other liabilities and provision

	31 March 2012	31 December 2011
	EUR	EUR
Trade payables	1,536,038	1,484,985
Taxes payable	968,253	1,084,526
Advances from customers	121,127	17,369
Accrued expenses	491,386	660,916
Deferred rental income	1,886,748	3,053,581
Remuneration approved for executive incentive scheme – dividend preference shares (see Note 13)	488,250	488,250
Amounts payable to employees	210,602	169,663
Deposits from tenants (i)	644,724	507,749
Preference shares incentive scheme liability	651,000	498,184
Price of purchased property yet unpaid at the year-end	0	7,000,000
Other liabilities	1,011,800	847,265
Total accounts payable and other current liabilities	8,009,928	15,812,488
Other long term liabilities (i)	1,383,877	1,443,329

12. Accounts payable, other liabilities and provision (continued)

Terms and conditions of the above liabilities:

Trade payables are non-interest bearing and are typically settled on a 20 to 30-days term. Other payables are non-interest bearing and have an average term of 1 to 3 months. Payables to employees are non-interest bearing and represent one monthly salary with contributions.

In 2011, the Group's Dutch subsidiary, FN 2 B.V. purchased a property in Hoofddorp, but EUR 7,000,000 of the purchase price was still outstanding at 31 December 2011. This amount was paid till 31 March 2012.

Rental deposits are payable typically within 30 days of the end date of the underlying rental contract.

(i) The Group has received 2 to 3 months deposits of EUR 2,028,601 (2011: EUR 1,945,849) from its tenants which are repayable if the related rental contract is terminated. Based on the historical and expected rental cancellation rate, the Group has classified as other long-term liabilities those deposit liabilities which are expected to be repayable in more than one year (EUR 1,383,877 (2011: EUR 1,438,100)), and the part which is expected within a year was classified as short-term tenant deposit liabilities (EUR 644,724 (2011: EUR 507,749)).

Dividend preference shares incentive scheme

The general meeting of the Company on 31 August 2007 authorised the Board of Directors to increase the capital by a maximum amount of EUR 3,093,041 (HUF 785,818,000), by issuing dividend preference shares (shares with dividend rights only, without voting right) against monetary contribution within 5 years from the date of the general meeting.

These dividend preference shares are to be used as a remuneration and long-term incentive system for executive officers, as well as senior employees. The dividend preference shares are intended to encourage good stewardship in members of management by directly connecting remuneration entitlement of preference shareholders to enhanced performance and stock exchange rates thereby contributing to increasing shareholder value for all. Fotex has an optional redemption right on dividend preference shares which is valid up to five years. Unless Fotex exercises its redemption right within five years of the end of employment of a member of management, the holder of such dividend preference shares may retain its shareholder rights. The dividend rate on the preference shares shall not exceed 50% of the given year's average stock exchange price of Fotex shares, but shall not be less than an amount equivalent to double of the European central bank twelve months base interest rate relevant for the year, applied to the face value of the share. The total sum of the dividend determined for preference dividend cannot exceed 30% of the consolidated IFRS profit after taxes minus non-controlling interests. The total preference dividend payable is subject to approval of the general meeting of the Company. Given the nature of the employee preference shares, the amount of shares in issue is treated as a short-term liability and any dividend payable will be treated as employee expense.

12. Accounts payable, other liabilities and provision (continued)

In November 2007, Fotex issued 2,000,000 dividend preference shares with a face value of EUR 840,000 (HUF 200 million). These dividend preference shares were presented in the consolidated statement of financial position as treasury shares. Group management purchased the dividend preference shares on 28 April 2008. On that date the dividend preference shares were shown as a liability (preference shares incentive scheme liability). Fotex granted arm's length loans to members of management to buy these shares.

On 13 May 2009, the Company's CEO exercised his redemption right under the approved incentive scheme and redeemed the dividend preference shares of the managers of certain subsidiaries where annual profits fell short of their budget. The shares were redeemed at the rates set out in the underlying sale-purchase contracts (120% of the face value). Fotex set off the redemption price payable against the loans and interest receivable from the affected persons under the loan agreements for the purchase of the dividend preference shares. No dividend was paid on the redeemed shares. No dividend preference shares were redeemed either in 2011 or in 2012.

The shareholders' meeting of 26 April 2011, upon approval of the consolidated financial statements for 2010, decided to pay a dividend of EUR 0.42 per preference share. The total amount of preference dividends due to members of management of EUR 651,000 is presented among payments to personnel in the consolidated financial statements in 2010.

The shareholders' meeting of 26 April 2012, upon approval of the consolidated financial statements for 2011, decided to pay a dividend of EUR 0.315 per preference share. The total amount of preference dividends due to members of management of EUR 488,250 is presented among payments to personnel in the consolidated financial statements in 2011.

The annual general meeting, which will accept the current year's annual consolidated financial statements, will decide about the possible dividend paid for 2012 relating to dividend preference shares. Interim dividend advance hasn't been determined yet.

The following table summarizes the movement in provision in 2012:

	Legal*	Total
	EUR	EUR
1 January	71,398	71,398
Arising during the year	-	-
Utilised	(12,466)	(12,466)
Unused amounts reversed	-	-
Currency gain arising from retranslation	3,693	3,693
31 March	62,625	62,625

*a subsidiary of the Group received state subsidy in prior years. The requirements of the subsidy were not fully met and consequently the subsidy became repayable. The Group made provision for this liability. The provision is released in line with the repayment of the subsidy.

13. Share capital and reserves

Share capital

The Company's approved and issued share capital totals EUR 30,543,933 consisting of shares with a face value of EUR 0.42 each. At 31 March 2012, the Company's issued share capital included 70,723,650 ordinary shares and 2,000,000 dividend preference shares (31 December 2011: 70,723,650 ordinary shares and 2,000,000 dividend preference shares).

The "dividend-bearing preferred shares" carry the same rights as ordinary shares in the event of liquidation or dissolution. They entitle the holder to an annual dividend determined – detailed at Note 12 - by the General Meeting, but do not carry voting rights.
Holders of dividend-bearing preferred shares are not entitled to any rights or dividends other than those granted to them by the General Meeting. They are paid once a year. Interim dividends may only be paid if the conditions required for such a distribution are met.

If the Company is unable to pay these dividends in a given year or if it only pays part of the minimum due in a given year and fails to pay the balance at the time of payment of the dividends for the following year, holders of dividend-bearing preferred shares shall be granted identical voting rights to those reserved for Ordinary Shares. This voting right shall remain valid until such time as the Company has paid all the minimum dividends due in respect of the dividend-bearing preferred shares.

Treasury shares

The 2,000,000 dividend preference shares issued by the Company which are shown as part of "Issued capital" (2012: EUR 840,000; 2011: EUR 840,000) are also shown in "Treasury shares". As at 31 March 2012, 1,550,000 (31 December 2011: 1,550,000 shares) dividend preference shares are held by certain employees. These shares are shown within "Treasury shares" and as a liability (preference shares incentive scheme liability) as further disclosed in Note 12.

As at 31 March 2012, the Company held 14,149,259 treasury shares (including dividend preference shares) at a historic cost of EUR 20,837,043 (31 December 2011: 13,449,525 shares at a historic cost of EUR 20,205,074). During 2012, the Company purchased 699,734 of its ordinary shares (2011: 816,976 shares) on an arm's length basis. No dividend preference shares from senior officers were redeemed either in 2012 or in 2011.

Goodwill write-off reserve

In 1990, in connection with the transformation of the Company to an Rt. (public limited company) and associated increase in share capital, certain intangible assets of Fotex (principally the "Fotex" name) were valued by an independent appraiser at approximately EUR 7.7 million. This amount is shown as an intangible asset in the Company's local statutory financial statements and is amortised over 24 years. This amount is shown as a deduction from shareholders' equity in these consolidated financial statements of EUR 1,130,758 (31 December 2011: EUR 1,211,432).

14. Operating expenses

	31 March 2012	31 March 2011
	EUR	EUR
Payments to personnel	(1,416,974)	(1,562,155)
Material-type expenses	(3,084,536)	(3,792,143)
Other expenses, net	(577,127)	(572,306)
Depreciation charge	(1,687,747)	(1,454,299)
Total operating expenses	(6,766,384)	(7,380,903)

Other expenses include the following:

	31 March 2012	31 March 2011
	EUR	EUR
Realised FX gain (net)	196,257	(37,758)
Taxes other than income tax	377,895	358,496
Other expenses	2,975	251,568
Total other expenses, net	577,127	572,306

15. Interest-bearing loans and borrowings

The Group's Dutch subsidiary, Fotex Netherlands B.V. obtained three mortgage loans from FGH Bank N.V. in 2009 (Loan I.-III.) and a further loan in 2010 (Loan IV.) to fund the purchase of properties. In 2011, FN 2 B.V. a subsidiary of Fotex Netherlands B.V., took out another loan (Loan V.) for property purchase purposes from Berlin-Hannoversche Hypothekenbank AG. In 2012 FN 2 B.V has taken out another (loan VI) from Berlin-Hannoversche Hypothekenbank AG to fund the purchase of a property.

In 2011, when the Fotex Group acquired its ownership in Plaza Park Kft., the compensation included the transfer of four intra-group loans; as a result these loans are now classified as third party loans. These four loans (Loan VII.-X.) are owed by Fotex Group to Zürich Investments Inc.

15. Interest-bearing loans and borrowings (continued)

The details of the loans are as follows:

Item	Start date	End date	Loan EUR	Interest	Long-term portion at 31 March 2012 EUR	Current portion at 31 March 2012 EUR	Long-term portion at 31 Dec 2011 EUR	Current portion at 31 Dec 2011 EUR
I. mortgage	16/4/2009	1/5/2016	18,400,000	One month Euribor + 2.7% (rounding +0.05)	17,270,058	338,385	17,363,743	348,947
II. mortgage	1/11/2009	1/11/2016	3,800,000	Three-month Euribor + 2.26% (rounding +0.05)	3,434,061	86,945	3,437,320	88,620
III. mortgage	18/12/2009	1/1/2015	3,750,000	Three-month Euribor + 2.20% (rounding +0.05)	3,492,359	86,460	3,501,585	87,000
IV. mortgage	21/5/2010	1/5/2015	14,000,000	fixed 4.32 % p.a.	13,105,092	328,552	13,168,039	328,804
V. mortgage	1/7/2011	30/6/2016	11,300,000	fixed 4.26 % p.a.	10,765,222	226,000	10,815,432	226,000
VI. mortgage	28/03/2012	31/03/2017	13,800,000	fixed 3.59% p.a	13,274,567	345,000	-	-
VII. loan	1/7/2011	13/4/2018	6,896,624	fixed 7.25 % p.a.	5,541,780	42,466	5,502,515	84,932
VIII. loan	1/7/2011	3/11/2018	1,500,000	fixed 7.25 % p.a.	1,200,952	9,236	1,193,245	18,473
IX. loan	1/7/2011	17/12/2018	2,373,327	fixed 7.25 % p.a.	1,898,772	14,614	1,886,825	29,228
X. loan	1/7/2011	28/6/2021	3,800,000	fixed 7.25 % p.a.	2,966,623	23,398	2,953,457	46,797
Total			**79,619,951**		**72,949,486**	**1,501,056**	**59,822,161**	**1,258,801**

15. Interest-bearing loans and borrowings (continued)

The above loans marked I to VI are secured by mortgage rights on the Fotex properties in The Netherlands and secured by pledge on rental income from the real estates and other assets of Fotex Neterlands B.V. and FN 2 B.V.

The book values of these properties at 31 March 2012 were as follows:

2719 EP Zoetermeer, Einsteinlaan 20	9,894,911 EUR
Gorichem, Stadhuisplein 1a, 70 and 70a	13,076,397 EUR
Haarlem, Schipholpoort 20	5,069,925 EUR
3012 BL Rotterdam, Witte de Withstraat 25	5,658,934 EUR
8017 JV Zwolle, Zuiderzeelaan 43-51	17,662,242 EUR
3528 BJ Utrecht, Papendorpseweg 65	15,562,836 EUR
2123 JH Hoofddorp, Polarisavenue 1	19,134,336 EUR

The loans marked VII to X taken out for the purchase of the participation in Plaza Park Kft are uncovered.

Loans having a variable market interest rate approximated their fair values. Loans VII.-X. were initially recognized in 2011 on their fair value related to the Plaza Park transaction and until 31 March 2012 there was no significant change in their fair value. In case of other fixed rate interest loans, there was no significant change in the interest rate until 31 March 2012, the book value also approximates its fair value.

Including in the Group’s total interest expense of EUR 867,652 (2011: 586,326), interest expense in relation to the loans I-X above is EUR 865,518 in 2012 (2011: 583,964).

16. Income tax

During 2010, the Hungarian tax authority (APEH) enacted certain changes to the corporate income tax rate for 2010 and future years. Prior to the change the corporate income tax rate was 20%. From 1 January 2010, the tax rate for the first half of the year was 19%, the rate for the second half of the year was 10% on the first HUF 250 million of taxable profit and was 19% above this amount. From 1 January 2011, the tax rate on the first HUF 500 million of taxable profit is 10% and above this amount 19%.

The income tax rate applicable to Fotex Holding SE's and Upington Investments S.à.r.l.'s income earned in Luxembourg is 22.05%, which results in a total tax of 31.05% (2011: 31.05%) as increased by Capellen's municipal business tax; the income tax rate for Fotex Netherlands B.V. and FN2 B.V. is on the first EUR 200,000 of taxable profit 20%, above this amount 25%.

The Group is subject to periodic audit by the Hungarian, Dutch and Luxembourg Tax Authorities. As the application of tax laws and regulations for many types of transactions are susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the relevant Tax Authority.

The tax rates used in the deferred tax calculation differ from company to company based on its expected tax position. For Keringatlan a tax rate of 16.34% has been applied whilst for the remaining Hungarian companies a rate of 10% has been used based on expected profitability.

For the Luxembourg and Dutch entities: at the applicable income tax rates described above, for Fotex Netherlands B.V. a tax rate of 23.45%, and in the case of FN 2 B.V. a 20% tax rate was applied.

The Group has carried forward losses of EUR 1,132,723 (2011: EUR 1,119,152) which can be written off from taxable income of the Group members. Furthermore the Group carries forward losses of EUR 16,770,964 (2011: EUR 16,315,631) which have arisen at subsidiaries that have been loss-making for some time and, in view of the current economic trends, are not expected to generate profits in the foreseeable future against which any such carried forward loss could be written off. As a result of the above, carried forward losses of EUR 16,770,964 (2011: EUR 16,315,631) were not considered in the consolidated financial statements as basis for deferred tax assets of which EUR 16,770,964 (2011: EUR 16,315,631) can be rolled forward for an indefinite period.

17. Revenue

Sales revenue	31 March 2012	31 March 2011
	EUR	EUR
Sale of goods	2,173,762	2,899,985
Provision of services	401,475	515,241
Rental income revenue	5,507,918	4,630,623
Revenue from service charges to tenants	774,267	808,518
Royalty revenue	5,846	26,251
Other sales revenue	65,713	503,557
Total sales revenue:	8,928,981	9,384,175

18. Other comprehensive income components

Foreign exchange differences arising on the translation of the functional currencies to EUR of subsidiaries whose functional currency is other than EUR are presented through other comprehensive income. Such foreign exchange differences arise from the fluctuations between EUR and the functional currency of the subsidiaries during the year.

19. Discontinuing operation

The Group had no discontinuing operations in either 2011 and in the I-III months of 2012.

20. Segment information

In 2011, the Group revised the operating segments based on IFRS 8. As the volume of some segments decreased, the Group is divided in 3 business lines from 2011:

Investment property holding and management
Crystal and glass manufacturing
Other – administration and holding activities

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The profit or loss of each business segment contains revenues and expenses directly attributable to the segment and revenues and expenses that can be reasonably allocated to the segment from the Group's total profit or loss attributable to transactions with third parties or with other Group segments. The transfer prices applied in inter-segment transactions are based on the cost of the transactions as increased by the margins set out in the underlying Group policies. Profit is distributed among the segments before adjustment for non-controlling interests.

20. Segment information (continued)

The Group has operations in The Netherlands, in Luxembourg and in Hungary. Geographical segments are not presented in the consolidated financial statements as the costs of producing such information would exceed its merits.

Segment assets and liabilities reflect operating assets and liabilities directly or reasonably attributable to each segment. Assets attributable to each segment are presented at cost less any impairment loss in the Group consolidated statement of financial position.

Corporate and other items include primarily general overhead and administrative costs that relate to the Group as a whole and assets that are not directly attributable to any of the segments, for example short-term and long-term investments and liabilities that serve financing rather than operating purposes.

Capital expenditures in the reporting year reflect the total cost of segment assets that are expected to be used for more than one period (properties, equipment, fittings).

	31 March 2012	31 March 2012	31 March 2012	31 March 2011	31 March 2011	31 March 2011
Net sales:	Net Sales external EUR	Net Sales inter-segment EUR	Net sales EUR	Net Sales external EUR	Net Sales inter-segment EUR	Net sales EUR
Investment property management	6,308,394	142,108	6,450,502	5,739,115	187,450	5,926,565
Crystal and glass manufacturing	1,317,630	-	1,317,630	1,813,533	103	1,813,636
Other	1,302,957	510,386	1,813,343	1,831,527	492,978	2,324,505
Inter-segment elimination	-	(652,494)	(652,494)	-	(680,531)	(680,531)
Net sales	8,928,981	-	8,928,981	9,384,175	-	9,384,175

Crystal and glass sales mainly reflect export sales realised in foreign currencies. Other sales mainly reflect domestic sales realised in HUF.

20. Segment information (continued)

Profit before income taxes:	31 March 2012 EUR	31 March 2011 EUR
Investment property management	1,633,923	1,592,224
Crystal and glass manufacturing	(92,814)	240,816
Other	(183,237)	(140,551)
Profit before income taxes	1,357,872	1,692,489

Assets:	31 March 2012 Consolidated assets EUR	31 March 2012 Intra-business line assets EUR	31 March 2012 Total assets EUR	31 December 2011 Consolidated assets EUR	31 December 2011 Intra-business line assets EUR	31 December 2011 Total assets EUR
Investment property management	174,900,177	2,993,671	177,893,848	167,303,676	2,018,617	169,322,293
Crystal and glass manufacturing	8,615,615	-	8,615,615	8,074,775	-	8,074,775
Other	17,655,792	17,354,539	35,010,331	15,824,591	18,885,569	34,710,160
Inter-segment elimination		(20,348,210)	(20,348,210)	-	(20,904,186)	(20,904,186)
Net assets	201,171,584	-	201,171,584	191,203,042	-	191,203,042

Liabilities and accruals:	31 March 2012 Consolidated liabilities EUR	31 March 2012 Intra-business line payables EUR	31 March 2012 Total liabilities EUR	31 December 2011 Consolidated liabilities EUR	31 December 2011 Intra-business line payables EUR	31 December 2011 Total liabilities EUR
Investment property management	83,070,147	12,397,220	94,467,367	77,643,870	14,220,971	91,864,841
Crystal and glass manufacturing	1,409,847	5,251,644	6,661,491	1,279,546	4,763,809	6,043,355
Other	2,431,415	3,119,260	5,550,675	2,339,232	2,226,708	4,565,940
Inter-segment elimination		(20,768,124)	(20,768,124)	-	(21,211,488)	(21,211,488)
Liabilities and accruals:	86,911,409	-	86,911,409	81,262,648	-	81,262,648

20. Segment information (continued)

Tangible and intangible asset additions:	31 March 2012	31 December 2011
	EUR	EUR
Investment property management	84,053	54,995,548
Crystal and glass manufacturing	22,148	570,047
Other	12,172	204,715
Tangible asset additions:	118,373	55,770,310

Depreciation and amortisation:	31 March 2012	31 March 2011
	EUR	EUR
Investment property management	1,508,743	1,198,761
Crystal and glass manufacturing	56,059	78,469
Other	122,945	177,069
Depreciation and amortisation:	1,687,747	1,454,299

21. Financial risks, management objectives and policies

The Group's primary financial liabilities, other than derivatives, include creditors, operating lease contracts and loans taken to purchase properties. The Group's various financial receivables include debtors, cash and short-term deposits and loan receivables. The Group's liquid assets are held in larger banks in Hungary, The Netherlands and Luxembourg. Financial liabilities and receivables are directly attributable to the Group's operations.

The highest risks related to the Group's financial instruments are FX risk, lending risk and interest risk. Management monitors all these risks and applies the following risk management procedures.

Interest risk

The Group entered into EUR loans to buy properties in The Netherlands for the period between 2009 and 2017. The loan interests either vary between one to three month EURIBOR + 2.2-2.7% or are at fixed rates varying between 3.59% and 4.32%. The interest risk of the variable interest mortgage loans, except for the smaller loan of EUR 3.75m is limited between 3.3% to 3.64%. In order to reduce interest risk, the lending banks charge a 0.7% interest guarantee with respect to mortgage loans I. A fixed amount was paid to reduce the interest risk associated with mortgage loan II. The Fotex Group transferred four formerly intra-group loans as part of the compensation for acquiring its 100% participation in Plaza Park Kft. Accordingly, as of 1 July 2011, the transferred loans qualify as related party loans from the Group's perspective. These loans bear a fixed interest rate of 7.25% per annum.

21. Financial risks, management objectives and policies (continued)

Foreign currency ("FX") risk

Financial instruments that potentially represent risk for the Group include debtors in foreign currency, creditors in foreign currency and deposits in foreign currency other than in EUR. The Group's rental contracts are stipulated in EUR or on EUR basis thus mitigating any FX risk associated with non-EUR revenues. Many EUR-based rental contracts are billed in HUF based on the applicable daily spot rate. In order to mitigate the risk of FX losses from any potential unbeneficial EUR/HUF rate fluctuations, the Group normally sets out a minimum EUR/HUF rate in its rental contracts.

The Group also has a FX risk on transactions – which occurs when the Group buys or sells in a currency other than its presentation currency.

According to management, beyond the Group's FX risk, the risk associated with the actual profit or loss position stems from the volume or orders and market demand which depends on global market trends rather than on FX rate fluctuations.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities and its financing activities, including deposits with banks and financial institutions.

The Group aims to mitigate lending risk by its careful and continuous debtor portfolio monitoring process and by requiring bank guarantees and collateral. In addition, the Group regularly follows up information about the main debtors in the market.

Concentrations of credit risk, with respect to trade accounts receivable, are limited due to the large number of customers and due to the dispersion across geographical areas.

Receivable balances are monitored on an ongoing basis.

Credit risk related to receivables resulting from the sale of inventory is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.
With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, available-for-sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. At 31 March 2012 the Group's maximum exposure to credit risk is EUR 25,003,801 (31 December 2011: 18,262,745).

Investments of surplus funds are made only with reliable counterparties and are allocated between more banks and financial institutions in order to mitigate financial loss through potential counterparty failure.

21. Financial risks, management objectives and policies (continued)

Liquidity risk

Liquidity risk is monitored as follows:

- Monitoring daily available deposited and free cash by entity
- Monitoring weekly cash flows by entity
- As part of the management information system, the Group monitors the operations of each entity on a monthly basis.
- The Group monitors its long-term cash flows in order to match the maturity pattern of its assets and liabilities

Capital management

The main objective of the Company's capital management activities is to continuously ensure an equity structure that supports the Company's business operations, maintains its creditworthiness and maximises shareholder value. Changes in the Company's business environment are also reflected in the equity structure. The Company's equity structure is supervised by management by monitoring the Company's indebtedness ratio and decisions are made accordingly.
The indebtedness ratio is calculated by the Company in view of its net debt and the equity attributable to the Company. For the calculation of the net debt, cash and cash equivalents are deducted from the aggregate of short-term and long-term loans, trade payables and other current liabilities. To calculate the indebtedness ratio, the net debt is divided with the aggregate of equity and net debt. The Company's indebtedness ratio calculations at 31 March 2012 and 31 December 2011 are presented below:

	31 March 2012	31 December 2011
	EUR	EUR
Short-term and long-term borrowings (Note 15):	74,450,542	61,080,962
Trade payables and other current liabilities (Note 12):	8,009,928	15,812,488
Cash and cash equivalents (Note 4):	(17,034,077)	(8,199,500)
Net debt:	65,426,393	68,693,950
Equity attributable to the Company:	114,136,843	109,835,692
Total:	179,563,236	178,529,642
Indebtedness ratio:	36.44%	38.48%

The Company's indebtedness ratio decreased from 38.48% at 31 December 2011 to 36.44% by 31 March 2012, primarily due to the significant change in foreign currency translation adjustment due to the change in Hungarian National Bank HUF/EUR rates. The Company's management considers the Company's capital structure adequate, as property management is the Group's key activity and the Company's indebtedness ratio reflects the nature of this industry.

21. Financial risks, management objectives and policies (continued)

Fair value

At 31 March 2012 and 31 December 2011, the carrying values of liquid assets, short-term investments, receivables, liabilities and accruals approximated their fair values owing to their short-term nature. Receivables are presented in the consolidated statement of financial position at cost less impairment loss on doubtful debts. Bank loans having a variable market interest rate approximated their fair values.

22. Investments in subsidiaries

During the period I-III. months 2012 the Group hasn't entered into transactions and mergers that affect the Group structure.

During 2011, Fotex Group entered into the following transactions and mergers that affect the Group structure:

- On 8 August 2011, the Group disposed of 100% of Europrizma Ügyviteli Kft. As a result Europrizma Ügyviteli Kft. was not a Fotex Group member since 8 August 2011.
- On 1 July 2011, the Group purchased 100% of Plaza Park Kft., a company located in Hungary. As a result Plaza Park Kft. has been a 100% subsidiary of the Group since 1 July 2011.
- On 24 June 2011, Fotex Netherlands B.V. established a subsidiary in The Netherlands, FN 2 B.V., to enhance and manage the Group's property portfolio in The Netherlands.
- The assets and operations of Downington S.à.r.l. were taken over by its former sole owner, Upington S.à.r.l. in the second quarter of 2011. Downington S.à.r.l. was struck off the Luxembourg companies register on 7 April 2011.
- Proprimo Kft. was demerged from Primo Zrt, Proprimo Kft.'s core operations are intercompany advisory services. The demerger was registered by the Companies Court on 17 October 2011. Following the demerge, Primo Zrt.'s operations was limited to the retail and wholesale of men's clothing.
- The Group sold its share in Primo Zrt. to third parties on 12 December 2011. Accordingly, Primo Zrt. has no longer been a Fotex Group member since that date.
- At 1 September 2011 the share capital of Fotexnet Kft was increased, Fotex Ingatlan Kft, a related party company took part in the capital increase which resulted, that the Group's share in Fotexnet Kft has decreased.

23. Operating Leases

The Group leases retail sites within the shopping centre "MOM Park" located in Budapest and at four other locations in Budapest and six in Győr based on non-cancellable operating lease agreements. The Group recalculates its leasing fees by ending of each year and publishes them in its financial statements.

24. Earnings Per Share

Basic earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year less treasury shares held by the Company. Similarly, total diluted earnings per share is also calculated based on the weighted average number of ordinary shares in issue during the year as adjusted by the estimated value of an issue of potentially convertible securities. For the calculation of total diluted earnings per share, net earnings are adjusted with any gains and expenses that relate to potentially convertible securities.

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares:

	31 March 2012	31 March 2011
	EUR	EUR
Net profit attributable to equity holders from continuing operations	983,108	1,277,882
Net profit attributable to shareholders	983,108	1,277,882
Weighted average number of shares in issue during the year	59,154,309	60,091,101
Basic earnings per share (EUR)	0.02	0.02

The diluted earnings per share agree with basic earnings per share in 2012 and 2011 as there is no dilution effect in these years.

25. Related Party Transactions

Principal related parties

Gábor Várszegi, Chairman of the Board of Fotex, directly or indirectly controls a part of the voting shares of Blackburn International Inc. ("Blackburn"), a Panama company, and Blackburn International S.à.r.l. ("Blackburn International Luxembourg"), a Luxembourg company, and Zürich Investments Inc. ("Zürich"), a British Virgin Islands company. Blackburn Luxembourg has a controlling interest in Fotex Ingatlan Kft. ("Fotex Ingatlan"). As at 31 March 2012, Blackburn controlled 16.9% (31 December 2011: 16.9%), Fotex Ingatlan controlled 17.6% (31 December 2011: 17.6%), Blackburn Luxembourg controlled 15.8% (31 December 2011: 15.8%) of the Company's share capital. These companies are considered to be related parties. On 1 July 2011, the Group purchased 100% of the shares of Plaza Park Kft. Therefore, Plaza Park had been recognised as a related party up to 30 June 2011 and has been a Fotex Group member since 1 July 2011.

25. Related Party Transactions (continued)

Related party rental transactions

The office rent agreements made with Plaza Park Kft. were modified in December 2000, and were extended until 31 December 2006. Based on their options, Fotex and certain of its subsidiaries renegotiated rental contracts and extended them until 31 December 2016. The rental agreements are for an indefinite period and rental fees are adjusted with the harmonized customer price index (EU27) reported by the European Union's Statistical Office (Eurostat). Transactions with Plaza Park Kft. after 1 July 2011 qualify as intra-group transactions and were fully eliminated upon consolidation.

Rental and other related fees paid to Fotex Ingatlan for I-III months 2012 were EUR 86,598 (2011 I-III months: EUR 100,512) and to Plaza Park Kft. EUR 0 (2011 I-III months: EUR 157,657).

Further to a helicopter rental agreement between Plaza Park Kft. and Keringatlan Kft., the total amount of rent plus related services invoiced by Plaza Park Kft. for I-III monts 2012 was EUR 0 (2011 I-III months: EUR 0).

Further to an airplane rental agreement between Blackburn Inc. and Fotex Holding SE, the total amount of rent plus related services invoiced by Blackburn Inc. for I-III months 2012 was EUR 14,500 (2011 I-III months: EUR 26,500).

During 2010, Fotex Ingatlan granted a loan to Fotex Cosmetics Kft. and charged interest totalling EUR 13 for I-III 2012 (2011 I-III months: EUR 656). This loan was repaid totally at the beginning of 2012.

For the period I-III months 2012, Fotex Netherlands B.V. was charged interest of EUR 194,139 (2011 I-III months: EUR 0) by Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft.

For the period I-III months 2012, FN 2 B.V. was charged interest of EUR 68,499 (2011 I-III months: EUR 0) By Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft.

Transactions with other related parties

There were no significant related party transactions in the period I-III 2012.

26. Personnel and structural changes

Structural changes:

During the period I-III months 2012 there hasn't happened any structural changes.

Personnel changes:

- The annual general meeting of the Company held as of April 26, 2012 has elected Mr Péter Kadas as member of board of directors.
- The annual general meeting of the Company held as of April 26, 2012 has not elected TITAN S.á.r.l as member of board of directors.

27. Other matters

According to the resolution of the shareholders meeting No, 23/2000, on 2 May 2001, Fotex Nyrt. converted all its shares with the involvement of Keler Rt.
At that date, 70,388,664 shares were replaced and 334,986 old shares were not converted by their holders. In accordance with prevailing legal regulations, the Company made the unconverted shares void. The new shares that replaced the void ones were sold by the Company in the most optimal way that best served the interest of the shareholders. The consideration received less incurred costs are forwarded to the holders of the void shares after the 30th day, 15 November 2001, following the sale of all the shares that replaced the void shares as compensation for the void shares. Of the void shares, consideration relating to 165,562 shares has been paid up to this date and the holders of 169,424 void shares has not come forward so far.

Fotex Nyrt's ordinary shareholders' meeting held on 28 April 2004 decided to convert Fotex Nyrt's printed shares into dematerialised shares. The conversion to dematerialised shares took place on 11 November 2004. The conversion does not affect the rights related to the shares. The printed shares could be presented for conversion between 10 September 2004 and 10 November 2004. On 11 November 2004, all printed shares were made void by Fotex Nyrt. Consideration for 1,210 shares made void due to dematerialization has been paid up to this day, the holders of 140, void shares have not come forward so far.

At Fotex Holding SE Nyrt's ordinary shareholders meeting held on 28 April 2009, the shareholders decided to move the Company's registered office to Luxembourg. At this general meeting, the shareholders made a decision about the determination of the share of equity to be allotted to shareholders that voted against moving the registered seat to Luxembourg as well as about the way and timing of redemption. The share of equity to be allotted to shareholders that voted against moving the registered seat to Luxembourg was determined by the shareholders' meeting as 0.89 EUR/share based on the equity/issued capital ratio as at 31 December 2008. The meeting authorized the Board of Directors to redeem such shares. Settlements were done with the two shareholders that voted against moving the registered office with 52,780 shares.

According to resolution No. 5 at their ordinary annual meeting held on 26 April 2012, upon approving the financial statements for 2011, Fotex Holding SE's shareholders decided to distribute dividends to the holders of dividend preference shares equalling the 75% face values of the shares.

On 26 October 2009, Ajka Kristály Üvegipari Kft, signed a solvency agreement with its creditors. As a result of the agreement, the debtor wishes to pay off its debts that are included in the scope of the solvency agreement without late payment penalty and other charges from sales revenues to be collected up to 30 June 2012 from selling own manufactured inventories at September 1, 2009. In the meantime, interim instalments were paid on 12 January 2011 in amount of EUR 108,688 and on 13 January 2012 in amount of EUR 9,699. The debtor assumed an obligation to pay all its creditors up to HUF 200,000 by 14 November 2009, which was duly done. The sole owner of the company, the creditor, Fotex Holding, entity under direct majority control of the owner, Upington Ltd. and all subsidiaries within group asserted that they did not demand settlement of the debts towards them until Ajka Kristály Kft. met its obligation towards its other creditors under the solvency agreement. The creditors that attended the agreement negotiation meeting engaged Piroska Gazda, a statutory auditor who also attended the meeting as representative of one of the creditors, Meritum Kft., to check compliance with the terms of the agreement.

27. Other matters (continued)

The securities with ISIN-code T0008806916, (so-called “certificates”), which were previously traded on the Vienna Stock Exchange, have been withdrawn from Stock Exchange’s trading for the request of

Company as of June 30, 2010. Fotex ordinary share with ISIN-code HU0000096409 have been automatically credited on the accounts of the owners of the certificates kept at their custodian bank in 1:1 proportion. The credit has been taken place automatically 3 workdays after the withdrawal of the certificates. Our company has entrusted the Erste Group Bank AG with the technical transaction of the SWAP of securities.

Since 1 October 2010 Keringatlan Ltd. has outsourced its facility management activity to the group’s member Székhely 2007 Ltd.

The shares of the Company have been admitted to the official list of the Luxembourg Stock Exchange at a first price of EUR 1.06/piece as of 23 February, 2012.

The Board of Directors of the Company at the meeting held as of 14 March 2012 has decided on the full transfer of the Company’s shares listed on the Budapest Stock Exchange to the Luxembourg Stock Exchange. The date of transfer was 30 March 2012. After transferring the shares from the Budapest Stock Exchange the shares are traded only on the Luxembourg Stock Exchange.

Blackburn International Luxembourg has purchased the Blackburn International Inc’s shares package of 11,982,321 pieces of Fotex shares on 6th April 2012.