

Fotex Holding SE
42, rue de la Vallée
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R.C.S. Luxembourg B 146.938

Consolidated financial statements as at 30 September 2012

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

	Note	30 September 2012	31 December 2011
		EUR	EUR Restated
Assets			
Current Assets:			
Cash and short-term deposits	4	6,969,949	8,199,500
Current portion of other financial assets	5	1,459,721	1,198,987
Accounts receivable and prepayments	6	6,265,236	7,227,778
Income tax receivable	16	226,214	343,261
Inventories	7	7,171,065	6,161,415
Total current assets		<u>22,092,185</u>	<u>23,130,941</u>
Non-current Assets:			
Property, plant & equipment	8	167,995,356	152,005,095
Deferred tax assets	16	581,044	529,837
Intangible assets	10	2,804,243	2,792,748
Non-current portion of other financial assets	5	2,039,818	2,015,808
Goodwill arising on acquisition	11	11,765,512	10,728,613
Total non-current assets		<u>185,185,973</u>	<u>168,072,101</u>
Total assets		<u>207,278,158</u>	<u>191,203,042</u>
Liabilities and Shareholders' Equity			
Current Liabilities:			
Interest-bearing loans and borrowings and overdrafts	15	1,632,182	1,258,801
Provisions	12	39,149	71,398
Accounts payable and other liabilities	12	7,410,199	15,812,488
Total current liabilities		<u>9,081,530</u>	<u>17,142,687</u>
Non-current Liabilities:			
Interest-bearing loans and borrowings	15	72,500,892	59,822,161
Other long-term liabilities	12	1,531,995	1,443,329
Deferred tax liability	16	3,130,350	2,854,471
Total non-current liabilities		<u>77,163,237</u>	<u>64,119,961</u>
Shareholders' Equity:			
Issued capital	13	30,543,933	30,543,933
Additional paid-in capital		27,679,130	29,267,019
Goodwill write-off reserve	13	(969,412)	(1,211,432)
Retained earnings		84,970,593	71,441,246
Treasury shares, at cost	13	(21,304,713)	(20,205,074)
Equity attributable to equity holders of the parent company		<u>120,919,531</u>	<u>109,835,692</u>
Non-controlling interests in consolidated subsidiaries		113,860	104,702
Total shareholders' equity		<u>121,033,391</u>	<u>109,940,394</u>
Total liabilities and shareholders' equity		<u>207,278,158</u>	<u>191,203,042</u>

The accompanying notes on pages 7 to 47 form an integral part of these consolidated financial statements.

Fotex Holding SE and Subsidiaries
Consolidated Income Statement
Figures in EUR

	<u>Note</u>	<u>30 September 2012</u> EUR	<u>30 June 2012</u> EUR	<u>31 March 2012</u> EUR	<u>30 September 2011</u> EUR Restated
Revenue	17	30,106,652	19,822,426	8,928,981	29,197,458
Operating expenses	14	(21,367,039)	(14,112,990)	(6,766,384)	(20,756,739)
Interest income		209,910	153,369	62,927	765,894
Interest expenses	15	(2,732,690)	(1,782,058)	(867,652)	(2,009,141)
Income before income tax	20	6,216,833	4,080,747	1,357,872	7,197,472
Income tax expense	16	(1,379,279)	(877,808)	(361,695)	(1,379,114)
Net income		<u>4,837,554</u>	<u>3,202,939</u>	<u>996,177</u>	<u>5,818,358</u>
Attributable to:					
Equity holders of the parent company		4,793,456	3,159,071	983,108	5,791,825
Non-controlling interests		44,098	43,868	13,069	26,533
Net income		<u>4,837,554</u>	<u>3,202,939</u>	<u>996,177</u>	<u>5,818,358</u>
Basic earnings per share	24	<u>0.08</u>	<u>0.05</u>	<u>0.02</u>	<u>0.1</u>
Diluted earnings per share	24	<u>0.08</u>	<u>0.05</u>	<u>0.02</u>	<u>0.1</u>

The accompanying notes on pages 7 to 47 form an integral part of these consolidated financial statements.

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

	<u>Note</u>	<u>30 September 2012</u> EUR	<u>30 June 2012</u> EUR	<u>31 March 2012</u> EUR	<u>30 September 2011</u> EUR Restated
Net income		<u>4,837,554</u>	<u>3,202,939</u>	<u>996,177</u>	<u>5,818,358</u>
Other comprehensive income					
Exchange differences on translation of foreign operations	18	<u>7,378,534</u>	<u>6,045,324</u>	<u>3,955,573</u>	<u>(4,940,375)</u>
Total comprehensive income		<u>12,216,088</u>	<u>9,248,263</u>	<u>4,951,750</u>	<u>877,983</u>
Attributable to:					
Equity holders of the parent company		12,160,788	9,195,363	4,933,120	856,624
Non-controlling interests		<u>55,300</u>	<u>52,900</u>	<u>18,630</u>	<u>21,359</u>
		<u>12,216,088</u>	<u>9,248,263</u>	<u>4,951,750</u>	<u>877,983</u>

The accompanying notes on pages 7 to 47 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	Additional Paid-in Capital	Goodwill Write-off Reserve	Retained Earnings	Treasury Shares	Total	Non-controlling interests	Total Equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	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	–	–	–	4,793,456	–	4,793,456	44,098	4,837,554
Other comprehensive income	–	–	–	7,367,332	–	7,367,332	11,202	7,378,534
Total comprehensive income	–	–	–	12,160,788	–	12,160,788	55,300	12,216,088
Redeemed treasury shares	–	–	–	–	(1,099,639)	(1,099,639)	–	(1,099,639)
Repurchase from non-controlling interest	–	–	–	22,690	–	22,690	(36,760)	(14,070)
Minority dividends	–	–	–	–	–	–	(9,382)	(9,382)
Reversed written off goodwill reserve	–	–	242,020	(242,020)	–	–	–	–
Reclassification from additional paid in capital to retained earnings	–	(1,587,889)	–	1,587,889	–	–	–	–
30 September 2012	<u>30,543,933</u>	<u>27,679,130</u>	<u>(969,412)</u>	<u>84,970,593</u>	<u>(21,304,713)</u>	<u>120,919,531</u>	<u>113,860</u>	<u>121,033,391</u>

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

	Issued Capital	Additional Paid-in Capital	Goodwill Write-off Reserve	Retained Earnings	Treasury Shares	Total	Non-controlling interests	Total Equity
	EUR	EUR Restated	EUR	EUR Restated	EUR	EUR Restated	EUR	EUR Restated
1 January 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	–	–	–	5,791,825	–	5,791,825	26,533	5,818,358
Other comprehensive income	–	–	–	(4,935,201)	–	(4,935,201)	(5,174)	(4,940,375)
Total comprehensive income	–	–	–	856,624	–	856,624	21,359	877,983
Redeemed treasury shares	–	–	–	–	(856,907)	(856,907)	–	(856,907)
Increase in non-controlling interest	–	–	–	–	–	–	4,279	4,279
Minority dividends	–	–	–	–	–	–	(10,809)	(10,809)
Reversed written off goodwill reserve	–	–	242,020	(242,020)	–	–	–	–
Reclassification from additional paid in capital to retained earnings	–	(3,547,497)	–	3,547,497	–	–	–	–
30 September 2011	<u>30,543,933</u>	<u>29,348,232</u>	<u>(1,292,105)</u>	<u>75,799,588</u>	<u>(20,123,862)</u>	<u>114,275,786</u>	<u>106,528</u>	<u>114,382,314</u>

The accompanying notes on pages 7 to 47 form an integral part of these consolidated financial statements.

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

	Note	30 September 2012 EUR	30 September 2011 EUR
Cash flows from operating activities:			
Income before non-controlling interest and income taxes	20	6,216,833	7,197,472
Depreciation and amortisation	14	5,185,313	4,460,771
Provisions used and reversed	12	(38,121)	(47,171)
Scrapped inventories, impairment loss of debtors and investments, reversed impairment loss, impairment of tangible assets		170,326	789,051
(Gain)/loss on disposals of fixed assets		(4,040)	(4,053)
Gain on disposal of a subsidiary			1,485
Gain/loss on disposal of other investments			(2,460,322)
Interest income		(209,910)	(765,894)
Effect of spread of rental related incentives and allowance		(411,524)	(611,332)
Interest expenses		2,732,690	2,009,141
Changes in working capital:			
Accounts receivable and prepayments		1,199,909	3,497,315
Inventories		(1,084,979)	659,688
Accounts payable and other liabilities		(1,925,506)	(3,920,673)
Cash generated from operations		11,830,991	10,805,478
Income tax paid	16	(730,718)	(196,133)
Net cash flow from operating activities		11,100,273	10,609,345
Cash flows from investing activities:			
Acquisition of tangible and intangible assets		(22,452,656)	(16,722,763)
Sale proceeds of tangible and intangible assets		13,653	9,159
(Purchase)/sale of financial investments		(102,183)	246,142
Acquiring subsidiaries, net of cash		-	(891,807)
Repayments of loans granted		139,402	98,816
Interest received		115,175	329,617
Net cash flow used in investing activities		(22,286,609)	(16,930,836)
Cash flows from financing activities:			
Loan received		13,554,517	11,136,674
Dividends paid		(9,382)	(10,809)
Interest paid		(2,505,641)	(1,374,884)
Repayments of loan received		(729,497)	(586,747)
Purchased treasury shares		(1,093,160)	(856,907)
Change in other long term liabilities		(1,827)	14,146
Net cash flow from financing activities		9,215,010	8,321,473
Change in cash and cash equivalents		(1,971,326)	1,999,982
Cash and cash equivalents at beginning of the year	4	8,199,500	17,480,416
Effect of foreign currency translation		741,775	(457,898)
Cash and cash equivalents at end of the period	4	6,969,949	19,022,500

The accompanying notes on pages 7 to 47 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 FotexNyrt. from the companies register on the grounds of transformation and, according to the Court's decision dated 9 January 2009, registered FOTEX HOLDING SE NyilvánosanMűködőEurópaiRészvénytársaság (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 current registered address is at 42 rue de la Vallée, L-2661 Luxembourg, 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 Luxembourg, in The Netherlands and in Hungary 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.
- 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 advisory services. The demerger was registered by the Companies Court on 17 October 2011. Following the demerger, 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.

Fotex Holding SE and Subsidiaries
Notes to the consolidated financial statements
30 September 2012
Figures in EUR

1. General (continued)

Subsidiaries taken into account at the consolidation at 30 September 2012 and at 30 September 2011 are as follows:

Subsidiaries	Principal Activities	Issued capital EUR		Ownership (%)		Voting rights %	
		30/09/2012	30/09/2011	30/09/2012	30/09/2011	30/09/2012	30/09/2011
Ajka Kristály Üvegipari Kft	Crystal manufacturing and retail	5,726,331	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	-	-	-	-	-	-
Europrizma Kft	Administration services	-	-	-	-	-	-
Fotex Cosmetics Kft	Cosmetics retailer	188,836	870,723	100.0	100.0	100.0	100.0
Fotexnet Kft	Internet retail and other services	56,963	56,963	100.0	87.9	100.0	89.2
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	Advisory services	17,157	-	100.0	-	100.0	-
FN 2 BV	Property management	18,000	18,000	100.0	100.0	100.0	100.0
Plaza Park Kft	Property management:	1,171,580	1,171,580	100.0	100.0	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	-	99.9	-	100.0
Sigma Kft	Property services	100,650	100,650	75.1	75.1	75.1	75.1
Székhely 2007 Kft	Property services	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-IX.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 30 September 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 its 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 30 September 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.

2. Significant Accounting Policies (continued)

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 equity attributable to equity holders of the parent. Acquisitions of non-controlling interests are accounted under the entity concept method. The entire difference between the cost of the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the non-controlling 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-IX months 2012 are prepared in EURO ("EUR").

The functional currency of the group's subsidiaries, which are registered and carry out their activities in Hungary, is the Hungarian Forint ("HUF"). The functional currency of those subsidiaries, which are registered and carry out their activities in Luxembourg or in The Netherlands, is the 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
Second quarter	294.26	HUF/EUR	266.33	HUF/EUR
Third quarter	283.08	HUF/EUR	274.90	HUF/EUR

Assets and liabilities have been converted to EUR using the MNB FX rate as at 30 September 2012: 283.71 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 financial statement. From these the following has the most significant effect on the figures presented in the financial statement.

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

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.

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.

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

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 6,969,949 (31 December 2011: EUR 8,199,500).

Cash includes fixed deposits of EUR 428,332 (2011: EUR 2,013,641) at rates ranging from 0.5% to 4.7% (2011:3.74 to 5.3%). The Company has EUR, USD and HUF deposits. The lower rates are on EUR and USD while the higher ones are on HUF.

5. Other financial assets

	30 September 2012	31 December 2011 Restated
Current	EUR	EUR
Cash deposits connected to rented properties	572,314	507,749
Short-term loans to other companies *	798,052	690,108
Other short-term investments	89,355	1,130
Other current financial assets, total	<u>1,459,721</u>	<u>1,198,987</u>
	30 September 2012	31 December 2011 Restated
Non-current	EUR	EUR
Cash deposits connected to rented properties	1,528,594	1,438,100
Unquoted equity instruments available for sale	135,395	80,925
Long-term loans to other companies *	375,829	496,783
Other non-current financial assets, total	<u>2,039,818</u>	<u>2,015,808</u>

* 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 separate bank account. 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 88,118, 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 OTP and MOL bonds 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.

The balance of unquoted equity instruments available for sale is increased in 2012 which is mainly due to the fact that Ajka Kristály Üvegipair Kft acquired participation in Ajka Crystal LLC.

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 368,788 (31 December 2011: 491,714) and employee loans totalling EUR 7,041 (31 December 2011: EUR 5,069).

Fotex Holding SE and Subsidiaries
Notes to the consolidated financial statements
30 September 2012
Figures in EUR

6. Accounts receivable and prepayments

	30 September 2012	31 December 2011
	<u>EUR</u>	<u>Restated</u>
		EUR
Accounts receivable (debtors)	4,159,343	5,839,530
Impairment loss on accounts receivable (debtors)	(769,813)	(1,136,190)
Tax assets	617,299	379,328
Other receivables and prepayments/accrued income*	2,336,861	2,276,598
Impairment loss on other receivables	(78,454)	(131,488)
Total	<u><u>6,265,236</u></u>	<u><u>7,227,778</u></u>

* 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 30 September 2012: EUR 848,267 (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	<u>1,267,678</u>
Charge for the year	40,837
Utilised	(11,717)
Unused amount reversed	(545,243)
Currency gain arising on retranslation	96,712
30 September 2012	<u><u>848,267</u></u>

6. Accounts receivable and prepayments (continued)

Aged debtors less impairment loss at period end:

	Not overdue and not impaired	< 30 days	30-90 days	90-180 days	180- 360 days	>360 days	Total
30 September 2012	2,392,483	337,758	193,829	226,457	207,190	31,813	3,389,530
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	< 30 days	30-90 days	90-180 days	180-360 days	>360 days	Total
30 September 2012	2,586,294	62,216	4,120	0	169,009	54,067	2,875,706
31 December 2011	2,219,652	51,532	179,934	129	22,444	50,747	2,524,438

7. Inventories

	<u>30 September 2012</u>	<u>31 December 2011</u>
	EUR	EUR
Merchandise and finished products	7,394,541	6,751,404
Materials	841,370	782,531
Work in progress	2,450,322	1,832,855
Inventories, gross	<u>10,686,233</u>	<u>9,366,790</u>
Impairment of merchandise and finished products	(2,978,795)	(2,716,272)
Impairment of materials	(39,371)	(35,902)
Impairment of work in progress	(497,002)	(453,201)
Impairment of inventories	<u>(3,515,168)</u>	<u>(3,205,375)</u>
Total inventories, net	<u>7,171,065</u>	<u>6,161,415</u>

Movements in inventory impairment loss:

Management has identified a number of Group companies that have slow moving inventories. Management believes that the EUR 3,515,168 provision made for the impairment of inventories (2011: EUR 3,205,375) is adequate, from which the current year charge is EUR 62,160. The change is due to FX changes. In addition to the impairment, till 30 September 2012 EUR 4,994,303 of inventories has been recognised as an expense (30 September 2011: EUR 6,265,372).

8. Property, plant and equipment

Movements in tangible assets during I-IX 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	15,005,579	427,668	-	15,433,247
Other increase	27,358	2,505	-	29,863
Disposals and write downs	(96,431)	(551,781)	(10,372)	(658,584)
Currency loss arising on retranslation	7,534,772	1,690,582	12,190	9,237,544
30 September 2012	<u>196,566,651</u>	<u>19,229,598</u>	<u>130,848</u>	<u>215,927,097</u>
Accumulated depreciation:				
1 January 2012	(25,106,238)	(14,773,694)	-	(39,879,932)
Depreciation expense	(4,551,318)	(612,369)	-	(5,163,687)
Other increase	(27,381)	-	-	(27,381)
Disposals and write downs	79,747	536,485	-	616,232
Currency gain arising on retranslation	(2,052,971)	(1,424,002)	-	(3,476,973)
30 September 2012	<u>(31,658,161)</u>	<u>(16,273,580)</u>	<u>-</u>	<u>(47,931,741)</u>
Net book value				
30 September 2012	<u>164,908,490</u>	<u>2,956,018</u>	<u>130,848</u>	<u>167,995,356</u>
31 December 2011	<u>148,989,135</u>	<u>2,886,930</u>	<u>129,030</u>	<u>152,005,095</u>

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	<u>174,095,373</u>	<u>17,660,624</u>	<u>129,030</u>	<u>191,885,027</u>
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	<u>(25,106,238)</u>	<u>(14,773,694)</u>	<u>-</u>	<u>(39,879,932)</u>
Net book value				
31 December 2011	<u>148,989,135</u>	<u>2,886,930</u>	<u>129,030</u>	<u>152,005,095</u>
31 December 2010	<u>108,472,375</u>	<u>3,316,861</u>	<u>436,957</u>	<u>112,226,193</u>

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 GDP in 2012 is expected to decrease. 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, therefore any change in this market segment will have a significant impact on the revenue stream of the Company.

The trend affecting the Hungarian retail real estate market are the following:

- due to the local economic difficulties consumers purchasing power has weakened so the turnover of the retail sector is expected to decrease as such the retailers do not plan on opening new stores.
- due to the significant decline of demand on the real estate market, the leasing opportunities decreased significantly, hence it is expected that the recovery will be the slowest in this sector.
- the attainable rental fees are expected to decrease
- the prolongation of expired rental contracts are expected to be more difficult and unfavorable, thereby making it difficult to reach rental conditions as in previous years.
- the duration of rental contracts have shortened in comparison to the prior year.

Significant portion of the Company's rental revenues come from the leasing of the retail real estate properties, while the rental revenue which originates from the leasing of offices and warehouses represents a smaller portion of the Company's revenue stream.

Retail real estates

The demand for retail outlets has continuously declined as in prior years. Potential tenants mainly search for retail locations between 50 m² and 80 m². Negotiations are more difficult and more time-consuming, many times lasting for months. Typically tenants have opted for shorter rental terms and the rental fees have dropped by 15-30% for new rental contracts and by 10% - 20% for existing tenants for long existing rental contracts.

It is expected that stores situated at a less commercially frequented places and retailers with low economic potential will cease their operations during the year. In addition to this we expect a lack of new multinational companies entering into the market and a decreasing willingness on the part of local retailers to expand in the foreseeable future.

9. Real estate property (Continued)

Warehouses

Since the beginning of the financial crises logistic property rental fees have dropped significantly. 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 facilities.

Offices

The total area of group's office real estate portfolio is 71,707 m² of which 19.21% (13,775 m²) is situated in Hungary and 80.79% (57,932 m²) is located in The Netherlands.

The vacancy rate of office portfolio in Hungary is around 50%. Due to the unfavorable market conditions the leasing of these real estates have become more difficult and mostly lower rental fees can be achieved in comparison to prior years.

In comparison to this the office properties in The Netherlands are fully let with long term contracts, at good returns.

In view of the adverse market conditions, the Group pays extra attention to control and optimize 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 totaling an area of 32,563 m² (Zoetermeer, Gorinchem, Haarlem, Rotterdam, Zwolle). 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 in 2011. As of August 21, 2012 FN 2 BV purchased an office building having 6,445 m² in Amsterdam.

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 31 December 2011 m ²	Estimated fair value 31 December 2011 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

The schedule above does not contain the effect of the following transactions:

- FN 2 BV has purchased an office building having 6,445 m² in Amsterdam as of August 21, 2012. The initial recognition value of the investment property is EUR 14,796,838.

Fotex Holding SE and Subsidiaries
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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	-	19,409	19,409
Other increase	-	-	-
Disposals and write downs	-	(33,570)	(33,570)
Currency gain arising from retranslation	-	(149,024)	(149,024)
30 September 2012	<u>6,667,194</u>	<u>960,230</u>	<u>7,627,424</u>
Accumulated amortisation:			
1 January 2012	(4,008,798)	(989,063)	(4,997,861)
Amortisation expense	-	(21,626)	(21,626)
Other increase	-	-	-
Impairment	-	-	-
Disposals and write downs	-	34,607	34,607
Currency loss arising from retranslation	-	161,699	161,699
30 September 2012	<u>(4,008,798)</u>	<u>(814,383)</u>	<u>(4,823,181)</u>
Net book value:			
30 September 2012	<u>2,658,396</u>	<u>145,847</u>	<u>2,804,243</u>
31 December 2011	<u>2,658,396</u>	<u>134,352</u>	<u>2,792,748</u>

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	<u>6,667,194</u>	<u>1,123,415</u>	<u>7,790,609</u>
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	<u>(4,008,798)</u>	<u>(989,063)</u>	<u>(4,997,861)</u>
Net book value:			
31 December 2011	<u>2,658,396</u>	<u>134,352</u>	<u>2,792,748</u>
31 December 2010	<u>2,658,396</u>	<u>156,600</u>	<u>2,814,996</u>

The column 'Other' reflects mainly 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. In 2012 petition has been given into The Constitutional Court of Hungary in relation to changes of legislation.

11. Goodwill arising on acquisition

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

	30 September 2012	31 December 2011
	<u>EUR</u>	<u>EUR</u>
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	1,750,689	(2,208,894)
Closing balance	<u>19,864,768</u>	<u>18,114,079</u>
Impairment:		
1 January	(7,385,466)	(9,904,610)
Disposal of fully written off goodwill (ii)	-	1,658,501
Currency gain arising from retranslation	(713,790)	860,643
Closing balance	<u>(8,099,256)</u>	<u>(7,385,466)</u>
Net book value		
1 January	<u>10,728,613</u>	<u>10,067,494</u>
Closing balance	<u>11,765,512</u>	<u>10,728,613</u>

(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 2011.

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:

	30 September 2012	31 December 2011
	<u>EUR</u>	<u>EUR</u>
Total goodwill	11,765,512	10,728,613
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	(1,609,473)	(1,725,712)
Goodwill tested for impairment	<u>10,156,039</u>	<u>9,002,901</u>

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:

	<u>30 September 2012</u>	<u>31 December 2011</u>
	EUR	EUR
Keringatlan Kft.	9,891,488	9,019,747
Plaza Park Kft.	1,874,024	1,708,866
Net book value	<u>11,765,512</u>	<u>10,728,613</u>

12. Accounts payable, other liabilities and provision

	<u>30 September 2012</u>	<u>31 December 2011</u>
	EUR	EUR
Trade payables	803,528	1,484,985
Taxes payable	1,449,482	1,084,526
Advances from customers	121,473	17,369
Accrued expenses	506,793	660,916
Deferred rental income	2,156,941	3,053,581
Remuneration approved for executive incentive scheme – dividend preference shares (see Note 13)	-	488,250
Amounts payable to employees	212,926	169,663
Deposits from tenants (i)	572,314	507,749
Preference shares incentive scheme liability	651,000	498,184
Price of purchased property yet unpaid at the year-end	-	7,000,000
Other liabilities	935,742	847,265
Total accounts payable and other current liabilities	<u>7,410,199</u>	<u>15,812,488</u>
Other long term liabilities (i)	<u>1,531,995</u>	<u>1,443,329</u>

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 already paid in 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 2,100,908 (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 1,528,594 (2011: EUR 1,438,100)), and the part which is expected within a year was classified as short-term tenant deposit liabilities (EUR 572,314 (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 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 and its employee's related contribution 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. 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 was 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 was 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	(38,121)	(38,121)
Unused amounts reversed	-	-
Currency gain arising from retranslation	5,872	5,872
30 September	<u>39,149</u>	<u>39,149</u>

*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 30 September 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 preference 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 30 September 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 30 September 2012, the Company held 15,013,518 treasury shares (of which 13,013,518 are ordinary shares and 2,000,000 are dividend preference shares) at a historic cost of EUR 21,304,713 (31 December 2011: 13,449,525 shares – of which 11,449,525 were ordinary shares and 2,000,000 were dividend preference shares - at a historic cost of EUR 20,205,074). During 2012, the Company purchased 1,563,993 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 969,412 (31 December 2011: EUR 1,211,432).

14. Selling, general and administration expenses

	<u>30 September 2012</u>	<u>30 June 2012</u>	<u>31 March 2012</u>	<u>30 September 2011</u>
	EUR	EUR	EUR	EUR
				Restated
Payments to personnel	(4,357,317)	(2,887,297)	(1,416,974)	(4,880,794)
Material-type expenses	(10,118,116)	(6,836,887)	(3,084,536)	(11,735,533)
Other expenses, net	(1,706,293)	(1,027,230)	(577,127)	320,359
Depreciation charge	(5,185,313)	(3,361,576)	(1,687,747)	(4,460,771)
Total operating expenses	<u>(21,367,039)</u>	<u>(14,112,990)</u>	<u>(6,766,384)</u>	<u>(20,756,739)</u>

Other expenses include the following:

	<u>30 September 2012</u>	<u>30 June 2012</u>	<u>31 March 2012</u>	<u>30 September 2011</u>
		EUR	EUR	EUR
				Restated
Impairment of receivables (Note6)	(29,120)	10,339	(423)	(377,479)
Impairment of inventories / release of impairment (Note7)	(62,160)	-	-	(232,514)
Realised FX difference (net)	(347,433)	(275,290)	(196,257)	432,645
Gain/(loss) on sale of financial assets	-	-	-	3,240,456
Taxes other than income tax	(1,138,694)	(729,327)	(377,895)	(1,138,611)
Other expenses	(128,886)	(32,952)	(2,552)	(1,604,138)
Total other expenses, net	<u>(1,706,293)</u>	<u>(1,027,230)</u>	<u>(577,127)</u>	<u>320,359</u>

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 and a further loan in 2010 to fund the purchase of properties. In 2011, FN 2 B.V. a subsidiary of Fotex Netherlands B.V., took out another loan to acquire further property from Berlin-Hannoversche Hypothekenbank AG. In 2012 FN 2 B.V has taken out another loan from Berlin- Hannoversche Hypothekenbank AG to fund the purchase of a property acquired at the end of 2011.

In 2011, when the Fotex Group became the owner of 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 are owed by the Fotex Group to Zürich Investments Inc.

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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 30 September 2012 EUR	Current portion at 30 September 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)	17,061,889	323,884	17,363,743	348,947
II. mortgage	1/11/2009	1/11/2016	3,800,000	Three-month Euribor + 2.26% (rounding +0.05)	3,392,192	83,524	3,437,320	88,620
III. mortgage	18/12/2009	1/1/2015	3,750,000	Three-month Euribor + 2.20% (rounding +0.05)	3,448,256	82,993	3,501,585	87,000
IV. mortgage	21/5/2010	1/5/2015	14,000,000	fixed 4.32 % p.a.	12,981,468	328,048	13,168,039	328,804
V. mortgage	1/7/2011	30/6/2016	11,300,000	fixed 4.26 % p.a.	10,724,486	343,938	10,815,432	226,000
VI. mortgage	26/03/2012	31/03/2017	13,800,000	fixed 3.59% p.a.	13,207,441	469,795	-	-
VII. loan	1/7/2011	13/4/2018	6,896,624	fixed 7.25 % p.a.	5,619,375	-	5,502,515	84,932
VIII. loan	1/7/2011	3/11/2018	1,500,000	fixed 7.25 % p.a.	1,216,154	-	1,193,245	18,473
IX. loan	1/7/2011	17/12/2018	2,373,327	fixed 7.25 % p.a.	1,922,325	-	1,886,825	29,228
X. loan	1/7/2011	28/6/2021	3,800,000	fixed 7.25 % p.a.	2,992,356	-	2,953,457	46,797
Total			79,619,951		72,565,942	1,632,182	59,822,161	1,258,801

Long term interest bearings loans and borrowing contains EUR 65,050 transaction cost, which incurred relating to the mortgage loan for financing the purchase of the investment property in Amsterdam. The loan was transferred to the Group's Dutch subsidiary FN 2 BV with an amount of EUR 8,750,000 bearing fixed 3.43 % interest rate as of 30 October 2012.

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 B.V and FN 2 B.V. 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 30 September 2012 were as follows:

2719 EP Zoetermeer, Einsteinlaan 20	9,732,022 EUR
Gorichem, Stadhuisplein 1a, 70 and 70a	12,861,232 EUR
Haarlem, Schipholpoort 20	4,987,925 EUR
3012 BL Rotterdam, Witte de Withstraat 25	5,578,587 EUR
8017 JV Zwolle, Zuiderzeelaan 43-51	17,381,608 EUR
3528 BJ Utrecht, Papendorpseweg 65	15,324,000 EUR
2123 JH Hoofddorp, Polarisavenue 1	18,844,948 EUR
1101 CE Amsterdam Southeast, Entrée 500	14,747,111 EUR

The loans marked VII to X taken out for the purchase of the participation in Plaza Park Kft. are not covered by any collateral.

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 30 September 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 30 September 2012, the book value also approximates its fair value.

Including in the Group's total interest expense of EUR 2,732,690 as at 30 September 2012 (30 September 2011 restated: 2,009,141), interest expense in relation to the loans I-X above is EUR 2,728,039 as at 30 September 2012 (30 September 2011 restated: 2,002,087).

16. Income tax

During 2010, certain changes were enacted to the Hungarian 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 28.8% as increased by Luxembourg's municipal business tax due to the transfer of the registered seat (2011: 31.05%); 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 entities 31.05% was applied, 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 1,144,117 (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 17,153,265 (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 17,153,265 (2011: EUR 16,315,631) were not considered in the consolidated financial statements as basis for deferred tax assets of which EUR 17,153,265 (2011: EUR 16,315,631) can be rolled forward for an indefinite period.

17. Revenue

Sales revenue	30 September 2012	30 June 2012	31 March 2012	30 September 2011
		EUR	EUR	EUR
Sale of goods	8,171,809	5,364,200	2,173,762	9,217,791
Provision of services	1,288,047	817,406	401,475	1,524,457
Rental income revenue	16,820,841	11,214,766	5,507,918	14,494,986
Revenue from service charges to tenants	2,863,798	1,626,374	774,267	2,741,000
Royalty revenue	239,745	104,133	5,846	314,176
Other sales revenue	722,412	695,547	65,713	905,048
Total sales revenue:	30,106,652	19,822,426	8,928,981	29,197,458

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-IX 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 into 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. The other category contains also those segments which are neither individually nor in aggregate material and could be presented under the other category.

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).

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20. Segment information (continued)

Revenue

Description	30. September 2012			30. June 2012			31. March 2012			30. September 2011		
	Net Sales external	Net Sales inter-segment	Net sales	Net Sales external	Net Sales inter-segment	Net sales	Net Sales external	Net Sales inter-segment	Net sales	Net Sales external	Net Sales inter-segment	Net sales
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Investment property	20,237,838	339,091	20,576,929	13,393,236	280,715	13,673,951	6,308,394	142,108	6,450,502	18,593,123	1,009,225	19,602,348
Crystal and glass	5,467,691	172	5,467,863	3,425,868	169	3,426,037	1,317,630	-	1,317,630	5,418,498	103	5,418,601
Other	4,401,123	1,360,215	5,761,338	3,003,322	1,073,095	4,076,417	1,302,957	510,386	1,813,343	5,185,837	1,478,260	6,664,097
Inter-segment elimination	-	(1,699,478)	(1,699,478)	-	(1,353,979)	(1,353,979)	-	(652,494)	(652,494)	-	(2,487,588)	(2,487,588)
Net sales	30,106,652	-	30,106,652	19,822,426	-	19,822,426	8,928,981	-	8,928,981	29,197,458	-	29,197,458

Crystal and glass sales mainly reflect export sales realised in USD and EUR. Other sales mainly reflect sales realised in HUF.

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20. Segment information (continued)

Profit before income taxes:	30 September 2012	30 June 2012	31 March 2012	30 September 2011
	EUR	EUR	EUR	EUR Restated
Investment property management	6,283,003	4,156,964	1,633,923	4,935,977
Crystal and glass manufacturing	697,062	351,937	(92,814)	1,080,358
Other	(763,232)	(428,154)	(183,237)	1,181,137
Profit before income taxes	<u>6,216,833</u>	<u>4,080,747</u>	<u>1,357,872</u>	<u>7,197,472</u>

Assets:	30 September 2012	30 September 2012	30 September 2012	31 December 2011	31 December 2011	31 December 2011
	Consolidated assets EUR	Intra-business line assets EUR	Total assets EUR	Consolidated assets EUR	Intra-business line assets EUR	Total assets EUR
Investment property management	184,632,632	4,970,008	189,602,640	167,303,676	2,018,617	169,322,293
Crystal and glass manufacturing	9,031,652	-	9,031,652	8,074,775	-	8,074,775
Other	13,613,874	20,620,014	34,233,888	15,824,591	18,885,569	34,710,160
Inter-segment elimination	-	(25,590,022)	(25,590,022)	-	(20,904,186)	(20,904,186)
Net assets	<u>207,278,158</u>	<u>-</u>	<u>207,278,158</u>	<u>191,203,042</u>	<u>-</u>	<u>191,203,042</u>

Liabilities and accruals:	30 September 2012	30 September 2012	30 September 2012	31 December 2011	31 December 2011	31 December 2011
	Consolidated liabilities EUR	Intra-business line payables EUR	Total liabilities EUR	Consolidated liabilities EUR	Intra-business line payables EUR	Total liabilities EUR
Investment property management	83,514,242	19,696,126	103,210,368	77,643,870	14,220,971	91,864,841
Crystal and glass manufacturing	642,137	5,248,031	5,890,168	1,279,546	4,763,809	6,043,355
Other	2,088,388	651,301	2,739,689	2,339,232	2,226,708	4,565,940
Inter-segment elimination	-	(25,595,458)	(25,595,458)	-	(21,211,488)	(21,211,488)
Liabilities and accruals:	<u>86,244,767</u>	<u>-</u>	<u>86,244,767</u>	<u>81,262,648</u>	<u>-</u>	<u>81,262,648</u>

20. Segment information (continued)

Tangible and intangible asset additions:

	<u>30 September 2012</u>	<u>31 December 2011</u>
	EUR	EUR
Investment property management	15,294,505	54,995,548
Crystal and glass manufacturing	30,506	570,047
Other	<u>127,645</u>	<u>204,715</u>
Tangible asset additions:	<u><u>15,452,656</u></u>	<u><u>55,770,310</u></u>

Depreciation and amortisation:	<u>30 September 2012</u>	<u>30 June 2012</u>	<u>31 March 2012</u>	<u>30 September 2011</u>
	EUR	EUR	EUR	EUR
Investment property management	4,630,134	3,022,040	1,508,743	3,765,654
Crystal and glass manufacturing	166,390	110,191	56,059	235,289
Other	<u>388,789</u>	<u>229,345</u>	<u>122,945</u>	<u>459,828</u>
Depreciation and amortisation:	<u><u>5,185,313</u></u>	<u><u>3,361,576</u></u>	<u><u>1,687,747</u></u>	<u><u>4,460,771</u></u>

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 Luxembourg, The Netherlands and Hungary. 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 bank charges 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, which are not covered by collateral, 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 30 September 2012 the Group’s maximum exposure to credit risk is EUR 16,117,425 (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 30 September 2012 and 31 December 2011 are presented below:

	<u>30 September 2012</u>	<u>31 December 2011</u>
	EUR	EUR
Short-term and long-term borrowings (Note 15):	74,133,074	61,080,962
Trade payables and other current liabilities (Note 12):	7,410,199	15,812,488
Cash and cash equivalents (Note 4):	<u>(6,969,949)</u>	<u>(8,199,500)</u>
Net debt:	74,573,324	68,693,950
Equity attributable to the Company:	120,919,531	109,835,692
Total:	<u>195,492,855</u>	<u>178,529,642</u>
Indebtedness ratio:	38.15%	38.48%

The Company's indebtedness ratio decreased from 38.48% at 31 December 2011 to 38.15% by 30 September 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. At the date of the transaction the purchase of office building in Amsterdam was financed by internal sources, and a loan request has been in process in relation to this transaction at 30 September 2012. The Group has managed to obtain the loan in amount of EUR 8,750,000 as of October 30, 2012.

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

Fair value

At 30 September 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-IX.months 2012 the Group has entered into transactions and mergers that affect the Group structure.

- At 5 September 2012 Fotex Ingatlan Kft, a related party company, sold all of its share in Fotexnet to the Group, consequently the Group's share in Fotexnet has increased.

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 advisory services. The demerger was registered by the Companies Court on 17 October 2011. Following the demerger, 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 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 expiry of the lease agreement in case of MOM Park has been extended till 19. September 2018. The Group recalculates its leasing fees by ending of each year and publishes them in its financial statements.

24. Earnings Per Share

The 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.

The 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:

	30 September 2012	30 June 2012	31 March 2012	Restated 30 September 2011
	EUR	EUR	EUR	EUR
Net profit attributable to equity holders from continuing operations	4,793,456	3,159,071	983,108	5,791,825
Net profit / (loss) attributable to shareholders	4,793,456	3,159,071	983,108	5,791,825
Weighted average number of shares in issue during the year	58,634,704	58,815,040	59,154,309	59,989,403
Basic earnings/(deficit) per share (EUR)	0.08	0.05	0.02	0.1

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 Inगतlan Kft. (“Fotex Inगतlan”). As at 30 September 2012, Blackburn controlled 0 % (31 December 2011: 16.9%), Fotex Inगतlan controlled 0% (31 December 2011: 17.6%), Blackburn Luxembourg controlled 50.3% (31 December 2011: 15.8%) of the Company’s share capital. These companies are considered to be related parties.

25. Related Party Transactions (continued)

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.

Related party 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-IX months 2012 were EUR 289,709 (2011 I-IX months: EUR 281,670) and to Plaza Park Kft. EUR 0 (2011 I-IX months: EUR 320,828).

Administrative and expert fees paid by Fotex Ingatlan for I-IX months 2012 were EUR 31,290 (2011 I-IX months: EUR 24,826).

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-IX months 2012 was EUR 0 (2011 I-IX months: EUR 2,706).

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-IX months 2012 was EUR 104,083 (2011 I-IX months: EUR 43,666).

During 2010, Fotex Ingatlan granted a loan to Fotex Cosmetics Kft. and charged interest totalling EUR 13 for I-IX 2012 (2011 I-IX months: EUR 2,000). This loan was repaid totally at the beginning of 2012.

For the period I-IX months 2012, Fotex Netherlands B.V. was charged interest of EUR 584,549 (2011 I-IX months: EUR 64,177) by Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft.

For the period I-IX months 2012, FN 2 B.V. was charged interest of EUR 206,249 (2011 I-IX months: EUR 22,644) By Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft.

For the period I-IX months 2012, Fotex Netherlands B.V. was charged interest of EUR 0 (2011 I-IX months: EUR 132,633) by Blackburn International Luxemburg, on the former intra-group loans transferred to the seller of Plaza Park Kft.

For the period I-IX months 2012, FN 2 B.V. was charged interest of EUR 0 (2011 I-IX months: EUR 46,797) By Blackburn International Luxemburg, on the former intra-group loans transferred to the seller of Plaza Park Kft.

25. Related Party Transactions (continued)

Fotex-group has purchased the ownership of 100% business of Plaza Park as of July 1, 2011 from Blackburn International Luxembourg for totalling EUR 19,951,024.

At 1 September 2011 the share capital of Fotexnet Kft was increased. Fotex Inगतlan Kft, a related party company, also apported into Fotexnet Kft in amount of EUR 4,321 that's why the Group's share in Fotexnet Kft has decreased in comparison to prior year.

Fotex Inगतlan Kft. sold its shares in Fotexnet Kft. to Keringatlan Kft. as of September 5, 2012.

Transactions with other related parties

Sales revenue invoiced to Ajka Crystal LLC by Ajka Kristály Kft. for the I-IX months 2012 were EUR 16,253 (2011 I-IX months: EUR 0). The amount of the related cost of sales for the I-IX months 2012 were EUR 9,876. (2011 I-IX months: EUR 0)

Inventory apported to Ajka Crystal LLC by Ajka Kristály Kft. for the I-IX months 2012 were EUR 8,485 (2011 I-IX months: EUR 32,249). The amount of the related income for the I-IX months 2012 were EUR 8,485 (2011 I-IX months: EUR 32,249).

26. Personnel and structural changes

Structural changes:

During the period I-IX months 2012 there were no structural changes.

Personnel changes:

- The annual general meeting of the Company held on the 26th April 2012, 2012 elected Mr Péter Kadas as member of board of directors.
- The annual general meeting of the Company held on the 26th April 2012 did not elect 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.

27. Other matters (continued)

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 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 ÜvegipariKft, 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. The debtor assumed an obligation to pay all its creditors up to HUF 200,000 by 14 November 2009, which was duly done. 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 and on 29 June 2012 in amount of EUR 352,650 and in July and August 2012 in amount of EUR 105,550. All Companies 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.

The securities with ISIN-code T0008806916, (so-called "certificates"), which were previously traded on the Vienna Stock Exchange, were withdrawn from Stock Exchange's trading for the request of Company as of June 30, 2010. Fotex ordinary share with ISIN-code HU0000096409 were automatically credited on the accounts of the owners of the certificates kept at their custodian bank in 1:1 proportion. The credit was 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. outsourced its facility management activity to the group's member Székhely 2007 Ltd.

The shares of the Company were 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 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

27. Other matters (continued)

shares from the Budapest Stock Exchange the shares are traded only on the Luxembourg Stock Exchange.

The extraordinary general meeting held on 27th July 2012 decided to transfer the registered office of the Company to its new address at L-2661 Luxembourg, 42, rue de la Vallée.

Blackburn International Luxembourg acquired 12,466,475 pieces of Fotex shares from Fotex Ingatlan LLC on the 19th July 2012. Mr Gabor Varszegi, Chairman of the Board of Fotex Holding SE, directly and indirectly controls both companies, which are considered to be related parties. After this transaction the Company Blackburn International Luxembourg totally owns 35,609,796 pieces of ordinary Fotex shares which represent 50.35% ownership.

The owners of Fotexnet Kft and the owners of Hungaroton Records Kft accepted the transformation proposals on the shareholder's meetings held on 26 September 2012 and decided finally to merge Hungaroton Records Kft into Fotexnet Kft. The owners of both companies made a decision that the expected date for the conclusion of the merger will be 31 December 2012.

The owners of Keringatlan Kft and the owners of Fotex Cosmetics Kft accepted the transformation proposals on the shareholder's meetings held on 24 October 2012 and decided finally that Fotex Cosmetics Kft will merge into Keringatlan Kft. The owners of both companies decided that the expected date for the conclusion of the merger will be 31 December 2012.

28. Restatement of comparative data of Interim Consolidated Financial Statements as of September 30, 2012

At the presentation of the comparative data of Interim Consolidated Financial Statements as of September 30, 2012 the following changes have been applied compared to the published data of Interim Consolidated Financial Statements as of September 30, 2011:

1. In the Profit and loss statement the profit on sale of OTP and MOL bonds in amount of EUR 2,376,463 was presented on a separate line at the financial results in the Interim Consolidated Financial Statements as of September 30, 2011. At the comparative data of Interim Consolidated Financial Statements as of September 2012 this EUR 2,376,463 is presented as an operating expense.
2. In the Interim Consolidated Financial Statements as of September 30, 2012 at the table of the Consolidated Statement of Changes in Equity as of September 30, 2011 EUR 3,547,497 has been reclassified from additional paid in capital to retained earnings. This reclassification was needed because one part of the dividends on the dividend preference shares was paid from the additional paid in capital and the Fotex Holding SE's allocated reserve, which is part of the consolidated retained earnings, was created from the additional paid in capital relating to some of its treasury shares repurchases.
3. In the Interim Consolidated Financial Statements as of September 30, 2012 at the Consolidated Cash Flow Statement the effect of spread of rental allowances and incentives is presented separately. Because of the comparability, the effect of spread of rental incentives and allowances is also presented on a separate line indicating that the line of effect of spread of rental incentives and allowances changed from EUR 0 to

28. Restatement of comparative data of Interim Consolidated Financial Statements as of September 30, 2012 (continued)

(611,332) EUR and the line of accounts receivable and prepayments changed from EUR 2,885,983 to EUR 3,497,315.

4. In the Interim Consolidated Financial Statements as of September 30, 2011 the loss on loans transferred in amount of EUR 3,162,197 was accounted as loss for the given year, but at the comparative data in the Interim Consolidated Financial Statements as of September 30, 2012 the loss realized on the loans transferred is spread over till their maturities.
5. 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.

The balances, which have already been published and are now restated, are as follows:

Statement of Financial Position

Line of Consolidated Statement of Financial Position	Published balance 31 December 2011 EUR	Restated balance 31 December 2011 EUR
Accounts receivable and prepayments	8,409,600	7,227,778
Other current financial assets	508,879	1,198,987
Other non-current financial assets	1,524,094	2,015,808

Fotex Holding SE and Subsidiaries
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28. Restatement of comparative data of Interim Consolidated Financial Statements as of September 30, 2012 (continued)

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Line of Consolidated Income Statement and Consolidated Statement of Comprehensive Income	Published balance 30 September 2011 EUR	Restated balance 30 September 2011 EUR
Operating expenses	(26,295,399)	(20,756,739)
Interest expense	(1,941,017)	(2,009,141)
Profit on sale of available for sale financial assets	2,376,463	-
Income before income taxes	4,103,399	7,197,472
Net income	2,724,285	5,818,358
Net income attributable to equity holders of the parent company	2,697,752	5,791,825
Earnings per share	0.05	0.1
Diluted earnings per share	0.05	0.1
Total Comprehensive income	(2,216,090)	877,983
Total Comprehensive income attributable to equity holders of the parent company	(2,237,449)	856,624

Consolidated Statement of Changes in Equity

Line of Consolidated Statement of Changes in Equity	Published balance 30 September 2011 EUR	Restated balance 30 September 2011 EUR
Additional paid in capital (Capital reserve)	32,895,729	29,348,232
Retained earnings	69,158,018	75,799,588

Fotex Holding SE and Subsidiaries
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28. Restatement of comparative data of Interim Consolidated Financial Statements as of September 30, 2012 (continued)

Consolidated Statement of Cash Flows

Line of Consolidated Statement of Cash Flows	Published balance 30 September 2011 EUR	Restated balance 30 September 2011 EUR
Income /(Loss) before non-controlling interests and income taxes	4,103,399	7,197,472
Gain/loss on disposal of other investments	701,875	(2,460,322)
Interest expense	1,941,017	2,009,141
Effect of spread of rental related incentives and allowances	-	(611,332)
Accounts receivable and prepayments	2,885,983	3,497,315
Loan received	10,775,927	11,136,674
Repayments of loan received	-	(586,747)
Change in other long term liabilities	(607,634)	14,146
Effect of foreign currency translation	(62,118)	(457,898)

The comparable data in the accompanying notes of the Interim Consolidated Financial Statements as of September 30, 2012 have also been restated as well.