Fotex Holding S.E.
26-28, rue Edward Steichen
L-2540 Luxembourg
R.C.S. Luxembourg B 146.938
Consolidated financial statements as at 31 March 2015,
Management report
31 March 2015

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Financial Statement Certification

In accordance with Article 3 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we confirm that to the best of our knowledge, the consolidated financial statements as of 31 March 2015 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of FOTEX HOLDING SE and its subsidiaries included in the consolidation taken as a whole. In addition, the Management' report includes a fair review of the development and performance of the business and the position of FOTEX HOLDING SE and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Gábor Várszegi
Chairman of the Board

Luxembourg, 26 May 2015

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Management Report

General

Fotex Holding SE (the "Company") is a European public limited company registered in the Luxembourg companies register under the number R.C.S. B 146.938 and regulated under the laws of the Grand Duchy of Luxembourg. The Company's current registered address is 26-28, rue Edward Steichen, L-2540 Luxembourg, Luxembourg.

The Company is primarily the holding company of a group of subsidiaries (Fotex and its subsidiaries, hereafter the "Group") incorporated in Luxembourg, The Netherlands and Hungary and engaged in a variety of property management, manufacturing, retailing and other activities. Except for Fotex Holding SE (ultimate parent company) and Upington Investments S.à r.l., who are registered in Luxembourg, and Fotex Netherlands B.V. (hereinafter referred to as "FN B.V."), FN 2 B.V. and FN 3 B.V., which are registered in The Netherlands, all subsidiaries of the Group are registered and operate in Hungary. The ownership of consolidated subsidiaries, after considering indirect shareholdings, is:

Subsidiary:	Principal Activities:	31 March 2015	31 March 2014
		%	%
Ajka Kristály Kft. (Ajka)	Crystal manufacturing and retail	100.00	100.00
Balaton Bútor Kft.	Furniture manufacturer	100.00	100.00
FN 2 B.V.	Property management	100.00	100.00
FN 3 B.V.	Property management	100.00	100.00
Plaza Park Kft.	Property management	100.00	100.00
Fotexnet Kft.	Internet retail and other services	100.00	100.00
Hungaroton Music Zrt.	Music archive	99.21	99.21
Keringatlan Kft.	Property management	99.99	99.98
FN B.V.	Property management	100.00	100.00
Sigma Kft.	Property services	75.05	75.05
Székhely 2007 Kft.	Property services	99.28	99.28
Upington Investments S.à r.l.	Investment holding	100.00	100.00

During the first three months of 2015 the Fotex Group did not entered into any transaction that affected the Group structure.

During 2014 the Fotex Group entered into the following transactions that affected the Group structure.

- The owner of Keringatlan Kft. decreased its capital by EUR 16,976,952 on 5 September 2014,

- The owner of FN B.V. raised its additional paid-in capital by EUR 55,058,134 on 18 December 2014.

Financial overview

The Group has operations in The Netherlands, Luxembourg and in Hungary. From a management point of view the Group is divided in 3 business lines, which are the following:

- Investment property holding and management
- Crystal and glass manufacturing
- Other – (furniture manufacturing, music publishing and retail, 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.

The following tables below summarize the Group's revenues and profit before tax for 31 March 2015 and 31 March 2014 by business lines:

Net sales:	31 March 2015 Net Sales EUR	31 March 2014 Net sales EUR
Investment property holding and management	7,020,564	6,652,418
Crystal and glass manufacturing	1,565,801	1,520,435
Other	2,042,211	1,972,813
Inter-segment elimination	(594,030)	(581,416)
Net sales	10,034,546	9,564,250

Income before income taxes:	31 March 2015 EUR	31 March 2014 EUR
Investment property holding and management	1,870,668	2,356,688
Crystal and glass manufacturing	149,003	60,612
Other	15,879	236,158
Profit before income taxes	2,035,550	2,653,458

The operating results of the Fotex Group vary from year to year due to changes in exchanges rates, discontinuation of lines of business, as well as general European and global economic trends. The Fotex Group tries to counterbalance such changes as best as possible by reorganizing and rationalizing business segments which the Fotex Group feels are no longer sustainable or have no viable future.

Management considers the sales revenue and the EPS as key financial performance indicators.

Management monitors the activities which generate the Group's revenues. The table below summarizes the main activities from which the Group generates its revenues:

Sales revenue:	31 March 2015 EUR	31 March 2014 EUR
Sale of goods	2,425,307	2,185,847
Provision of services	558,061	599,049
Rental income revenue	6,029,930	5,816,177
Revenue from service charges to tenants	902,394	714,011
Royalty revenue	63,271	66,827
Other sales revenue	55,583	182,339
Total sales revenue	10,034,546	9,564,250

The structure of the activities has not changed significantly in 2015 when compared to 2014. It can be seen that revenues generated by real estate management are the most significant, which have improved slightly during the year. In 2014 the investment portfolio was extended by the acquisition of a retail real estate in the Netherlands.

The rental income derived from investment management has not changed significantly compared to the previous year. The underlying reason for this is that the decline of the sales revenues generated by the group's Hungarian real estates – due to the local adverse economic situation – was compensated for, by an increase of sales revenues generated by the group's investment property portfolio within the Netherlands.

The decline of the rental income derived from the investment property portfolio situated in Hungary is attributable to the following reasons:

1. Rental contracts are stipulated in EUR or on a EUR basis. The Hungarian Forint has lost value against EUR during the past few years; which resulted an increase in the rental fees in local currency for the tenants, thus further worsened leasing opportunities.

2. The number of liquidation proceedings against the tenants has increased.

3. In order to retain existing tenants and convince new tenants to lease currently vacated properties the group's Hungarian subsidiaries have had to offer lower rents.

4. The severe market conditions in Hungary have also forced certain service providers – especially those representing high value added services – to reduce their activities within Hungary.

5. Mid-size retailers previously owning several stores have nearly disappeared.

We foresee these trends to be long lasting and a continuous problem with respect to the investment properties situated in Hungary.

Revenues from selling of goods are generated primarily by sales of crystal and glass products and furniture products.

The table below summarizes the Group's key financial indicators, which are monitored by the Group's management:

Selected financial information (EUR)	**31.12.2013**	**31.03.2014**	**31.12.2014**	**31.03.2015**
Sales	41,757,223	9,564,250	40,803,046	10,034,546
Gross profit*	34,370,296	8,043,410	33,661,509	8,287,607
Operating profit	11,823,586	3,367,866	11,137,104	2,963,573
Pre tax profit	7,947,134	2,653,458	6,881,507	2,035,550
Net income**	6,364,394	2,278,863	5,926,990	1,741,148
Owner's equity***	121,943,859	121,271,681	121,285,075	126,455,481
Total assets	218,508,675	215,830,356	215,791,448	227,613,595
Number of ordinary and preference issued shares	72,723,650	72,723,650	72,723,650	72,723,650
Basic earnings per share	0.11	0.04	0.11	0.03
Return on equity	5.26%	1,87%	4.87%	1,41%
Return on assets	2.91%	1,05%	2.73%	0,79%

* *revenue less cost of sales*
** *net income attributable to equity holders of the Company*
*** *equity attributable to equity holders of the Company*

The Group is committed to take responsibility for the environment paying attention to the treatment of the hazardous waste generated by the production of furniture, crystal and glass products. It takes all effort to optimize the level of the hazardous waste by proper handling, storage, transportation and removal in accordance with local regulations.

The level of the hazardous waste as of 31 March 2015 was 6,709 kg (31 March 2014: 7,084 kg), which is merely 2.29% (31 March 2014: 2.38%) of the hazardous waste produced throughout the period.

No provision is recognised for covering future environment fines or expenditures in 2015.

Risks and Risk management of the Group

The Group's business, financial condition or results can be affected by risks and uncertainties. Management has identified the following risks:

- Change in laws and regulations governing the operations of the Company and its subsidiaries may affect their business, investments and results of operations.
- Foreign currency risk
- Credit risk
- Interest rate risk
- Liquidity risk
- Country risk

Management monitors these risks and applies the following risk management procedures:

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.

Credit risk

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.

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.

Interest rate risk

In order to mitigate the interest rate risk the Group tries to use mainly fixed rate loans. In parallel with this in case of variable interest rate loans the Group limits the increase of the interest rate by applying a cap.

The loan interests vary between one to three months EUR-LIBOR + 2.2-2.7% and are at fixed rates varying between 3.27 % and 7.25 %. The interest risks of the variable interest mortgage loans, except for the smaller loan of EUR 3.75 million, are limited between 3.3% to 3.64%.

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 patterns of its assets and liabilities

Country risk

The Group has operations in Luxembourg, in The Netherlands and in Hungary. By the geographical diversification of the operations the Group mitigates the effects of any country risk. The Group expands its activities into countries where country risk is lower.

Company's internal control and risk management systems in relation to the financial reporting process

The Board of Directors has overall responsibility for ensuring that Fotex maintains a sound system of internal controls, including financial, operational and compliance controls. Such a system is an integral part of the corporate governance strategy of the Company. Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the Company can be achieved. The internal control procedures are defined and implemented by the Company to ensure:

- the compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts;
- the efficiency and effectiveness of operations and the optimal use of the company's resources;
- the correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets;
- the integrity and reliability of financial and operational information, both for internal and external use;
- that management's instructions and directions are properly applied; and
- that material risks are properly identified, assessed, mitigated and reported.

Like all control systems, internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally mitigated or eliminated. The control environment is an essential element of the Company's internal control framework, as it sets the tone for the organization. This is the foundation of the other components of internal control, providing discipline and structure.

Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

- In the context of the ongoing organizational realignment implemented since the Group moved its headquarters to Luxembourg, a greater integration of the financial operations of the parent company and affiliates under a single management structure was established.
- Controls have been established in the processing of accounting transactions to ensure appropriate authorizations for transactions, effective segregation of duties, and the complete and accurate recording of financial information.
- The Company relies on a comprehensive system of financial reporting. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the Group are drawn up and brought to the Board for approval. The Board also approves all significant investments. The Board receives monthly financial reports setting out the Company's financial performance in comparison to the approved budget and prior year figures.
- A clear segregation of duties and assignment of bank mandates between members of management, and the accounting departments is implemented.

Research and development

The Company itself has no research and development and the research and development activity carried out through its subsidiaries is not significant.

Share capital

The Company's approved and issued share capital totals EUR 30,543,933 consisting of shares with a face value of EUR 0.42 each. At 31 March 2015, the Company's issued share capital included 70,723,650 ordinary shares and 2,000,000 dividend preference shares (31 December 2014: 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 by the General Meeting, but do not carry voting rights.

Holders of dividend-bearing preferred shares are not entitled to any rights or dividends other than those granted to them by the General Meeting. They are paid once a year. Interim dividends may only be paid if the conditions required for such a distribution are met.

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

Treasury shares

The 2,000,000 dividend preference shares issued by the Company which are shown as part of "Issued capital" 2015: EUR 840,000; (2014: EUR 840,000) are also shown in "Treasury shares".

As at 31 March 2015, the Company held 18,409,412 treasury shares (of which are 16,409,412 ordinary shares and 2,000,000 are dividend preference shares) at a historic cost of EUR 23,883,640 (31 December 2014: 18,398,716 shares – of which 16,398,716 were ordinary shares and 2,000,000 were dividend preference shares – at a historic cost of EUR 23,872,801). As of 31 December 2014 Fotex Group has 6,555,895 shares which are used for as a security of loans.

During 2015, the Company purchased 10,696 of its ordinary shares (2014: 388,932 shares) on an arm's length basis. On 5 March 2013 the Company, exercising its redemption option, repurchased 775,000 pieces of dividend preference shares - owned by the management previously – for EUR 362,934. On 25 February 2014 the Group, exercising its redemption option and repurchased 775,000 pieces of dividend preference shares - owned by the management previously – for EUR 327,128. Thus all dividend preference shares are now owned by the Group.

Dividends to be paid to Ordinary Shares and Dividend Preference Shares

At their meeting of 7 April, 2015, the Board of Directors approved not to pay dividends on the preference shares as all dividend preference shares are now owned by the Group.

The Board of Directors suggested to the Annual General Meeting that the Company pay EUR 0.03 dividend per ordinary share eligible to receive dividends for the year 2014. The Company does not pay dividend on ordinary shares which are held by the Company and its subsidiaries. The Board of Directors suggested to the Annual General Meeting of the shareholders that the payment date of dividend is to be on 9 June 2015.

The Annual General Meeting of the Company held on 14 May 2015 decided to pay EUR 0.03 dividend per ordinary shares eligible to receive dividend for the year 2014 and decided that the date of the payment of dividends on ordinary shares will be 9 June 2015.

The Annual General Meeting of the Company held on 14 May 2015 decided not to distribute dividends to the holders of dividend preference shares.

Significant Events after the end of the reporting period

The owner of Ajka Kristály Üvegipari Kft. increased its share capital up to THUF 2,979,580 on 8 April, 2015.

Mortgage loans III. and IV. were fully repaid on 8 May, 2015.

Significant direct and indirect Shareholders

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 Luxembourg"), a Luxembourg company, and Zürich Investments Inc. ("Zürich"), a British Virgin Islands company. Blackburn Luxembourg has a controlling interest in Fotex Ingatlan Kft. ("Fotex Ingatlan"). As at 31 March 2015 Blackburn Luxembourg controlled 50.3% (31 December 2014: 50.3%) of the Company's voting shares. These companies are considered to be related parties.

Corporate governance

The Company adopts and applies the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange ("Ten Principles"). It reviews the Ten Principles on a yearly basis and shares the developments with the Luxembourg Stock Exchange from time to time as part of a joint follow-up process in order to reduce the number of exceptions.

In the course of 2014, the Company updated its Corporate Governance Charter which was disclosed on its website. It also updated its website and created a financial calendar for information purposes, furthermore, it extended the scope of information available on the management. As regards special committees of the Company, due to the investment holding character, the Company is of the opinion that number of special committees shall be limited in order to achieve optimal efficiency.

The Board

The Company is managed by a Board of Directors (the "Board") composed of a minimum of five and a maximum of eleven members (the "Directors", each one a "Director").

The Directors shall be appointed by the General Meeting of shareholders of the Company for a maximum period which will end at the Annual General Meeting of the Company to take place during the third year following their appointments. They shall remain in office until their successors are elected. They may be re-elected and they may be dismissed at any time by the General Meeting, with or without cause.

In the event that one or several positions on the Board become vacant due to death, resignation or any other cause, the remaining Directors shall select a replacement in accordance with the applicable legal provisions, in which case this appointment shall be ratified at the next General Meeting of the shareholders of the Company.

The Board of Directors has been authorized by the shareholders to manage the day-to-day operations of the Company, as well as to make administrative decisions at the Company.

All rights which have not been conferred to the shareholders by the Articles of Association or by the laws remain of the competence of the Board of Directors. The Board may decide paying interim dividends as prescribed by law. All long-term pay schemes, plans, or incentive programs relating to the employees of the Company and its subsidiaries, which the Board would like to implement are required to be brought to the General Meeting of the shareholders before approval.

The remuneration of members of the Board of Directors shall be fixed by the General Meeting.

The Board shall elect a chairman from among its members.

According to the Articles, persons with no legal or financial link to the Company other than their mandate as Director are considered "independent persons".

"Independent persons" does not include persons who:

a) are employed by the Company or its subsidiaries at the time of their appointment as a member of the Board of Directors;

b) carry out remunerated activities for the benefit of the Company or exercise technical, legal or financial duties within the Company;

c) are shareholders of the Company and directly or indirectly hold at least 30% of the voting rights, or are related to such a person;

d) receive financial benefits linked to the Company's activities or profit;

e) have a legal relationship with a non-independent member of the Company in another company in which the non-independent member has management and supervisory powers.

The Board is composed as follows:

Name:	**Position:**
Mr. Gábor VÁRSZEGI	Chairman of the Board
Mr. Dávid VÁRSZEGI	Member of the Board
Mr. Wiggert KARREMAN	Member of the Board
Mr. Jan Thomas LADENIUS	Member of the Board
Mr. Bob DOLE	Member of the Board
Mrs. Anna RAMMER	Member of the Board
Mr. Peter KADAS	Member of the Board

The Annual General Meeting of the Company held on 14 May 2015 elected the members of the Board of Directors with a mandate expiring at the Annual General Meeting of shareholders of the Company called to approve the Company's annual accounts as at 31 December 2015.

Each member of the Board of Directors is a high-qualified, honest and acclaimed specialist.

The Company publishes the information about the career of the Board of Directors' members on its website.

The Board of Directors shall be vested with the most extensive powers to manage the affairs of the Company and to carry out all measures and administrative acts falling within the scope of the corporate object. Any powers not expressly reserved for the General Meeting by the Articles of Association or by the laws shall fall within the remit of the Board of Directors.

A subsequent General Meeting representing at least 50% of the ordinary shares may establish the limits and conditions applicable to the authorized capital, within the conditions laid down by the law. In this case, the Board of Directors is authorized and mandated to:

- carry out a capital increase, in one or several stages, by issuing new shares to be paid up either in cash, via contributions in kind, the transformation of debt or, subject to the approval of the Annual General Meeting, via the integration of profits or reserves into the capital;

- set the place and date of the issue or of successive issues, the issue price, and the conditions and procedures for subscribing and paying up the new shares;

- abolish or restrict the preferential subscription rights of shareholders with regard to new shares to be issued as part of the authorized share capital.

This authorization is valid for a period of five years from the publication date of the authorization deed and may be renewed by a General Meeting of shareholders for any shares of the authorized capital which have not been issued by the Board of Directors in the meantime.

Following each capital increase carried out and duly recorded according to the legal formalities, the first paragraph of the Articles of Association shall be amended in such a way as to reflect the increase carried out; this amendment shall be recorded in the notarial deed by the Board of Directors or any other authorized person.

Audit Committee

The audit committee of the Company (the "Audit Committee") shall be composed of a minimum of three and a maximum of five people.

The members of the Audit Committee shall be appointed by the General Meeting of shareholders of the Company among the members of the Board deemed to be "independent persons" for a period not exceeding their respective mandates.

The Audit Committee shall elect a chairman from among its members. The quorum shall be met at Audit Committee meetings when the members have been validly called to attend and when a minimum of two-thirds or three of its members are present. All of the Committee's decisions shall be taken by a simple majority vote. In the event of a tied vote, the person presiding over the meeting shall have the casting vote. They may be re-elected and they may be dismissed at any time by the General Meeting, with or without cause.

The Audit Committee opines the annual report of the Company, controls and evaluates the operation of the financial system, provides its tasks in connection with the Auditor of the Company.

Composition of the Audit Committee

The Audit Committee is composed as follows:

- Mr. Wiggert Karreman (Member of the Audit Committee)
- Mr. Jan Thomas Ladenius (Member of the Audit Committee)
- Mr Peter Kadas (Member of the Audit Committee)

The Members of the Audit Committee were appointed at the Annual General Meeting held on 14 May 2015. The mandate of the members of the Audit Committee will expire at the Annual General Meeting of shareholders of the Company called to approve the Company's annual accounts as at 31 December 2015.

No specific remuneration is attributed to the members of the Audit Committee.

The Company publishes the resolutions after the General Meeting and ensures the shareholders get to know their content.

Subject to the provisions of the Article 10 of the Articles of Association of the Company, the General Assembly of shareholders has the broadest powers to order, carry out or ratify measures relating to the activities of the Company.

Rules Governing Amendments to the Articles of Incorporation

Amendments to the Articles of Incorporation are approved by resolution at an Extraordinary General Meeting of shareholders under the conditions of the law.

Branches of the Company

The Company has no branches.

Other Disclosures

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

There are no agreements with shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of the 2004/109/EC directive (transparency directive).

There are no restrictions on the transfer of securities in the Articles of Incorporation of the Company.

There are no securities granting special control right to their holders and there are no restrictions on voting rights of the ordinary shares.

There are no significant agreements to which the Company is party to and which would take effect, alter or terminate upon a change of control following a public offering or takeover bid.

There are no agreements between the Company and its Board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

There is no system of control of employee share scheme where the control rights are not exercised directly by the employees

Future Prospects

The financial position and performance of the Group remained stable, despite the difficult market conditions in 2015.

The Company would like to call the attention of its shareholders to the following matters having notable effect on the rental income revenue - generated by Hungarian real estates - in the foreseeable future:

1. Due to the adverse economic situation within Hungary the vacancy rate of the Hungarian real estate portfolio is expected to increase; it is assumed that both smaller retailers and some of the existing major brands will continue to give back their leased sites. This in turn will result in a decline in sales revenue - generated by the Hungarian real estate - in the foreseeable future. In addition to this we also expect a lack of new multinational companies from entering into the market and a decreasing willingness on the part of local retailers to expand. Furthermore, Hungarian government legislation restricting the retail trade has also impacted the letting in the retail sector.

2. Due to unfavorable market conditions the re-leasing of vacant real estates has become more difficult at the same time rental prices have dropped and property owners are only able to garner lower rental fees than compared to prior years.

3. In response to the hard economic environment of the Hungarian banking sector, banks have decreased the number of branches they operate; consequently more sites previously leased by banks have also became vacant.

4. Due to the adverse economic environment and difficult market conditions prevalent in Hungary, many important and internationally renowned tenants have recently decided to cease their entire operations within the Hungarian market.

   In order to offset the unfavorable economic situation in Hungary, the Group has expanded its real estate portfolio outside of Hungary during the period and intends to continue to do so in the future.

5. The difficult market conditions in Hungary have also forced certain service providers – especially those representing high value added services – to reduce their activities within Hungary.

The Group will continue seeking favorable investment opportunities taking into account the market conditions given and the stable cash flow of the Group.

In the current economic environment there are good opportunities to obtain new funds at a low cost. Considering the shareholders' interests the Group does not intend to issue any new shares with the purpose of capital increase.

26 May 2015, Luxembourg

Várszegi Gábor

Fotex Holding SE

Chairman of the Board

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

	Note	31 March 2015	31 December 2014
		EUR	EUR
Assets			
Current Assets:			
Cash and short-term deposits	4	22,927,260	13,173,781
Current portion of other financial assets	5	655,940	821,803
Accounts receivable and prepayments	6	7,993,190	7,871,517
Income tax receivable		264,097	347,499
Inventories	7	7,308,558	6,782,260
Total current assets		39,149,045	28,996,860
Non-current Assets:			
Property, plant and equipment	8	172,215,059	171,328,735
Deferred tax assets		288,879	275,220
Intangible assets	10	2,946,575	2,940,129
Non-current portion of other financial assets	5	1,855,405	1,649,998
Goodwill arising on acquisition	11	11,158,632	10,600,506
Total non-current assets		188,464,550	186,794,588
Total assets		227,613,595	215,791,448
Liabilities and Shareholders' Equity			
Current Liabilities:			
Interest-bearing loans and borrowings	15	17,947,786	17,722,081
Accounts payable and other liabilities	12	9,589,599	9,629,250
Total current liabilities		27,537,385	27,351,331
Non-current Liabilities:			
Interest-bearing loans and borrowings	15	69,432,785	63,295,311
Other long-term liabilities	12	1,751,040	1,545,698
Deferred tax liability		2,271,704	2,158,080
Total non-current liabilities		73,455,529	66,999,089
Shareholders' Equity:			
Issued capital	13	30,543,933	30,543,933
Additional paid-in capital		25,495,008	25,495,008
Goodwill write-off reserve	13	(162,676)	(243,350)
Retained earnings		92,257,775	90,597,301
Translation difference		2,205,081	(1,235,016)
Treasury shares, at cost	13	(23,883,640)	(23,872,801)
Equity attributable to equity holders of the parent company		126,455,481	121,285,075
Non-controlling interests in consolidated subsidiaries		165,200	155,953
Total shareholders' equity		126,620,681	121,441,028
Total liabilities and shareholders' equity		227,613,595	215,791,448

The accompanying notes on pages 20 to 52 form an integral part of these consolidated financial statements.

Fotex Holding SE and Subsidiaries
Consolidated Income Statement
Figures in EUR

	Note	31 March 2015	31 March 2014
		EUR	EUR
Revenue	17	10,034,546	9,564,250
Operating expenses	14	(7,070,973)	(6,196,384)
Interest income		11,896	20,270
Interest expenses	15	(939,919)	(734,678)
Income before income tax		2,035,550	2,653,458
Income tax expense	16	(293,399)	(354,066)
Net income		1,742,152	2,299,392
Attributable to:			
Equity holders of the parent company		1,741,148	2,278,863
Non-controlling interests		1,004	20,529
Net income		1,742,152	2,299,392
Basic earnings per share	23	0.03	0.04
Diluted earnings per share	23	0.03	0.04

The accompanying notes on pages 20 to 52 form an integral part of these consolidated financial statements.

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

	Note	31 March 2015	31 March 2014
		EUR	EUR
Net income		1,742,152	2,299,392
Other comprehensive income:			
Exchange gain/(loss) on translation of foreign operations*	18	3,448,340	(2,850,559)
Total comprehensive income/(loss)		5,190,492	(551,167)
Attributable to:			
Equity holders of the parent company		5,181,245	(589,617)
Non-controlling interests		9,247	38,450
		5,190,492	(551,167)

*Will be subsequently reclassified to profit or loss on the disposal of the relevant foreign operations.

The accompanying notes on pages 20 to 52 form an integral part of these consolidated financial statements.

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

	Issued Capital EUR	Additional Paid-in Capital EUR	Goodwill Write-off Reserve EUR	Retained Earnings EUR	Translation Difference EUR	Treasury Shares EUR	Total EUR	Non-controlling interests EUR	Total Equity EUR
1 January 2015	**30,543,933**	**25,495,008**	**(243,350)**	**90,597,301**	**(1,235,016)**	**(23,872,801)**	**121,285,075**	**155,953**	**121,441,028**
Net income 2015	–	–	–	1,741,148	–	–	**1,741,148**	1,004	**1,742,152**
Other comprehensive income	–	–	–	–	3,440,097	–	**3,440,097**	8,243	**3,448,340**
Total comprehensive income	–	–	–	1,741,148	3,440,097	–	**5,181,245**	9,247	**5,190,492**
Purchase of treasury shares (note 13)	–	–	–	–	–	(10,839)	**(10,839)**	–	**(10,839)**
Shareholder dividends	–	-	–	–	–	–	-	–	-
Minority dividends	–	–	–	–	–	–	–	–	–
Reversed written off goodwill reserve (note13)	–	–	80,674	(80,674)	–	–	–	–	–
Reclassification from additional paid in capital to retained earnings	–	–	–	–	–	–	–	–	–
31 March 2015	**30,543,933**	**25,495,008**	**(162,676)**	**92,257,775**	**2,205,081**	**(23,883,640)**	**126,455,481**	**165,200**	**126,620,681**

The accompanying notes on pages 20 to 52 form an integral part of these consolidated financial statements.

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

	Issued Capital EUR	Additional Paid-in Capital EUR	Goodwill Write-off Reserve EUR	Retained Earnings EUR	Translation Difference EUR	Treasury Shares EUR	Total EUR	Non-controlling interests EUR	Total Equity EUR
1 January 2014	**30,543,933**	**25,495,008**	**(566,044)**	**86,622,753**	**3,368,023**	**(23,519,814)**	121,943,859	**141,030**	**122,084,889**
Net income 2014	–	–	–	2,278,863	–	–	**2,278,863**	(20,529)	**2,258,333**
Other comprehensive income	–	–	–	–	(2,889,009)	–	**(2,889,009)**	38,451	**(2,850,559)**
Total comprehensive income	–	–	–	2,278,863	(2,889,009)	–	**(610,146)**	17,921	**(592,225)**
Purchase of treasury shares (note 13)	–	–	–	–	–	(62,032)	**(62,032)**	–	**(62,032)**
Shareholder dividends	–	-	–	–	–	–	-	–	-
Minority dividends	–	–	–	–	–	–	–	(1,997)	**(1,997)**
Reversed written off goodwill reserve (note13)	–	–	80,674	(80,674)	–	–	–	–	–
Reclassification from additional paid in capital to retained earnings	–	(62,033)	–	62,033	–	–	–	–	–
31 March 2014	**30,543,933**	**25,432,975**	**(485,370)**	**88,882,975**	**479,014**	**(23,581,846)**	**121,271,681**	**156,953**	**121,428,634**

The accompanying notes on pages 20 to 52 form an integral part of these consolidated financial statements.

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

	Note	31 March 2015	31 March 2014
		EUR	EUR
Cash flows from operating activities:			
Income before income taxes	19	2,035,550	2,653,458
Depreciation and amortisation	14	1,899,936	1,812,440
Scrapped tangible assets		-	1,348
Write off of inventories		(43,321)	37,557
Impairment loss of debtors and reversals		43,685	(65,047)
Impairment loss of other financial assets and disposals		-	22
Gain on disposals of fixed assets		(5,836)	4,599
Gain on disposal of other investments		-	(940)
Interest income		(11,897)	(20,270)
Change in fair value of embedded derivative		480	-
Effect of spread of rental related incentives and allowance		51,638	71,932
Interest expenses	15	939,919	734,678
Dividends paid (MI)		-	76,456
Changes in working capital:			
Accounts receivable and prepayments		1,172,102	1,256,691
Inventories		(412,994)	216,837
Accounts payable and other liabilities		30,583	(1,581,300)
Cash generated from operations		5,699,845	5,198,461
Income tax paid	16	(260,904)	(283,177)
Net cash flow from operating activities		5,438,941	4,915,283
Cash flows from investing activities:			
Acquisition of investment properties		-	-
Acquisition of tangible and intangible assets		(163,950)	(499,367)
Sale proceeds of tangible and intangible assets		11,733	5,667
Sale/(purchase) of financial investments		-	1,351
Repayments of loans granted		1,525	(10,143)
Interest received		5,191	6,172
Net cash flow used in investing activities		(145,501)	(496,320)
Cash flows from financing activities:			
Loan received		6,289,216	58,535
Dividends paid		-	(75,144)
Interest paid		(1,088,662)	(890,076)
Repayments of loan received		(352,209)	(341,374)
Purchased treasury shares		(10,839)	(61,514)
Change in other long term liabilities		-	(8,334)
Net cash flow from financing activities		4,837,506	(1,317,907)
Change in cash and cash equivalents		10,130,946	3,101,057
Cash and cash equivalents at beginning of the year	4	13,173,781	14,621,389
Effect of foreign currency translation		(377,467)	(638,229)
Cash and cash equivalents at end of the year	4	22,927,260	17,084,214

The accompanying notes on pages 20 to 52 form an integral part of these consolidated financial statements.

1. General

Further to the decision of the shareholders, as of 31 December, 2008, the Court of Registration cancelled Fotex Nyrt. from the companies register on the grounds of transformation and, according to the Court's decision dated 9 January, 2009, registered FOTEX HOLDING SE Nyilvánosan Működő Európai Részvénytársaság (FOTEX HOLDING SE European public limited company) as of 1 January, 2009. Following the transformation into a European public limited company, the Company's Extraordinary General Meeting held on 4 June, 2009 decided to move the Company's registered office to Luxembourg. The Company has been registered in the Luxembourg companies register under the number R.C.S. B 146.938. The Company's current registered address is at 26-28, rue Edward Steichen, L-2540 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, The Netherlands and 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 FN B.V., FN 2 B.V., and FN 3 B.V. which are registered in The Netherlands, all subsidiaries of the Group are registered and operate in Hungary.

The ownership of consolidated subsidiaries, after considering indirect shareholdings, is:

Subsidiaries	**Principal Activities**	**Issued capital EUR**		**Ownership (%)**		**Voting rights %**	
		31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
Ajka Kristály Üvegipari Kft.	Crystal manufacturing and retail	7,600,553	6,906,186	100.00	100.00	100.00	100.00
Balaton Bútor Kft.	Furniture manufacturer	1,325,100	1,325,100	100.00	100.00	100.00	100.00
Fotexnet Kft.	Internet retail and other services	1,595,501	1,595,501	100.00	100.00	100.00	100.00
Hungaroton Music Zrt.	Music archive	480,399	480,399	99.21	99.21	99.21	99.21
Keringatlan Kft.	Property management	3,751,896	20,728,848	99.99	99.98	99.99	99.98
FN 2 B.V.	Property management	18,000	18,000	100.00	100.00	100.00	100.00
FN 3 B.V.	Property management	100	100	100.00	100.00	100.00	100.00
Plaza Park Kft.	Property management	1,171,580	1,171,580	100.00	100.00	100.00	100.00
FN B.V.	Property management	18,000	18,000	100.00	100.00	100.00	100.00
Sigma Kft.	Property services	100,650	100,650	75.05	75.05	75.05	75.05
Székhely 2007 Kft.	Property services	102,949	102,949	99.28	99.28	99.28	99.28
Upington Investments S.à r.l.	Investment holding	12,500	12,500	100.00	100.00	100.00	100.00

2. Significant Accounting Policies

Fotex Group's report on its operations during the first three months of 2015 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") as endorsed by the EU.

Effective 1 January 2005, the Group prepares its consolidated financial statements in accordance with IFRS as adopted by the EU. At 31 March, 2015, 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 and is regulated under the laws of the Grand Duchy of Luxembourg. The reporting currency of the consolidated financial statements changed to EUR.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Fotex and its subsidiaries as at 31 March 2015.

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 first three months of 2015 are prepared in Euro ("EUR").

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

2. Significant Accounting policies (continued)

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:

	2015	2014
First quarter	308.78 HUF/EUR	307.90 HUF/EUR

Assets and liabilities have been converted to EUR using the MNB FX rate as at 31 March 2015: 299.14 HUF/EUR (31 December 2014: 314.89 HUF/EUR), this resulted in the significant exchange difference in translation of foreign operations shown in the other comprehensive income.

3. Significant accounting judgments, estimates and assumptions

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least 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. The carrying amount of goodwill at 31 March 2015 is EUR 11,158,632 (2014: EUR 10,600,506). Further details are given in Note 11.

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

Impairment of Intangibles

The Group determines whether intangible assets with indefinite useful lives such as merchandising and media rights are impaired at least 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. Further details are given in Note 10.

On 1 January 2012, the Hungarian Parliament enacted a law concerning the media and merchandising rights connected to sporting organisations. In this it was determined that media and merchandising rights connected to sporting clubs may only be owned by associations and not by third parties. Further where such rights were held by third parties prior to the change in the law then the ownership/usage right transfers to the sporting association from 1 January 2012. Where this is the case compensation is to be paid to the former owner of the rights based on an agreement to be reached between the parties. If an agreement is not reached by the parties, the local court of justice (Budapest court) will judge on the compensation on the basis of the market value of the rights as of the date of the transfer.

Fotex includes in its intangible assets the merchandising and media rights of FTC Labdarúgó Zrt., that are subject to the change in law described above. Fotex maintains the asset at its recoverable value as established in its financial statements for the year ended 31 December 2010 and shown in the following reporting periods. Management has estimated as of 31 December 2014 that this value represents a fair estimate of value based on the estimation of value in use and on the assumption as enshrined in the act for compensation at market value which had been established by Fotex in earlier years.

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. Further details are given in Note 16.

Fair Value of Investment Properties

The Group has determined and presented in the notes the fair value of investment property either as the present value of the estimated future cash flows generated from leasing such assets or using comparable prices. Future cash flows were determined separately for the following categories of investment property: retail outlets, offices, warehouses and other real estate property 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. Further details are given in Note 9.

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 22,927,260 (31 December 2014: EUR 13,173,781).

Cash includes fixed deposit of EUR 862,725 at rate 0.70%, (in 2014 cash included EUR 844,753 at rate 0.70%).

5. Other financial assets

Current	31 March 2015 EUR	31 December 2014 EUR
Cash deposits connected to rented properties	464,266	640,877
Short-term loans to other parties *	190,494	179,815
Other short-term investments	1,180	1,111
Other current financial assets, total	655,940	821,803

Non-current	31 March 2015 EUR	31 December 2014 EUR
Cash deposits connected to rented properties	1,723,191	1,523,346
Unquoted equity instruments available-for-sale	125,028	118,790
Long-term loans to other parties **	7,186	7,862
Other non-current financial assets, total	1,855,405	1,649,998

Cash deposits connected to rented properties:

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

* Short-term loans to other parties:

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

Unquoted equity instruments available-for-sale:

The balance of unquoted equity instruments available-for-sale consists of its investment of Ajka Kristály Üvegipari Kft. in Ajka Crystal LLC that was acquired in 2012.

5. Other financial assets (continued)

** Non-current part of other long-term loans:

The non-current part of other long-term loans includes loans given to employees in amount of EUR 7,186 (31 December 2014: EUR 7,862), it also contained other companies loans in amount of EUR 152,592 which were impaired fully in 2014.

6. Accounts receivable and prepayments

	31 March 2015	31 December 2014
	EUR	EUR
Accounts receivable	5,178,726	5,359,164
Impairment loss on accounts receivable	(289,367)	(241,235)
Tax assets	876,232	528,960
Other receivables	1,086,446	1,055,864
Prepayments/accrued income	1,574,369	1,574,957
Impairment loss on other receivables	(433,216)	(406,193)
Total	7,993,190	7,871,517

Tax assets are mainly VAT receivable and are typically received within three months.

Impairment loss on debtors and on other receivables at 31 March 2015 is: EUR 722,583 (31 December 2014: EUR 647,428).

Movements in impairment loss:

	EUR
1 January 2014	428,136
Charge for the year	553,976
Unused amount reversed	(92,104)
Utilised*	(213,132)
Currency loss arising on retranslation	(29,448)
31 December 2014	647,428
Charge for the year	56,934
Unused amount reversed	(16,730)
Utilised*	-
Currency gain arising on retranslation	34,951
31 March 2015	722,583

*Impairment loss used due to qualifying the underlying receivable as bad debt.

6. Accounts receivable and prepayments (continued)

Aged debtors less impairment loss:

	Not overdue and not impaired	Overdue but not impaired					
		< 30 days	30-90 days	90-180 days	180-360 days	>360 days	Total
31 March 2015	3,545,119	653,244	152,089	333,208	111,747	93,952	4,889,359
31 December 2014	4,086,239	692,302	132,856	53,292	136,330	16,910	5,117,929

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

	Not overdue and not impaired	Overdue but not impaired					
		< 30 days	30-90 days	90-180 days	180-360 days	>360 days	Total
31 March 2015	1,895,503	182,442	462,650	-	-	563,236	3,103,831
31 December 2014	1,715,535	131,189	44,260	282,775	400	579,429	2,753,588

7. Inventories

	31 March 2015	31 December 2014
	EUR	EUR
Merchandise and finished products	6,624,920	6,544,932
Materials	850,268	778,602
Work in progress	2,927,420	2,510,913
Inventories, gross	10,402,608	9,834,447
Impairment of merchandise and finished products	(2,507,472)	(2,480,254)
Impairment of materials	(51,046)	(57,989)
Impairment of work in progress	(535,532)	(513,944)
Impairment of inventories	(3,094,050)	(3,052,187)
Total inventories, net	7,308,558	6,782,260

Movements in inventory impairment loss:

Management has identified a number of Group companies that have slow moving inventories. Management believes that the EUR 3,094,050 provision made for the impairment of inventories (31 December 2014: EUR 3,052,187) is adequate, from this the current year reversal is EUR 96,589 (impairment loss in 2014: EUR 144,975) which is disclosed as other operating expense (Note 14). In addition to the impairment 2015 EUR 1,613,480 of inventories were recognised as an expense (2014: EUR 6,963,261).

8. Property, plant and equipment

Movements in tangible assets during first three months of 2015 were as follows:

	Land, buildings, improvements	Furniture, machinery, equipment, fittings	Construction in progress	Total
	EUR	EUR	EUR	EUR
Cost:				
1 January 2015	214,085,958	18,561,583	117,584	232,765,125
Additions	38,661	121,461	-	160,122
Other increase	166	275	-	441
Disposals and write downs	(2,588)	(28,823)	(13,628)	(45,039)
Currency gain arising on retranslation	4,140,570	974,060	5,745	5,120,375
31 March 2015	218,262,767	19,628,556	109,701	238,001,024
Accumulated depreciation:				
1 January 2015	(45,108,408)	(16,327,982)	-	(61,436,390)
Depreciation expense	(1,721,503)	(146,706)	-	(1,868,209)
Disposals and write downs	23,312	15,516	-	38,828
Other increase	-	(52)	-	(52)
Currency loss arising on retranslation	(1,658,262)	(861,880)	-	(2,520,142)
31 March 2015	(48,464,861)	(17,321,104)	-	(65,785,965)
Net book value				
31 March 2015	169,797,906	2,307,452	109,701	172,215,059
31 December 2014	168,977,550	2,233,601	117,584	171,328,735

8. Property, plant and equipment (continued)

Movements in tangible assets during 2014 were as follows:

	Land, buildings, improvements	Furniture, machinery, equipment, fittings	Construction in progress	Total
	EUR	EUR	EUR	EUR
Cost:				
1 January 2014	205,856,133	18,794,633	154,472	224,805,238
Additions	11,611,916	165,570	-	11,777,486
Other increase	1,396,923	988,559	-	2,385,482
Disposals and write downs	(82,692)	(276,640)	(28,643)	(387,975)
Currency loss arising on retranslation	(4,696,322)	(1,110,539)	(8,245)	(5,815,106)
31 December 2014	214,085,958	18,561,583	117,584	232,765,125
Accumulated depreciation:				
1 January 2014	(38,653,655)	(15,912,109)	-	(54,565,764)
Depreciation expense	(6,765,406)	(657,806)	-	(7,423,212)
Disposals and write downs	22,259	234,075	-	256,334
Other increase	(1,378,566)	(921,216)	-	(2,299,782)
Currency gain arising on retranslation	1,666,960	929,074	-	2,596,034
31 December 2014	(45,108,408)	(16,327,982)	-	(61,436,390)
Net book value				
31 December 2014	168,977,550	2,233,601	117,584	171,328,735
31 December 2013	167,202,478	2,882,524	154,472	170,239,474

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. In Hungary for example real estate players still have no reason to be optimistic. The effect of adverse market conditions can be strongly felt in the retail, office and even the logistics sectors. Within all three segments of the real estate market supply is in excess of demand and there is no expected increase in demand within the foreseeable future. The changes on retail real estate market have had the greatest effect on the Group's activities due to the structure of the Group's real estate portfolio; therefore any change in this market segment will have a much more significant impact on the revenue stream of the entire Company.

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

- 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.
- the "quality" of the tenants have also decreased, which represents a significant risk

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. 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 10-25%.

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. Mid-size retailers previously owning several stores have nearly disappeared. 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. Service providers operating in the shopping centers are looking for real estates with lower costs located in the city. Closure of branch offices of the commercial banks is still ongoing, financial institutions are decreasing the number of branches to the lowest level possible. They accept the extension of the rental contracts only with significant reduction of the rental fees.

In the third quarter of 2014 FN B.V. purchased a retail real estate having 14.350 m2 (belonging plot is 30.980 m2) in Nieuwegein.

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 centers 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 88,023 m2 of which 16.80% (14,790 m2) is situated in Hungary and 83.20% (73,233 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, FN B.V., purchased five significant office buildings totaling an area of 32,563 m2 (Zoetermeer, Gorinchem, Haarlem, Rotterdam, Zwolle). In 2011 FN 2 B.V. 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 B.V. purchased an office building having 6,445 m2 in Amsterdam.

The Group acquired also in 2013 two office buildings for investment purposes and purchased an office for own use in the Netherlands. In 2014 FN B.V. purchased a retail building having 14,350 m2 with 325 parking places in Nieuwegein.

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 2014. The figures disclosed in the annual financial statements for 2014 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	Net book value	Estimated fair value
	m^2	EUR	EUR
Retail outlets	160,919	32,554,244	149,375,912
Offices	88,023	102,659,786	122,123,272
Warehouses	82,097	2,813,623	9,978,589
Other structures	42,862	3,564,009	7,125,662
Plots of land	840,864	21,474,918	32,225,198
Total investment properties	1,214,765	163,066,580	320,828,633

10. Intangible assets

Movements in intangible assets during first three months of 2015 were as follows:

	Media and merchandising rights	Other	Total
	EUR	EUR	EUR
Cost:			
1 January 2015	6,667,194	587,928	7,255,122
Additions	-	3,828	3,828
Disposals and write downs	-	-	-
Currency gain/loss arising from retranslation	-	269,359	269,359
31 March 2015	6,667,194	861,115	7,528,309
Accumulated amortisation:			
1 January 2015	(4,008,798)	(306,195)	(4,314,993)
Amortisation expense	-	(31,727)	(31,727)
Disposals and write downs	-	-	-
Currency gain/loss arising from retranslation	-	(235,014)	(235,014)
31 March 2015	(4,008,798)	(572,936)	(4,581,734)
Net book value:			
31 March 2015	2,658,396	288,179	2,946,575
31 December 2014	2,658,396	281,733	2,940,129

10. Intangible assets (continued)

Movements in intangible assets during 2014 were as follows:

	Media and merchandising rights	Other	Total
	EUR	EUR	EUR
Cost:			
1 January 2014	6,667,194	507,891	7,175,085
Additions	-	136,105	136,105
Disposals and write downs	-	(21,089)	(21,089)
Currency gain/loss arising from retranslation	-	(34,979)	(34,979)
31 December 2014	6,667,194	587,928	7,255,122
Accumulated amortisation:			
1 January 2014	(4,008,798)	(268,135)	(4,276,933)
Amortisation expense	-	(33,938)	(33,938)
Disposals and write downs	-	9,956	9,956
Currency gain/loss arising from retranslation	-	(14,078)	(14,078)
31 December 2014	(4,008,798)	(306,195)	(4,314,993)
Net book value:			
31 December 2014	2,658,396	281,733	2,940,129
31 December 2013	2,658,396	239,756	2,898,152

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

As part of discontinuing its ownership of FTC Labdarúgó Zrt., (a company that operates and manages the football club „FTC") acquired in 2001 (at a cost of HUF 1.9 billion – ca, EUR 7 million), Fotex acquired certain merchandising rights in FTC (media and brand merchandise, distribution and promotion rights (billboards) in 2003 for an unlimited period for which an impairment of EUR 4,008,798 has been recorded in prior years. Owing to changes in Hungarian legislation, as of 1 January 2012, all rights related to the Club's address, logo and name reverted to the FTC Sport Association. Such reversion is due compensation by FTC, the amount of which is currently under negotiation by the parties (there is no substantial change in this regard as of 31 March 2015). Should the parties be unable to reach an agreement, the amount of compensation will be determined based on the fair value of the rights at the time of reversal by a court competent to act based on the location of the Club's headquarters.

11. Goodwill arising on acquisition

Movements in goodwill on business combinations were as follows during 2015 and 2014:

	31 March 2015	31 December 2014
	EUR	EUR
Cost:		
1 January	17,897,785	18,981,622
Currency difference arising from retranslation	942,335	(1,083,837)
Closing balance	18,840,120	17,897,785
Impairment:		
1 January	(7,297,279)	(7,739,180)
Currency difference arising from retranslation	(384,209)	441,901
Closing balance	(7,681,488)	(7,297,279)
Net book value		
1 January	10,600,506	11,242,442
Closing balance	11,158,632	10,600,506

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

Goodwill is therefore tested as follows:

	31 March 2015	31 December 2014
	EUR	EUR
Total goodwill	11,158,632	10,600,506
Residual balance of deferred tax liability, in excess of the fair value, initially provided on acquisition	(1,526,454)	(1,450,106)
Goodwill tested for impairment	9,632,178	9,150,400

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 Keringatlan Kft. which is 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 2015. Management estimates that goodwill is not impaired even in case of the potential changes in the assumptions of the underlying valuation model, since the fair values of the investment properties, to which the goodwill relates, are significantly higher than the book values of the properties.

Goodwill is allocated to the following entities:

	31 March 2015	31 December 2014
	EUR	EUR
Keringatlan Kft.	9,381,272	8,912,046
Plaza Park Kft.	1,777,360	1,688,460
Net book value	11,158,632	10,600,506

12. Accounts payable, other liabilities and provision

	31 March 2015	31 December 2014
	EUR	EUR
Trade payables	1,161,019	1,118,700
Taxes payable	1,695,114	1,591,437
Advances from customers	31,657	64,861
Accrued expenses	445,412	857,827
Deferred rental income	4,496,783	4,090,588
Amounts payable to employees	215,648	186,452
Deposits from tenants	464,266	640,877
Other liabilities	1,079,700	1,078,508
Total accounts payable and other current liabilities	9,589,599	9,629,250
Other long term liabilities	1,751,040	1,545,698

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.

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

The Group has received 2 to 3 months deposits of EUR 2,215,306 (2014: EUR 2,186,575) 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 1,751,040 (2014: EUR 1,545,698), and the part which is expected within a year was classified as short-term tenant deposit liabilities EUR 464,266 (2014: EUR 640,877).

Dividend preference shares incentive scheme:

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

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

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

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

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.

On 25 February 2014 the Company exercising its redemption option and repurchased 775,000 pieces of dividend preference shares - owned by the management at the end of 2013 – for EUR 327,128. Thus all dividend preference shares are now owned by the Group.

The Annual General Meeting of the Company held on 14 May 2015 decided not to distribute dividends to the holders of dividend preference shares.

During the first three months of 2015 provisions haven't been accounted for.

13. Share capital and reserves

Share capital

The Company's approved and issued share capital totals EUR 30,543,933 consisting of shares with a face value of EUR 0.42 each. At 31 March 2015, the Company's issued share capital included 70,723,650 ordinary shares and 2,000,000 dividend preference shares (2014: 70,723,650 ordinary shares and 2,000,000 dividend preference shares).

The "dividend preference shares" carry the same rights as ordinary shares in the event of liquidation or dissolution. They entitle the holder to an annual dividend determined as detailed in Note 12 by the General Meeting, but do not carry voting rights.

Holders of dividend 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 preference 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 preference shares.

Treasury shares

The 2,000,000 dividend preference shares issued by the Company which are shown as part of "Issued capital" 2015: EUR 840,000; (2014: EUR 840,000) are also shown in "Treasury shares". During the first quarter of 2015, no dividend preference shares are held by management. As of 31 December 2014 Fotex Group has 6,555,895 shares which are used for as a security of loans.

As at 31 March 2015, the Company held 18,409,412 treasury shares (of which are 16,409,412 ordinary shares and 2,000,000 are dividend preference shares) at a historic cost of EUR 23,883,640 (31 December 2014: 18,398,716 shares – of which 16,398,716 were ordinary shares and 2,000,000 were dividend preference shares – at a historic cost of EUR 23,872,801).

During the first quarter of 2015, the Company purchased 10,696 of its ordinary shares (2014: 388,932 shares) on an arm's length basis.

On 25 February 2014 the Group, exercising its redemption option repurchased 775,000 pieces of dividend preference shares - owned by the management at year end – for EUR 327,128. Thus all dividend preference shares are now owned by the Group.

Goodwill write-off reserve

In 1990, in connection with the transformation of the Company to a Hungarian Rt. (public limited company) 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 162,676 (31 December 2014: EUR 243,350). "Fotex" is a protected and registered brand name all over the European Union, and the sole holder is the Group.

14. Operating expenses

	31 March 2015	31 March 2014
	EUR	EUR
Payments to personnel	(1,416,135)	(1,406,188)
Material-type expenses	(3,288,495)	(3,089,991)
Other expenses, net*	(466,407)	112,235
Depreciation and amortisation charge	(1,899,936)	(1,812,440)
Total operating expenses	(7,070,973)	(6,196,384)

* Other expenses (net) include the following:

	31 March 2015	31 March 2014
	EUR	EUR
Realised and unrealized FX differences (net)	4,861	424,261
Taxes other than income tax	(399,766)	(400,386)
Fair valuation loss on embedded derivative	480	-
Other expenses/income	(71,982)	88,360
Total other expenses, net	(466,407)	112,235

15. Interest-bearing loans and borrowings

The Group's Dutch subsidiary, FN B.V. obtained three mortgage loans from FGH Bank N.V. in 2009 (Loans I.-III.) and a further loan in 2010 (Loan IV.) to fund the purchase of properties. In 2011, FN 2 B.V., a subsidiary of FN B.V., took out another mortgage loan (Loan V.) for property purchase purposes from Berlin-Hannoversche Hypothekenbank AG. As at 26 March, 2012, FN 2 B.V. took out a mortgage loan (Loan VI.) from Berlin-Hannoversche Hypothekenbank AG to fund the purchase of a property acquired at the end of 2011. The mortgage loans are not cross-collaterised loans.

On 30 October, 2012, FN 2 B.V. took out an additional mortgage loan (Loan VII.) from Berlin-Hannoversche Hypothekenbank AG to finance the purchase of an office building in Amsterdam.

In 2011, when the Fotex Group acquired its ownership in Plaza Park Kft., the compensation included the transfer of four intra-group loans; as a result these loans are recognised as liabilities to related parties in the consolidated financial statements. These four loans (Loans VIII.-XI.) are owed by Fotex Group to Zürich Investments Inc.

On 1 January, 2015, FN B.V. took out an additional mortgage loan (Loan XII.) from FGH Bank N.V. to fund the purchase of properties.

Mortgage loans III. and IV. were fully repaid on 8 May, 2015.

15. Interest-bearing loans and borrowings (continued)

The details of the loans are as follows:

Item	Start date	End date	Loan EUR	Interest	Long-term portion at 31 March 2015 EUR	Current portion at 31 March 2015 EUR	Long-term portion at 31 Dec 2014 EUR	Current portion at 31 Dec 2014 EUR
I. mortgage	16/4/2009	1/5/2016	18,400,000	One-month Euribor + 2.7% (rounding +0.05)	16,406,235	322,336	16,460,401	326,469
II. mortgage	1/11/2009	1/11/2016	3,800,000	Three-months Euribor + 2.26% (rounding +0.05)	3,249,839	82,644	3,260,263	83,127
III. mortgage	18/12/2009	1/1/2015	3,750,000	Three-months Euribor + 2.20% (rounding +0.05)	-	3,341,051	-	3,393,091
IV. mortgage	21/5/2010	1/5/2015	14,000,000	fixed 4.32 % p.a.	-	12,690,116	-	12,815,134
V. mortgage	1/7/2011	30/6/2016	11,300,000	fixed 4.26 % p.a.	10,183,700	226,000	10,234,275	226,000
VI. mortgage	26/03/2012	31/03/2017	13,800,000	fixed 3.59% p.a.	12,346,294	345,000	12,426,321	345,000
VII. mortgage	30/10/2012	15/10/2017	8,750,000	fixed 3.43% p.a.	8,371,746	87,500	8,388,218	87,500
VIII. loan	1/7/2011	13/4/2018	6,896,624	fixed 7.25 % p.a.	6,013,206	123,289	6,042,126	210,961
IX. loan	1/7/2011	3/11/2018	1,500,000	fixed 7.25 % p.a.	1,291,487	26,815	1,299,012	45,884
X. loan	1/7/2011	17/12/2018	2,373,327	fixed 7.25 % p.a.	2,038,456	42,427	2,050,727	72,598
XI. loan	1/7/2011	28/6/2021	3,800,000	fixed 7.25 % p.a.	3,105,793	67,932	3,133,968	116,238
XII. mortgage	30/1/2015	31/12/2020	6,500,000	fixed 3.27 % p.a.	6,426,029	147,703	-	-
Overdraft and short term					-	444,973	-	79
Total			**94,869,951**		**69,432,785**	**17,947,786**	**63,295,311**	**17,722,081**

15. Interest-bearing loans and borrowings (continued)

The above loans marked I. to VII. and XII. are secured by mortgage rights on the Fotex properties in The Netherlands and secured by pledge on rental income from the real estate properties and other assets of FN B.V. and FN 2 B.V. In addition to mortgage rights Fotex Group has provided 6,555,895 shares as a security for loans at 31 December 2014.

The net book values of these properties at 31 March 2015 were as follows:

2719 EP Zoetermeer, Einsteinlaan 20	8,918,247 EUR
Gorichem, Stadhuisplein 1a, 70 and 70a	11,827,858 EUR
Haarlem, Schipholpoort 20	4,578,265 EUR
3012 BL Rotterdam, Witte de Withstraat 25	5,177,183 EUR
8017 JV Zwolle, Zuiderzeelaan 43-51	15,992,196 EUR
3439 LD Nieuwegein, Ravenswade 15	10,678,746 EUR
3528 BJ Utrecht, Papendorpseweg 65	14,130,803 EUR
2123 JH Hoofddorp, Polarisavenue 1	17,399,202 EUR
1101 CE Amsterdam Southeast, Entrée 500	13,639,767 EUR

The loans marked VIII. to XI. taken out for the purchase of the participation in Plaza Park Kft. are unsecured.

Loans having a variable market interest rate approximated their fair values. Loans VIII.-XI. were initially recognized in 2011 on their fair value related to the Plaza Park transaction and until 31 March 2015 there was no significant change in their fair value. In case of other fixed rate interest loans, there was no significant change in the interest rate until 31 March 2015, the book value also approximates its fair value.

Included in the Group's total interest expense of EUR 939,919 (I-III month 2014: 743,678) is a total interest expense in relation to the loans I.-XII. above of EUR 937,620 till 31 March 2015 (I-III month 2014: EUR 733,763).

16. Income tax

From 1 January 2011, the tax rate on the first HUF 500 million of taxable profit is 10% and above this amount 19% in Hungary. For the purposes of the tax rate reconciliation, Fotex has used a blended tax rate of 16.59% (2014: 16.59%) based on the tax rates used in four biggest tax payers of the Group (Keringatlan Kft., Plaza Park Kft., FN B.V., FN 2 B.V.)

The income tax rate applicable to Fotex Holding SE's and Upington Investments S.à r.l.'s income earned in Luxembourg is 22.47% from 1 January 2013, which results in a total tax of 29.22% as increased by Luxembourg's municipal business tax (Fotex Holding SE and Upington Investments S.à r.l. moved their registered seat from Capellen to Luxembourg in 2012); the income tax rate for FN B.V., FN 2 B.V. and FN 3 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 Kft. a tax rate of 15.97% (2014: 15.97%) has been applied whilst for the remaining Hungarian companies a rate of 10% (2014: 10%) has been used based on expected profitability.

For the Luxembourg and Dutch entities: at the applicable income tax rates described above, for FN B.V. a tax rate of 20% (2014: 20%), for FN 2 B.V. a 24.12% (2014: 24.12%) and in the case of FN 3 B.V. 22.59% tax rate was applied (2014: 22.59%).

The Group has carried forward losses of EUR 155,474 (2014: EUR 147,698) which can be written off from taxable income of the Group members. Furthermore the Group carries forward losses of EUR 21,431,341 (2014: EUR 20,617,814) 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 21,431,341 (2014: EUR 20,617,814) were not considered in the consolidated financial statements as basis for deferred tax assets of which EUR 21,431,341 (2014: EUR 20,617,814) can be rolled forward for an indefinite period.

17. Revenue

Sales revenue	31 March 2015	31 March 2014
	EUR	EUR
Sale of goods	2,425,307	2,185,847
Provision of services	558,061	599,049
Rental income revenue	6,029,930	5,816,177
Revenue from service charges to tenants	902,394	714,011
Royalty revenue	63,271	66,827
Other sales revenue	55,583	182,339
Total sales revenue:	10,034,546	9,564,250

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. Segment information

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

Investment property management
Crystal and glass manufacturing
Other – (furniture manufacturing, music publishing and retail, 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.

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

19. Segment information (continued)

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

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

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

	31 March 2015	31 March 2015	31 March 2015	31 March 2014	31 March 2014	31 March 2014
Net sales:	Net Sales external EUR	Net Sales inter-segment EUR	Net sales EUR	Net Sales external EUR	Net Sales inter-segment EUR	Net sales EUR
Investment property management	6,856,456	164,108	7,020,564	6,497,680	154,738	6,652,418
Crystal and glass manufacturing	1,565,069	732	1,565,801	1,520,435	-	1,520,435
Other	1,613,021	429,190	2,042,211	1,546,135	426,678	1,972,813
Inter-segment elimination		(594,030)	(594,030)		(581,416)	(581,416)
Net sales	10,034,546	-	10,034,546	9,564,250	-	9,564,250

Crystal and glass sales mainly reflect export sales realised in USD and EUR. Other sales mainly reflect sales realised in HUF. The rental fees are nominated in EUR and HUF.

Income before income taxes:	31 March 2015 EUR	31 March 2014 EUR
Investment property management	1,870,668	2,356,688
Crystal and glass manufacturing	149,003	60,612
Other	15,879	236,158
Income before income taxes	2,035,550	2,653,458

	31 March 2015	31 March 2015	31 March 2015	31 December 2014	31 December 2014	31 December 2014
Assets:	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	183,423,062	3,457,365	186,880,427	170,608,429	3,349,970	173,958,399
Crystal and glass manufacturing	9,505,105	33	9,505,138	8,838,311	-	8,838,311
Other	34,685,428	301,998	34,987,426	36,344,708	434,446	36,779,154
Inter-segment elimination		(3,759,396)	(3,759,396)	-	(3,784,416)	(3,784,416)
Net assets	227,613,595	-	227,613,595	215,791,448	-	215,791,448

19. Segment information (continued)

Liabilities and accruals:	31 March 2015 Consolidated liabilities EUR	31 March 2015 Intra-business line payables EUR	31 March 2015 Total liabilities EUR	31 December 2014 Consolidated liabilities EUR	31 December 2014 Intra-business line payables EUR	31 December 2014 Total liabilities EUR
Investment property management	98,897,283	904,716	99,801,999	92,223,191	469,777	92,692,968
Crystal and glass manufacturing	599,113	3,443,625	4,042,738	467,618	3,228,792	3,696,410
Other	1,496,518	140,202	1,636,720	1,659,611	218,634	1,878,245
Inter-segment elimination	-	(4,488,543)	(4,488,543)	-	(3,917,203)	(3,917,203)
Liabilities and accruals:	100,992,914	-	100,992,914	94,350,420	-	94,350,420

Tangible and intangible asset additions:	31 March 2015 EUR	31 December 2014 EUR
Investment property management	28,468	11,725,831
Crystal and glass manufacturing	18,524	47,185
Other	116,958	140,575
Tangible asset additions:	163,950	11,913,591

Depreciation and amortisation:	31 March 2015 EUR	31 March 2014 EUR
Investment property management	(1,683,394)	(1,590,140)
Crystal and glass manufacturing	(53,189)	(52,573)
Other	(163,353)	(169,727)
Depreciation and amortisation:	(1,899,936)	(1,812,440)

20. Financial risks, management objectives and policies

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

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

Interest rate 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 months EURIBOR + 2.2-2.7% or are at fixed rates varying between 3.43% and 4.32%. In 2014 the interest of the variable interest mortgage loans, except for the smaller loan of EUR 3.75 million, ranged between 3.3% to 3.64%. Additionally the lending bank charge a 0.7% interest guarantee with respect to mortgage loan 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 which are uncovered as part of the compensation for acquiring its 100% participation in Plaza Park Kft. Accordingly, from 1 July 2011, the transferred loans qualify as related party loans from the Group's perspective. These loans bear a fixed interest rate of 7.25% per annum.

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 translation 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 of orders and market demand which depends on global market trends rather than on FX rate fluctuations.

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

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.

Receivable balances are monitored on an ongoing basis.

Credit risk related to receivables resulting from the sale of inventory is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, available-for-sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. At 31 March 2015 the Group's maximum exposure to credit risk is EUR 32,548,549 (31 December 2014: EUR 22,986,705).

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.

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 patterns of its assets and liabilities

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

Capital management

The main objective of the Group's capital management activities is to continuously ensure an equity structure that supports the Group's business operations, maintains its creditworthiness and maximises shareholder value. Changes in the Group's business environment are also reflected in the equity structure. The Group's equity structure is supervised by management by monitoring the Group's indebtedness ratio and decisions are made accordingly.

The indebtedness ratio is calculated by the Group in view of its net debt and the equity attributable to the Group. 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 reduced by deferred rental income. To calculate the indebtedness ratio, the net debt is divided with the aggregate of equity and net debt. The Group's indebtedness ratio calculations at 31 March 2015 and 31 December 2014 are presented below:

	31 March 2015	31 December 2014
	EUR	EUR
Short-term and long-term borrowings (Note 15):	87,380,571	81,017,392
Trade payables and other current liabilities less deferred rental income:	5,092,816	5,538,662
Cash and cash equivalents (Note 4):	(22,927,260)	(13,173,781)
Net debt:	69,546,127	73,382,273
Equity attributable to the Company:	126,455,481	121,285,075
Total:	196,001,608	194,667,348
Indebtedness ratio:	35.48%	37.70%

The Company's indebtedness ratio decreased from 37.70% at 31 December 2014 to 35.48% at 31 March 2015, primarily due to the 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.

Fair value

At 31 March 2015 and 31 December 2014, 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 accounts. Bank loans having a variable interest rate approximated their fair values.

21. Investments in subsidiaries

During the first three months of 2015 the Fotex Group did not enter into any transaction that affected the Group structure.

During 2014 the Fotex Group entered into the following transactions that affected the Group structure.

- The owner of Keringatlan Kft. decreased its capital by EUR 16,976,952 (from EUR 20,728,848 to EUR 3,751,896) on 5 September 2014. The proportionate part of the capital reserve and retained earnings have been reduced as well. This capital reduction had no impact on the consolidated financial statements.

- The owner of FN B.V. raised its additional paid-in capital by EUR 55,058,134 on 18 December 2014 (containing EUR 1,900,000 cash, EUR 7,500,000 loan claim, EUR 60,411 related interest claim and EUR 45,597,723 claim from reduction in share capital against Keringatlan Kft.)

22. Operating Leases

Group as lessee

The Group leases retail sites within the shopping centre "MOM Park" located in Budapest and at two other locations in Budapest and four in Győr partially based on non-cancellable operating lease agreements.

The Group leases 173 parking spaces located in Hoofddorp.

Since September 2001, the Group has been leasing retail sites within "MOM Park"; the relating contract had a term of 6 years, in March 2007, the Group announced its intention to use its option on the outlets rented in "MOM Park", whereby the rental contracts were extended till September 2018.

The Group recalculates its leasing fees by ending of each year and publishes them in its financial statements.

23. Earnings Per Share

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

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

	31 March 2015	31 March 2014
	EUR	EUR
Net profit attributable to equity holders from continuing operations	1,741,148	2,278,863
Net profit attributable to shareholders	1,741,148	2,278,863
Weighted average number of shares in issue during the year	54,317,689	54,676,442
Basic earnings per share (EUR)	0.03	0.04

The diluted earnings per share agree with basic earnings per share in 2015 and 2014 as there is no dilution effect in these years.

24. 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 Luxembourg"), a Luxembourg company, Zürich Investments Inc. ("Zürich"), a British Virgin Islands company and Ajka Crystal LLC (California, USA). Blackburn Luxembourg has a controlling interest in Fotex Ingatlan Kft. ("Fotex Ingatlan"). As at 31 March 2015, Blackburn Luxembourg controlled 50.3% (31 December 2014: 50.3%) of the Company's voting shares. These companies are considered to be related parties.

Related party transactions

2015 disclosures

Rental and other related fees paid to Fotex Ingatlan for I-III months 2015 were EUR 103,144 (2014 I-III months: EUR 90,370).

Administrative and expert fees paid by Fotex Ingatlan during the first three months of 2015 were EUR 10,010 (2014 I-III months: EUR 37,447).

Further to an airplane rental agreement between Blackburn Inc. and Fotex Holding SE, the total amount of rent plus related services invoiced by Blackburn Inc. for I-III months 2015 were EUR 9,000 (2014 I-III months: EUR 0), and to FN B.V. for I-III months 2015 EUR 30,500 has been invoiced (2014 I-III months: EUR 12,000).

For the period I-III months 2015, FN B.V. was charged interest of EUR 192,532 (2014 I-III months: EUR 192,532) by Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft.

For the period I-III months 2015, FN 2 B.V. was charged interest of EUR 67,932 (2014 I-III months: EUR 67,932) by Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft.

2014 disclosures

Rental and other related fees paid to Fotex Ingatlan for 2014 were EUR 426,113 (2013: EUR 404,614).

Administrative and expert fees paid by Fotex Ingatlan for 2014 were EUR 66,644 (2013: EUR 30,530).

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 2014 was EUR 0 (2013: EUR 194,250).

In 2014 the airplane rental related services have been invoiced to FN B.V. During 2014 EUR 178,250 has been invoiced (2013: 0 EUR).

For the period 2014, FN B.V. was charged interest of EUR 780,822 (2013: EUR 780,821) by Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft (Note 15).

For the period 2014, FN 2 B.V. was charged interest of EUR 275,500 (2013: EUR 275,500) by Zürich, on the former intra-group loans transferred to the seller of Plaza Park Kft (Note 15).

Transactions with other related parties

Inventory sold to Fotex Ingatlan by Ajka Kristály Kft. for I-III months 2015 were EUR 3,077 (2014 I-III months: EUR 3,846). The amount of the related cost of sales for I-III months 2015 was EUR 1,930 (2014 I-III months: EUR 2,210).

25. Subsequent Events after the end of the reporting period

The owner of Ajka Kristály Üvegipari Kft. increased its share capital up to THUF 2,979,580 on 8 April, 2015.

Mortgage loans III. and IV. were fully repaid on 8 May, 2015.

26. Personnel and structural changes

Structural changes:

During the first three months of 2015 there were no structural changes.

Personnel changes:

During the first three months of 2015 there were no personnel changes.

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 168,757 shares has been paid up to this date and the holders of 166,229 void shares have not come forward so far.

Fotex Nyrt's ordinary shareholders' meeting held on 28 April 2004 decided to convert Fotex Nyrt's printed shares into dematerialised shares. The conversion to dematerialised shares took place on 11 November 2004. The conversion does not affect the rights related to the shares. The printed shares could be presented for conversion between 10 September 2004 and 10 November 2004. On 11 November 2004, all printed shares were made void by Fotex Nyrt.

Consideration for 1,210 shares made void due to dematerialization has been paid up to this day, the holders of 140, void shares have not come forward so far.

According to resolution No. 5 at their ordinary annual meeting held on 14 May 2015, upon approving the financial statements for 2014, Fotex Holding SE's shareholders decided not to distribute dividends to the holders of dividend preference shares.

According to resolution No. 5 at their ordinary annual meeting held on 14 May 2015, upon approving the financial statements for 2014, Fotex Holding SE's shareholders decided to pay EUR 0.03 dividend per ordinary share to the shareholders eligible to receive dividends for the year 2014.

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 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.