Fotex Holding SE
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R.C.S. Luxembourg B 146.938

Consolidated financial statements as at 30 September 2011

Fotex Holding SE and its subsidiaries
Consolidated statement of financial position
Figures in EUR

	Notes	September 30 2011 EUR	December 31 2010 EUR
Assets:			
Current assets:			
Cash and cash equivalents	4	19,022,500	17,480,416
Other current financial assets	5	745,896	280,768
Accounts receivable and prepayments	6	5,493,549	6,483,893
Income tax receivable		-	440,601
Inventories	7	6,714,593	7,637,998
Total current assets		31,976,538	32,323,676
Non-current assets			
Property, plant & equipment	8	137,853,596	112,226,193
Deferred tax asset		400,312	419,510
Intangible assets	10	2,797,972	2,814,996
Other non-current financial assets	5	1,453,385	6,838,490
Goodwill arising on acquisition	11	11,679,566	10,067,494
Total non current assets		154,184,831	132,366,683
Total assets:	19	186,161,369	164,690,359
Liabilities and shareholder's equity			
Current liabilities:			
Interest-bearing loans, borrowings and overdrafts	15	1,347,967	848,825
Provisions		169,005	217,373
Accounts payable and other liabilities	12	6,639,927	8,912,889
Income tax liability		261,589	0
Total current liabilities:		8,418,488	9,979,087
Non-current liabilities:			
Interest bearing loans and borrowings	15	63,039,130	37,852,693
Other long-term liabilities	12	1,373,348	1,939,830
Deferred tax liability	16	2,042,162	550,981
Total non current liabilities		66,454,640	40,343,504
Shareholder's equity:			
Issued capital	13	30,543,933	30,543,933
Capital reserve		32,895,729	32,895,729
Goodwill write off reserve	13	(1,292,105)	(1,534,125)
Retained earnings		69,158,018	71,637,487
Treasury shares, at cost	13	(20,123,862)	(19,266,955)
Fair value revaluation reserve	13	0	0
Equity attributable to equity holders of the parent company		111,181,713	114,276,069
Non – controlling interest in consolidated subsidiaries		106,528	91,699
Total shareholder's equity		111,288,241	114,367,768
Total liabilities and shareholder's equity		186,161,369	164,690,359

See the accompanying notes to the consolidated financial statements.

Fotex Holding Se and its subsidiaries
Consolidated Income statement
Figures in EUR

	Notes	September 30 2011	June 30 2011	March 31 2011	September 30 2010
		EUR	EUR	EUR	EUR
Revenue	19	29,197,458	19,380,529	9,384,175	27,625,436
Operating expenses	14	(26,295,399)	(15,092,873)	(7,380,903)	(21,760,871)
Interest income		765,894	657,153	275,543	1,108,364
Interest expense		(1,941,017)	(1,060,161)	(586,326)	(961,578)
Profit on sale of available for sale financial assets	5	2,376,463			
Income before income taxes	19	4,103,399	3,884,648	1,692,489	6,011,351
Income tax expense	16	(1,379,114)	(801,937)	(411,777)	(957,747)
Net income		2,724,285	3,082,711	1,280,712	5,053,604
Attributable to					
Equity holders of the parent company		2,697,752	3,074,971	1,277,882	5,044,557
Non – controlling interest		26,533	7,740	2,830	9,047
Net income		2,724,285	3,082,711	1,280,712	5,053,604
Earnings per share	23	0.05	0.05	0.02	0.08
Diluted earnings per share	23	0.05	0.05	0.02	0.08

See the accompanying notes to the consolidated financial statements.

Fotex Holding SE its subsidiaries
Consolidated Statement of Comprehensive Income
Figures in EUR

	Notes	September 30 2011	June 30 2011	March 31 2011	September 30 2010
		EUR	EUR	EUR	EUR
Net income		2,724,285	3,082,711	1,280,712	5.053.604
Other comprehensive income:					
Exchange differences on translation of foreign operations	18	(4,940,375)	3,747,052	3,673,445	(1.667.734)
Total comprehensive income		(2,216,090)	6,829,763	4,954,157	3.385.870
Attributable to:					
Equity holders of the parent company		(2,237,449)	6,817,384	4,946,781	3.376.823
Non-controlling interest		21,359	12,379	7,376	9.047
		(2,216,090)	6,829,763	4,954,157	3.385.870

See the accompanying notes to the consolidated financial statements.

Fotex Holding SE and its subsidiaries
Consolidated Statements of Changes in Equity

30 September 2011

	Issued Capital	Capital reserve	Goodwill Write off Reserve	Retained Earnings	Treasury shares	Fair value revaluation reserve	Total	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
1 January 2011	30,543,933	32,895,729	(1,534,125)	71,637,487	(19,266,955)	–	114,276,069	91,699	114,367,768
Profit for the period 2011	–	–	–	2,697,752	–	–	2,697,752	26,533	2,724,285
Other comprehensive income (Note 18)	–	–	–	(4,935,201)	–	–	(4,935,201)	(5,174)	(4,940,375)
Total comprehensive income	–	–	–	(2,237,449)	–	–	(2,237,449)	21,359	(2,216,090)
Redeemed treasury shares (Note 13)	–	–	–	–	(856,907)	–	(856,907)	–	(856,907)
Non-controlling interest dividends	–	–	–	–	–	–	–	(10,809)	(10,809)
Increase in non-controlling interest	-	-	-	-	-	-	-	4,279	4,279
Reversed written off goodwill reserve (Note 13)	–	–	242,020	(242,020)	–	–	–	–	–
Fair value revaluation of financial assets classified as available for sale (Note 13)	–	–	–	–	–	-	-	–	
30 September 2011	**30,543,933**	**32,895,729**	**(1,292,105)**	**69,158,018**	**(20,123,862)**	**0**	**111,181,713**	**106,528**	**111,288,241**

See accompanying notes to the consolidated financial statements.

Fotex Holding SE and its subsidiaries
Consolidated Statements of Changes in Equity

30 September 2010

	Issued Capital	Capital reserve	Goodwill Write off Reserve	Retained Earnings	Treasury shares	Total	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
1 January 2010	30,543,933	32,895,729	(1,856,818)	67,493,126	(19,121,608)	109,954,362	83,613	110,037,975
Profit for the period 2010	–	–	–	5,044,557	–	5,044,557	9,407	5,053,604
Other comprehensive income	–	–	–	(1,667,734)	–	(1,667,734)	0	(1,667,734)
Total comprehensive income	–	–	–	3,376,823	–	3,376,823	9,407	3,385,870
Redeemed treasury shares (Note 13)	–	–	–	–	(83,529)	(83,529)	–	(83,529)
Non-controlling interest dividends	–	–	–	–	–	–	–	–
Reversed written off goodwill reserve (Note 13)	–	–	242,020	(242,020)	–	–	–	–
30 September 2010	30,543,933	32,895,729	(1,614,798)	70,627,929	(19,205,137)	113,247,656	92,660	113,340,316

See accompanying notes to consolidated financial statements.

Fotex Holding SE and its subsidiaries
Consolidated Statements of Cash Flows

	30 September 2011	30 September 2010
	EUR	EUR
Cash flows from operating activities:		
Income / (Loss) before non-controlling interests and income taxes	4,103,399	6,011,351
Depreciation and amortization	4,460,771	3,940,810
Provision used and reversed	(47,171)	(5,668)
Scrapped inventories, impairment loss of debtors and investments, reversed impairment loss, impairment of tangible assets	789,051	471,350
Gain/loss on disposal of tangible and intangible assets	(4,053)	(1,333)
Gain/loss on disposal of a subsidiaries	1,485	
Gain/loss on disposal of other investments	701,875	
Interest income	(765,894)	(1,108,364)
Interest expense	1,941,017	961,578
Changes in assets and liabilities:		
Accounts receivable and prepayments	2,885,983	1,559,615
Inventories	659,688	65,164
Accounts payable and accrued expenses	(3,920,673)	(2,791,710)
Cash flows from operating activities	10,805,478	9,102,793
Income taxes paid	(196,133)	(957,747)
Net cash from operating activities:	10,609,345	8,145,046
Cash flows from investing activities:		
Purchase of tangible and intangible assets:	(16,722,763)	(20,054,242)
Sale of tangible and intangible assets:	9,159	13,181
Acquiring subsidiaries, net of cash	(891,807)	
Change in investments	246,142	(539,101)
Interest received	329,617	1,108,364
Net cash used in investing activities:	(17,029,652)	(19,471,798)
Cash flows from financing activities:		
Loans granted	98,816	984,387
Loans received	10,775,927	13.484.091
Dividend paid	(10,809)	
Interest paid	(1,374,884)	(961,578)
Purchase of treasury shares	(856,907)	(83,529)
Change in subordinate and other long term liabilities	(607,634)	(33,502)
Net cash used in financing activities:	8,024,509	13.389.869
Net increase/decrease in cash and cash equivalents:	1,604,202	2,063,117
Cash and cash equivalents at beginning of year	17,480,416	12,997,087
Effect of foreign currency translation	(62,118)	(93,392)
Cash and cash equivalents at 30 September:	19,022,500	14,966,812

See accompanying notes to consolidated financial statement.

1. General information

Fotex Group’s report on its operations in the period I-IX. months 2011 is prepared in accordance with IFRS requirements. These figures are consolidated but not audited.

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

At 31 December 2010, the company’s court registered the merger of Balaton Glas Hotel Kft. into Keringatlan Kft. effective as of 1 January 2011.

In the second quarter 2011 all possessions and activity of Downington S.à.r.l. have been taken over by its sole previous owner, which is Upington S.à.r.l. As an effective date of April 7, 2011 Downington S.à.r.l. has been cancelled from the Luxembourg companies register.

At 24 June 2011, Fotex Netherlands BV established its subsidiary, called FN 2 BV, in The Netherlands to further develop and manage the property portfolio in The Netherlands.

As of July 1, 2011 the Group purchased the ownership of 100% share of Plaza Park Kft seated in Hungary, thus since 1 July 2011 Plaza Park Kft qualifies as 100% subsidiary of the Group.

As of August 8, 2011 the Group sold all of its 100% business share in Europrizma Management Ltd, thus since 8 August 2011 Europrizma Management Ltd has been out of the Fotex Group.

1. General information (continued)

Subsidiaries taken into account at the consolidation at 30 September 2011 and at 30 September 2010 are as follows:

SUBSIDIARIES	PRINCIPAL ACTIVITIES	ISSUED CAPITAL (EUR)		OWNERSHIP (%)		VOTING RIGHTS (%)	
		30/09/2011	30/09/2010	30/09/2011	30/09/2010	30/09/2011	30/09/2010
Ajka Kristály Üvegipari Kft.	Crystal manufacturing and retail	5,050,721	5,050,721	100.0	100.0	100.0	100.0
Balaton Bútor Kft.	Furniture manufacturer	1,325,100	1,325,100	100.0	100.0	100.0	100.0
Balaton Glas Hotel Kft.	Property management (Note 21)	-	879,979	-	100.0	-	100.0
Downington Sàrl.	Investment holding (Note 21)	-	2,050,000	-	100.0	-	100.0
Europrizma Kft.	Administration services (Note 21)	-	35,879	-	100.0	-	100.0
Fotex Cosmetics Kft.	Cosmetics retailer	870,723	870,723	100.0	100.0	100.0	100.0
Fotexnet Kft.	Internet retail and other services	56,963	28,349	87.9	99.97	89.2	100.0
Hungaroton Music Zrt.	Music archive	480,399	480,399	99.2	99.2	99.2	99.2
Hungaroton Records Kft.	Music release and music retailing	1,707,078	1,707,078	99.8	99.8	100.0	100.0
Keringatlan Kft.	Property management	20,558,176	20,558,176	100.0	100.0	100.0	100.0
Fotex Netherlands B.V.	Property management	18,000	18,000	100.0	100.0	100.0	100.0
FN 2 B.V.	Property management (Note 21)	18,000	-	100.0	-	100.0	-
Primo Zrt.	Clothing retailing and wholesaling	1,859,657	1,859,657	99.9	100.0	100.0	100.0
Sigma Kft.	Property services	100,650	100,650	75.1	75.1	75.1	75.1
Székhely 2007 Kft.	Property management	86,109	86,109	99.1	99.1	99.1	99.1
Upington Investments Ltd.	Investment holding	12,500	12,500	100.0	100.0	100.0	100.0
Plaza Park Kft	Property management (Note 21)	1,171,580	-	100.0	-	100.0	-

At their meetings held on 26 September 2008 and 9 December 2008, the shareholders of Fotex Nyrt. Fotex Group's holding company, decided to transform Fotex Nyrt. into a European public limited company. 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.

In connection with the transformation into a European public limited company, the dematerialized shares had to be replaced. The replacement took place on 25 February 2009. As a result of the replacement, the product list listed at the Budapest Stock Exchange (BSE) was changed. One dematerialized subscribed share of Fotex Nyrt. at HUF 100 face value is equivalent to one dematerialized subscribed share of Fotex Holding SE Nyrt. at EUR 0.42 face value. The rights related to the shares as set out in the company statutes have remained unchanged.

Following the transformation into a European public limited company, the Company's annual general meeting held on 28 April 2009 decided to move the Company's registered office to Luxembourg. The Company was registered in the Luxembourg (new registered office) companies register at 4 June 2009. The Company's new registered address is at 75, Parc d'activités, L-8308 Capellen, Luxembourg. The Metropolitan Court of Budapest, cancelled the Company from the Hungarian companies register on 28 August 2009.

2. Significant accounting policies

Basis of presentation

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

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").

Effective 1 January 2005, the Group prepares its consolidated financial statements in accordance with IFRS that have been adopted by the EU. At 30 September 2011, 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 Company. The reporting currency of the consolidated financial statements is EUR.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Fotex and its subsidiaries as at 30 September 2011. The financial statements of the subsidiaries are prepared for the same reporting period as Fotex, using consistent accounting policies.

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

Non-controlling interests represent the portion of income or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within shareholders' equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Acquisitions of minority interests are accounted under the entity concept method. The entire difference between the cost of the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the non-controlling interest is reflected as being a transaction between owners.

As a result of its transformation into a European public limited company, the Company's financial records have been kept in EUR since 1 January 2009. Accordingly, Fotex Group's consolidated financial statements for the period I-IX. months 2011 are prepared in EUR.

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

Assets and liabilities have been converted to EUR using the MNB FX rate as at 30 September 2011.: 292.12 HUF/EUR (31 December 2010: 278.75 HUF/EUR). The elements of own equity are converted by using the historical FX rates except the current year's result and the non-controlling interest. The current year's result is converted by using the quarterly Hungarian Nation Bank ("MNB") average FX rates and the non-controlling interest is converted by using the MNB FX rate as at 30 September 2011 (292.12 HUF/EUR).

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

Data in HUF/EUR

Period	2011.	2010.
1st Quarter	272.48	268.57
2nd Quarter	266.33	274.38
3rd Quarter	274.90	282.46

3. Significant accounting judgements, estimates and assumptions

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

Operating Lease Commitments-Group as Lessor

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

Impairment of Goodwill

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

Impairment of Intangibles

The Group determines whether intangible assets with indefinite useful lives such as merchandising and media rights are impaired on an annual basis. This requires an estimation of the value in use of the

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

cash-generating units to which the intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilised. On an annual basis 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. The recognised tax loss as at 30 September 2011 is EUR 1,123,691 (31 December 2010: EUR 1,136,887)

Fair Value of Investment Properties

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

4. Cash and cash equivalents

Liquid assets held at banks bear daily floating interest rates and are deposited for the short-term (1 day to 3 months) in view of the prompt 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 at 30 September 2011 is EUR 19,022,500 (31 December 2010: EUR 17,480,416).

Cash includes fixed deposits of EUR 2,021,061 (31 December 2010: EUR 2,740,413) at rates ranging from 3.74% to 5.3 % (2010: 3.5% to 7.1 %). The Company has EUR, USD and HUF deposits. The lower rates are on foreign currencies while the higher ones are on HUF.

At 30 September 2011 the investment in money-market funds are reclassified from investments to cash and cash equivalents, because this meets the definition of cash equivalents. For the comparison the investment in money-market funds at 31 December 2010 are reclassified from investments to cash and cash equivalents, that’s why the opening balance of cash and cash equivalents increased from EUR 17,245,883 to EUR 17,480,416.

5. Other financial assets

	30 September 2011	31 December 2010
Short term	EUR	EUR
Cash deposit connected to rented properties	744,694	279,509
Other short-term investment – less impairment loss	1,202	1,259
Other short-term investments, total	745,896	280,768

	30 September 2011	31 December 2010
	EUR	EUR
Long term		
Cash deposit connected to rented properties	1,352,413	1,933,037
Investments held to maturity	94,841	4,804,608
Loans to senior officers	-	92,393
Long-term part of long-term loans to other companies – less impairment loss	6,131	8,452
Other long-term investments, total	1,453,385	6,838,490

Cash deposit 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 the long-term, and the deposits which are expected to be repayable within 3 months and a year were classified as short-term.

Other short-term investment less impairment loss

The other short-term investment - less impairment loss line contained previously investments in money-market funds and OTP and MOL bonds.

5. Other financial assets (continued)

The investment in money-market funds has been reclassified to cash and cash equivalents, due to the fact that this investment in money-market funds meets the definition of cash equivalents. For the comparison the investment in money-market funds at 31 December 2010 has also been reclassified to cash and cash equivalents. (Note 4.)

Previously OTP and MOL bonds were classified as long term held to maturity investments, although the intention of the company with these securities changed, that's why these bonds have been reclassified to available for sale category as of June 15, 2011, which was disclosed in the other short-term investments – less impairment loss line.

The Group had 7,100 subordinated OTP Bank Nyrt, ("OTP") bonds of EUR 1,000 face value each purchased by the Group on 1 and 2 December 2008 and on 27 January 2009 for EUR 3,509,853. The bonds were issued at 19 September 2006 as value date maturing on 19 September 2016 at a rate of 100% of the face value. The bonds bear 5.27% interest and interest is paid on 19 September each year. The cost of the investment less the effective interest at 30 June 2011 was EUR 4,458,547 (31 December 2010: EUR 4,093,865). The applied average effective interest rate was 18%. The fair value of OTP bonds as of June 30, 2011 was EUR 6,749,996 (at 31 December 2010: EUR 6,146,738).

The Group has 1,000 MOL Nyrt ("MOL") bonds of EUR 1,000 face value each purchased on 10 March 2009 for EUR 524,380. The MOL bonds mature on 5 October 2015 and bear an interest of 3.88% payable on 5 October each year. The cost of the investment less the effective interest at 30 June 2011 was EUR 658,961 (31 December 2010 EUR 608,801). The applied average effective interest rate was 16%. The fair value of MOL bonds as of June 30, 2011 was EUR 968,413 (at 31 December 2010: EUR 889,873).

Because these securities were in the available for sale category at 30.06.2011, that's why these bonds were valued at fair value in the Statement of Financial Position, and the difference between the book value and fair value of bonds at 30.06.2011 was accounted in fair value revaluation reserve of shareholder's equity, see note 13

The OTP and MOL bonds have been sold at 1 July 2011. The accumulated fair value difference, which was previously in the fair value revaluation reserve of shareholder's equity, has been reversed to the current year's profit. The Company has realized EUR 2,376,463 gain on the sale of the bonds.

Loans to senior officers:

Arm's length loans granted by Fotex to senior officers to purchase dividend preference shares were redeemed in I-IX months of 2011 totally (31 December 2010: 92,393) see Note 24.

Long-term loans to other companies:

The long-term part of long-term loans to other companies – less impairment loss line contains EUR 6,131 (31 December 2010: EUR 8,452) loans granted to employees.

6. Accounts receivable and prepayments

	30 September 2011	31 December 2010
	EUR	EUR
Debtors	3,368,745	5,531,848
Impairment loss on debtors	(1,024,800)	(946,542)
Tax assets	735,417	498,766
Other receivables and prepayments/accrued income	2,554,594	1,739,316
Impairment loss on other receivables	(140,407)	(339,495)
Total	5,493,549	6,483,893

The terms applicable to related parties are set out in Note 24.
Debtors typically pay between 0 and 60 days, during this period no late payment interest is charged.
Tax assets are typically received in three months.

Impairment loss on debtors, tax assets and on other receivables at 30 September 2011 is EUR 1,165,207 (31 December 2010: EUR 1,286,037).

Movements in the impairment loss during the year 2010 and 2011 is as follows:

	EUR
1 January 2010	765,862
Charge for the year	656,965
Utilised	(62,942)
Unused amount reversed	(52,115)
FX loss	(21,733)
31 December 2010	1,286,037
Charge for the year	377,479
Utilised	(252,263)
Unused amount reversed	(194,160)
FX loss	(51,886)
30 September 2011	1,165,207

7. Inventories

	30 September 2011 EUR	31 December 2010 EUR
Merchandise and finished products	7,661,904	8,361,764
Materials	884,091	1,124,639
Work in progress	2,184,791	2,121,892
Inventories, gross	10,730,786	11,608,295
Impairment of merchandise and finished products	(3,485,494)	(3,409,006)
Impairment of materials	(39,422)	(46,450)
Impairment of work in progress	(491,277)	(514,841)
Impairment of inventories	(4,016,193)	(3,970,297)
Total inventories, net	6,714,593	7,637,998

Management has identified a number of Group companies that have slow moving inventories. Management has considered the recognised impairment loss of EUR 4,016,193 (2010: EUR 3,970,297) as adequate. During the first nine months 2011 EUR 232.514 inventory impairment has been created and EUR 4,902 inventory provision has been disposed in I-IX. months 2011, because inventories were scrapped on which previously impairment had been accounted. The remaining change in inventory impairment is due to changes in FX rates.

8. Property, plant & equipment

Movements in tangible assets during period I-IX. months 2011 were as follows (the table contains the property plant & equipment and investment property together):

	Land, buildings, improvements	Furniture, machinery, equipment, fittings	Construction in progress	Total
	EUR	EUR	EUR	EUR
Cost:				
1 January 2011	132,002,513	18,843,351	436,957	151,282,821
Additions	34,239,431	1,625,120		35,864,551
Disposals and write downs	(1,828,434)	(427,448)		(2,255,882)
Currency (loss)/gain arising from retranslation	(4,975,479)	(992,914)	(304,212)	(6,272,605)
30 September 2011	159,438,031	19,048,109	132,745	178,618,885
Accumulated depreciation:				
1 January 2011	(23,530,138)	(15,526,490)	-	(39,056,628)
Depreciation expense	(3,493,633)	(950,471)	-	(4,444,104)
Disposals and write downs	1,494,187	330,190	-	1,824,377
Other increase	(538,027)	(533,473)	-	(1,071,500)
Currency (loss)/gain arising from retranslation	1,157,906	824,660	-	1,982,566
30 September 2011	(24,909,705)	(15,855,584)	-	(40,765,289)
Net book value				
30 September 2011	134,528,326	3,192,525	132,745	137,853,596
31 December 2010	108,472,375	3,316,861	436,957	112,226,193

8. Property, plant & equipment (continued)

Movements in tangible assets during 2010 were as follows (the table contains the property, plant & equipment and investment property together):

	Land, buildings, improvements	Furniture, machinery, equipment, fittings	Construction in progress	Total
	EUR	EUR	EUR	EUR
Cost:				
1 January 2010	114,042,089	20,205,460	1,115,426	135,362,975
Additions	20,234,847	946,258	-	21,181,105
Disposals and write downs	(218,866)	(1,728,509)	(654,668)	(2,602,043)
Currency (loss)/gain arising from retranslation	(2,055,557)	(579,858)	(23,801)	(2,659,216)
31 December 2010	132,002,513	18,843,351	436,957	151,282,821
Accumulated depreciation:				
1 January 2010	(19,870,659)	(16,868,950)	-	(36,739,609)
Depreciation expense	(4,297,973)	(838,697)	-	(5,136,670)
Disposals and write downs	64,764	1,692,875	-	1,757,639
Currency (loss)/gain arising from retranslation	573,730	488,282	-	1,062,012
31 December 2010	(23,530,138)	(15,526,490)	-	(39,056,628)
Net book value				
31 December 2010	108,472,375	3,316,861	436,957	112,226,193
31 December 2009	94,171,430	3,340,062	1,111,874	98,623,366

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. Based on the forecasts in 2011 a slightly higher GDP increase is expected compared to prior year, although the effect of expected economic performance improvement won’t influence the real estate market, due to the fact that the effects of macroeconomic trends appear ca 1- 2 years later on the real estate market. From a Group point of view the year 2011 won’t be easier compared to the two previous years, rather stagnation is expected.
The changes on retail real estate market have the greatest effect on the Group’s activity due to the structure of the Group’s real estate portfolio, so at the forecasting of the revenue the changes in this sector should have mainly taken into account. The trend on the retail real estate market is the following:

- in 2010 the retail turnover has decreased by 2.3% compared to prior year, and in 2011 the rise of purchasing power and that’s why the increase in retail turnover also can not be expected

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

9. Real estate property (continued)

- the rental fees are presumed to be a low level, they stagnate
- the offered real estate portfolio of the Group and the quality and place of the released properties so many times do not fit to the requirements of the declining number of potential lessees.
- the prolongation of the expired rental contracts will be more difficult and more unfavourable rental conditions are expected to achieve as it was previously

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

Retail real estates

The continuous decline of the retail turnover hasn’t stopped yet. It is expected that further stores situated at a less commercially frequented places and retailers with low economic potential will cease their operation during the year and in addition we can modestly taken into account the appearance of new multi national companies and expansion of domestic companies. According to the most optimistic opinions, the best case scenario is that the falling of rental fees would stop. The negotiations are also more difficult and more time-consuming. It is typical that shorter term rental agreements are signed.

Warehouses

A continuous increase in the supply of state-of-the-art logistic centres and newly built warehouses make it increasingly difficult for us to rent out our less up-to-date warehouses. Since the beginning of the financial crises the logistic property rental fees have dropped significantly, the decreases in the market can be as high as 30-40%. Positive for the future, that real estate experts predict that positive change would appear first in office-warehouse segment of the real estate market, based on the market expectations slight increase in the rental fee is expected.

Offices

It is assumed that the stop of the falling in demand and the decreasing degree of new offices will contribute to slight moderate in the record vacancy (at year-end 2010 it was 26%). Based on the real estate experts this rate would be at around 23-24% at year-end 2011. In case of rental fee most of the real estate experts believe that no increase would happen, but the decrease would also expect to stop.

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

Adverse changes in the world’s economy have made it particularly necessary to review the value of the Group’s real estate properties on an annual basis. Our investment properties were revalued as part of the audited annual financial statements prepared at the end of 2010. The figures disclosed in the annual financial statements for 2010 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.

9. Real estate property (continued)

Category	Area	Net book value	Estimated fair value
	m^2	EUR	EUR
Retail outlets	145,716	33,883,648	163,121,683
Offices	39,008	47,879,633	65,063,516
Warehouses	97,111	3,141,146	15,138,744
Other structures	38,830	3,239,595	5,263,805
Plots of land	677,670	14,240,787	23,430,835
Total investment properties*	998,335	102,384,809	272,018,583

* The Group has further 293,630 m^2 own property over its investment property disclosed in the table above.

The above schedule disclosing the investment properties does NOT contain the effects of the following significant transactions:

- FN 2 BV has purchased an office building having 7,122 m^2 in Utrecht. The initial recognition value of the property in Utrecht was EUR 15,922,400.
- Acquiring Plaza Park Kft the real estate portfolio of Fotex-group has extended with 95,193 m2 plot and 7,080 m2 superstructure. The fair value of properties at the date of acquisition was EUR 16,032,452.

10. Intangible assets

Movements in intangible assets during period I-IX. months 2011 were as follows:

	Media and merchandising rights	Other	Total
	EUR	EUR	EUR
Cost:			
1 January 2011	6,667,194	956,371	7,623,565
Additions		7,673	7,673
Other increase		5,777	5,777
Disposals and write downs		(29,516)	(29,516)
Currency loss arising from retranslation		78,174	78,174
30 September 2011	6,667,194	1,018,479	7,685,673
Accumulated amortisation:			
1 January 2011	(4,008,798)	(799,771)	(4,808,569)
Amortisation expense		(16,667)	(16,667)
Other increase		(5,602)	(5,602)
Impairment			
Disposals and write downs		28,396	28,396
Currency gain arising from retranslation		(85,259)	(85,259)
30 September 2011	(4,008,798)	(878,903)	(4,887,701)
Net book value:			
30 September 2011	2,658,396	139,576	2,797,972
31 December 2010	2,658,396	156,600	2,814,996

The column ’Other’ reflects property rental rights associated with subsidiaries. As part of discontinuing its ownership of FTC 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. By 31 December 2005, there was no indication of any impairment. In view of the cash inflows in the near future and estimated potential inflows, management calculated the fair value of these rights based on the expected cash flows discounted at 8.5%. An impairment loss of EUR 4,008,798 was recorded in previous years. Based on management’s estimates no additional impairment loss is required for the current year (2010: EUR 0).

Movements in intangible assets for 2010 were as follows:

	Media and merchandising rights	Other	Total
	EUR	EUR	EUR
Cost:			
1 January 2010	6,667,194	943,087	7,610,281
Additions	-	37,434	37,434
Disposals and write downs	-	(75,354)	(75,354)
Currency loss/gain arising from retranslation	-	51,204	51,204
31 December 2010	6,667,194	956,371	7,623,565
Accumulated amortisation:			
1 January 2010	(4,008,798)	(757,136)	(4,765,934)
Amortisation expense	-	(19,849)	(19,849)
Impairment	-	-	-
Disposals and write downs	-	31,322	31,322
Currency loss/gain arising from retranslation	-	(54,108)	(54,108)
31 December 2010	(4,008,798)	(799,771)	(4,808,569)
Net book value:			
31 December 2010	2,658,396	156,600	2,814,996
31 December 2009	2,658,396	185,951	2,844,347

11. Goodwill

Movements in goodwill on business combinations at 30 September 2011 and 31 December 2010 were as follows:

	30 September 2011	31 December 2010
	EUR	EUR
Cost:		
1 January	19,972,104	20,555,398
Goodwill on business combination (Note 27.)	2,288,438	
FX difference	(1,129,689)	(583,294)
Closing balance	21,130,853	19,972,104
Impairment:		
1 January	(9,904,610)	(10,193,878)
FX difference	453,323	289,268
Closing balance	(9,451,287)	(9,904,610)
Net book value:		
1 January	10,067,494	10,361,520
Closing balance	11,679,566	10,067,494

At 1 July 2011 EUR 2,288,438 - which is equivalent to THUF 605,521 – goodwill has arisen on the purchase of 100% business share of Plaza Park Kft. (Note 27)

The Group considered whether there were any indicators of impairment of the value of goodwill. The Group estimated the value in use of cash generating units attributable to goodwill based on operating profits in both the reporting period and the basis period discounted at 10% discount rate. Based on this calculation, no impairment loss was recognised on goodwill.

The goodwill is allocated to the following entities:

	30 September 2011	31 December 2010
	EUR	EUR
Keringatlan Kft.	9,606,716	9,943,673
Balaton Glas Hotel Kft.*	-	123,821
Plaza Park Kft.**	2,072,850	
Net book value	11,679,566	10,067,494

* At 31 December 2010, the companies court registered the merger of Balaton Glas Hotel Kft. into Keringatlan Kft. effective as of 1 January 2011.
** At 1 July 2011 the Group has purchased the ownership of 100% business share of Plaza Park Kft from Blackburn International Luxemburg.

Management estimates that goodwill is not impaired despite any potential changes in the underlying valuation model since the fair value of the investment properties, to which the goodwill relates, are significantly higher than the book value of the properties.

12. Accounts payable and other liabilities

	30 September 2011	31 December 2010
	EUR	EUR
Trade payables	1,673,982	2,235,663
Taxes payable (excluding income taxes)	697,548	948,680
Advances from customers	89,501	30,676
Accrued expenses	537,117	863,738
Deferred rental income	1,388,139	2,147,166
Remuneration approved for executive incentive scheme – dividend preference shares	0	651,000
Amounts payable to employees	182,381	182,881
Deposits from tenants (i)	744,694	279,509
Preference shares incentive scheme liability	530,604	556,054
Other liabilities	795,961	1,017,522
Total	6,639,927	8,912,889
Other long term liabilities (i)	1,373,348	1,939,830

Terms and conditions of the above financial 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.

(i) The Group has received 2 to 3 months deposits of EUR 2,097,107 (31 December 2010: EUR 2,212,546) 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 that part of the deposit liabilities as other long-term liabilities EUR 1,352,413 (31 December 2010: EUR 1,933,037) which are expected to be repayable in more than one year, and those parts which are expected within a year were classified as short-term tenant deposit liabilities EUR 744,694 (31 December 2010: EUR 279,509). Other long-term liabilities include car leases totalling EUR 5,932 (2010: 6,793 EUR) and guarantee liability totalling EUR 15,003 in addition to safety deposits received from customers.

Dividend preference shares in 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

12. Accounts payable and other liabilities (continued)

than an amount equivalent to double of the European central bank twelve months base interest rate relevant for the year, applied to the face value of the share. The total sum of the dividend determined for preference dividend cannot exceed 30% of the consolidated IFRS profit after taxes minus non-controlling interests. The total preference dividend payable is subject to approval of the general meeting of the Company. Given the nature of the employee preference shares, the amount of shares in issue is treated as a short-term liability and any dividend payable will be treated as employee expense.

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

On 13 May 2009, the Company’s CEO exercised his redemption right under the approved incentive scheme and redeemed the dividend preference shares of the managers of certain subsidiaries where annual profits fell short of their budget. The shares were redeemed at the rates set out in the underlying sale-purchase contracts (120% of the face value). Fotex set off the redemption price payable against the loans and interest receivable from the affected persons under the loan agreements for the purchase of the dividend preference shares. No dividend was paid on the redeemed shares. No dividend preference shares were redeemed neither in 2010 nor till 30 September 2011, the change in dividend preference shares liability is due to changes in FX rates.

The shareholders’ meeting of 26 April 2010, upon approval of the consolidated financial statements for 2009, decided to pay a dividend of EUR 0.42 per preference share. The total amount of preference dividends due to members of management of EUR 651,000 is presented among payments to personnel in the consolidated financial statements in 2009.

At their meeting of 7 April 2011, the Board of Directors approved to pay dividends on the preference shares equal to their face value. This dividend payment is subject to formal approval by the shareholders’ meeting, which was approved by the shareholder’s meeting. The total amount of preference dividends due to members of management of EUR 651,000 is presented among payments to personnel in the consolidated financial statements in 2010.

The annual general meeting, which will accept the current year’s annual consolidated financial statements, will decide about the possible dividend paid for 2011 relating to dividend preference shares. Interim dividend advance hasn’t been determined yet.

13. Share capital and reserves

Share capital

The Company’s approved and issued share capital totals EUR 30,543,933 consisting of shares with face value of EUR 0.42 each. At 30 September 2011, the Company’s issued share capital included 70,723,650 ordinary shares and 2,000,000 dividend preference shares (31 December 2010: 70,723,650 ordinary shares and 2,000,000 dividend preference shares).

13. Share capital and reserves (continued)

Treasury shares

The 2,000,000 dividend preference shares issued by the Company which are shown as part of "Issued Capital" (30 September 2011: EUR 840,000; 31 December 2010: EUR 840,000) are also shown in "Treasury Shares". As of 30 September 2011, 1,550,000 (31 December 2010: 1,550,000) dividend preference shares are held by certain employees. These shares are still shown within "Treasury Shares" but also as liability (preference shares incentive scheme liability) as further disclosed in Note 12.

As of 30 September 2011, the Company holds 13,357,091 treasury shares (including dividend preference shares) for a total amount of EUR 20,123,862 (31 December 2010: 12,632,549 shares at a cost of EUR 19,266,955).
During first 9 months of 2011, the company has purchased 724,542 own ordinary shares (during 2010 the company purchased 52,770 shares) on arm's length basis. From January till September in 2011 and during 2010, no dividend preference shares from senior officers were redeemed.

Goodwill write-off reserve

In 1990, in connection with the transformation of the Company to an Rt. (public limited company) and associated increase in share capital, certain intangible assets of Fotex (principally the "Fotex" name) were valued by an independent appraiser at approximately EUR 7.7 million. This amount is shown as an intangible asset in the Company's local statutory financial statements and is amortised over 24 years. This amount is shown as a deduction from shareholders' equity in these consolidated financial statements of EUR 1,292,105 (31 December 2010: EUR 1,534,125).

Fair value revaluation reserve

At 15 June 2011 OTP and MOL bonds, which were classified as held to maturity securities previously, have been reclassified to available for sale category, because the company's intention has changed relating to these bonds. Because these securities were sold at 1 July 2011 the previously accumulated fair value difference accounted in the shareholder's equity has been reversed into the current year's profit in 2011.

14. Selling, general and administration expenses

	30 September 2011	30 June 2011	31 March 2011	30 September 2010
	EUR	EUR	EUR	EUR
Payments to personnel	(4, 880,794)	(3,284,852)	(1,562,155)	(4,776,329)
Material-type expenses	(11,735,533)	(7,821,757)	(3,792,143)	(11,565,493)
Other expenses	(5,218,301)	(1,192,951)	(572,306)	(1,478,239)
Depreciation charges	(4,460,771)	(2,793,313)	(1,454,299)	(3,940,810)
Total selling, general and administration expenses	(26,295,399)	(15,092,873)	(7,380,903)	(21,760,871)

14. Selling, general and administration expenses (continued)

Other expenses include the following:

	30 September 2011	30 June 2011	31 March 2011	30 September 2010
	EUR	EUR	EUR	EUR
Impairment of intangibles				(170,389)
Impairment of granted loans				(11,998)
Loss on disposal of financial assets (Note 27)	(3,162,197)			
Impairment of receivables (Note 6)	(377,479)	(16.287)	(463)	(262,953)
Impairment of inventories/release of impairment	(232,514)			114,066
Realised FX gain/loss (net)	432,645 863,993	79.824	37,758	86,981
Taxes payable (mostly property tax)	(1,138,611)	(685.149)	(358,496)	(852,738)
Other expenses	(1,604,138)	(571.339)	(251,105)	(381,208)
Other expenses, total	(5,218,301)	(1.192.951)	(572,306)	(1.478.239)

15. Long term liabilities

The Group’s Dutch subsidiary, Fotex Netherlands B.V. obtained 3 mortgage loans in 2009 and further 1 mortgage loan in 2010 from FGH Bank N.V. for the financing of its real estate purchases. FN 2 BV., subsidiary of Fotex Nehterlands BV, has obtained further 1 loan in 2011 from Berlin-Hannoversche Hypothekenbank AG for the financing of its real estate purchase in The Netherlands. At purchase of business share of its new subsidiary Fotex-group has paid inter alia by giving 4 previously intercompany loans, so from that time these loans are 3rd party loans from Group point of view. These 4 loans are owed to Zurich Investments Inc.

The details of loan are presented below:

Description	Start date	End date	Loan EUR	Interest	Long-term part at 30/09/2011 EUR	Short-term part at 30/09/2011 EUR	Long-term part at 31/12/2010 EUR	Short-term part at 31/12/2010 EUR
I. mortgage	16/4/2009	1/5/2016	18,400,000	One month Euribor + 2,7% (rounding +0,05) on two working days prior to the start date of the interest period	17,416,943	350,911	17,425,958	346,158
II. mortgage	1/11/2009	1/11/2016	3,800,000	Three-month Euribor + 2,26% (rounding +0,05) on two working days prior to the start date of the interest period	3,447,527	88,686	3,460,587	87,412
III. mortgage	18/12/2009	1/1/2015	3,750,000	Three-month Euribor + 2,20% (rounding +0,05) on two working days prior to the start date of the interest period	3,516,744	87,063	3,550,054	85,443
IV. mortgage	21/5/2010	1/5/2015	14,000,000	fixed 4,32 % p.a	13,228,919	329,056	13,416,094	329,812
V. mortgage	1/07/2011	30/06/2016	11,300,000	Fixed 4,26 % p.a	10,863,421	226,000	0	0
VI. loan	1/07/2011	13/04/2018	6,896,624	fixed 7,25 % p.a	6,894,570	126,029	0	0
VII. loan	1/07/2011	3/11/2018	1,500,000	fixed 7,25 % p.a	1,499,551	27,411	0	0
VIII. loan	1/07/2011	17/12/2018	2,373,327	Fixed 7,25 % p.a	2,372,615	43,370	0	0
IX loan	1/07/2011	28/06/2021	3,800,000	fixed 7,25 % p.a	3,798,840	69,441	0	0
Total			**65,819,951**		**63,039,130**	**1,347,967**	**37,852,693**	**848,825**

The above I-V loans are secured by mortgage on Fotex's Dutch real estates.

The book values of these real estates at 30 September 2011 were as follows:

2719 EP Zoetermeer, Einsteinlaan 20	10,058,024 EUR
Gorichem, Stadhuisplein 1a, 70 and 70a	13,291,858 EUR
Haarlem, Schipholpoort 20	5,152,037 EUR
3012 BL Rotterdam, Witte de Withstraat 25	5,739,391 EUR
8017 JV Zwolle, Zuiderzeelaan 43-51	17,943,266 EUR
3528 BJ Utrecht, Papendorpseweg 65	15,802,001 EUR

The loans VI - IX relating to the purchase of the business share of new subsidiary are unsecured.

16. Corporate tax

During 2010 the Hungarian tax authority (APEH) enacted certain changes to the corporate income tax rate for 2010 and future years. Prior to the change the corporate income tax rate was 20%. From 1 January 2010 the tax rate for the first half of the year was 19%, the rate for the second half of the year was 10% on the first HUF 250 million of taxable profit and was 19% above this amount. From 1 January 2011 the tax rate on the first HUF 500 million of taxable profit is 10% and above this amount 19%. From 1 January 2013 the tax rate for all taxable profit will be 10%.

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 income tax rate applicable to Fotex Holding SE's and Upington Investments S.à.r.l.'s income earned in Luxembourg is 22.05%, which results in a total tax of 31.05% as increased by Capellen's municipal tax; the income tax rate for Fotex Netherlands BV and FN 2 BV for the first EUR 200,000 taxable profit is taxed at 20% and the amount above the EUR 200,000 is taxed at 25%.

The tax rates used in the deferred tax calculation differ from company to company based on its expected tax position. For Keringatlan a tax rate of 15% has been applied whilst for the remaining Hungarian companies a rate of 10% has been used based on expected profitability.

For the Luxembourg and Dutch entities: at the applicable income tax rates described above.

The Group has carried forward losses of EUR 1,123,691 which can be written off from taxable income of the Group members. Furthermore the Group carries forward losses of EUR 13,547,316 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 13,547,316 were not considered in the consolidated financial statements as basis for deferred tax assets of which EUR 13,547,316 can be rolled forward for an indefinite period.
In third quarter 2011 the deferred tax liability of the Company has increased significantly due to the deferred tax effect of the fair value adjustments of Plaza Park Kft's acquisition.

17. Discontinuing operation

The Group had no discontinuing operations in either 2010 or in the period of I-IX. months of 2011.

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

For management purposes, the Group is divided into 7 business lines:

Furniture production and sales
Investment property management
Cosmetics retailing
Crystal and glass production and sales
Music records release and distribution
Clothing retailing and wholesaling
Other – administration and holding activities

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

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

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

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

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

19. Segment information (continued)

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

Description	30. September 2011			30. June 2011			31. March 2011			30. September 2010		
	Net Sales external	Net Sales inter-segment	Net sales	Net Sales external	Net Sales inter-segment	Net sales	Net Sales external	Net Sales inter-segment	Net sales	Net Sales external	Net Sales inter-segment	Net sales
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Furniture	1,540,784	56,083	1,596,867	1,250,105	48,600	1,298,705	607,011	24,226	631,237	1,650,549	72,163	1,722,712
Investment property	18,593,123	1,009,225	19,602,348	11,947,556	93,687	12,041,243	5,739,115	187,450	5,926,565	16,539,901	1,141,414	17,681,315
Household goods and cosmetics	423,777	346	424,123	276,832	234	277,066	149,834	114	149,948	542,194	341	542,535
Crystal and glass	5,418,498	103	5,418,601	3,541,512	104	3,541,616	1,813,533	103	1,813,636	5,372,726	124	5,372,850
Music	647,152	31,707	678,859	512,803	23,799	536,602	242,569	10,436	253,005	1,225,690	131,094	1,356,784
Clothing	391,802	7,460	399,262	278,871	4,962	283,833	159,665	2,396	162,061	508,174	38	508,212
Advertising	–	–	–	51,692	1,756	53,448	7,030	22,070	29,100	–	–	–
Other	2,182,322	1,382,664	3,564,986	1,521,158	505,381	2,026,539	665,418	433,736	1,099,154	1,786,202	962,853	2,749,055
Inter-segment elimination		(2,487,588)	(2,487,588)	–	(678,523)	(678,523)	–	(680,531)	(680,531)	–	(2,308,027)	(2,308,027)
Net sales	29,197,458	–	29,197,458	19,380,529	–	19,380,529	9,384,175	–	9,384,175	27,625,436	–	27,625,436

* Europrizma's scope of activity has changed: it provides administrative services to other companies in stead of advertising agency services since February 1, 2010. The advertising activity is not significant on group level, so since Q3 2011 the advertising segment has been merged into the other segment.

19. Segment information (Continued)

Crystal and glass sales mainly reflect export sales realised in foreign currencies. Nearly half of net own produced furniture sales is from export. Other sales mainly reflect domestic sales realised in HUF.

Profit before tax	30 September 2011	30 June 2011	31 March 2011	30 September 2010
	EUR	EUR	EUR	EUR
Furniture	(318,367)	(30,566)	(28,853)	(128,334)
Investment property	5,004,103	3,517,760	1,592,224	5,740,756
Cosmetics retailing	(39,729)	(29,661)	(16,366)	(71,200)
Crystal and glass production and sales	1,080,358	651,049	240,816	908,940
Music records release and distribution	(23,583)	(27,772)	(61,423)	91,261
Clothing retailing and wholesaling	(343,276)	(54,056)	(14,672)	(1,036)
Advertising*	0	(22,142)	(11,190)	–
Other	(1,256,107)	(119,964)	(8,047)	(529,036)
Profit before tax:	4,103,399	3,884,648	1,692,489	6,011,351

***** Europrizma's scope of activity has changed: it provides administrative services to other companies in stead of advertising agency services since February 1, 2010. The advertising activity is not significant on group level, so since Q3 2011 the advertising segment has been merged into the other segment.

Assets:	30 September 2011 Consolidated assets	30 September 2011 Intra-business line assets	30 September 2011 Total assets	31 December 2010 Consolidated assets	31 December 2010 Intra-business line assets	31 December 2010 Total assets
	EUR	EUR	EUR	EUR	EUR	EUR
Furniture	3.004.865	153.877	3.158.742	3,844,151	80,331	3,924,482
Investment property	131.214.296	2.026.058	133.240.354	134,961,026	1,481,723	136,442,749
Cosmetics retailing	1.307.192	27.366	1.334.558	1,600,316	7,780	1,608,096
Crystal and glass production and sales	9.715.333	-	9.715.333	9,768,298	–	9,768,298
Music records release and distribution	715.620	975	716.595	1,580,732	13	1,580,745
Clothing retailing and wholesaling	467.390	180.431	647.821	1,531,372	273,498	1,804,870
Advertising*	–	–	–	–	–	–
Other	39.736.673	13.694.767	53.431.440	11,404,464	18,625,210	30,029,674
Balances among business lines set off	–	(16.083.474)	(16.083.474)	-	(20,468,555)	(20,468,555)
Total assets:	186.161.369	–	186.161.369	164,690,359	–	164,690,359

***** Europrizma's scope of activity has changed: it provides administrative services to other companies in stead of advertising agency services since February 1, 2010. The advertising activity is not significant on group level, so since Q3 2011 the advertising segment has been merged into the other segment.

19. Segment information (Continued)

Liabilities and accruals	30 September 2011 Consolidated liabilities	30 September 2011 Intra-business line payables	30 September 2011 Total liabilities	31 December 2010 Consolidated liabilities	31 December 2010 Intra-business line payables	31 December 2010 Total liabilities
	EUR	EUR	EUR	EUR	EUR	EUR
Furniture	237,782	454,308	692,090	371,710	348,905	720,615
Investment property	70,767,114	4,862,853	75,629,967	44,722,545	11,088,046	55,810,591
Cosmetics retailing	110,783	196,471	307,254	157,638	188,618	346,256
Crystal and glass production and sales	1,555,741	6,878,139	8,433,880	2,228,255	6,930,572	9,158,827
Music records release and distribution	61,387	9,203	70,590	224,558	10,915	235,473
Clothing retailing and wholesaling	25,447	372,109	397,556	51,380	587,347	638,727
Advertising*	–	–	–	–	–	–
Other	2,114,874	2,654,502	4,769,376	2,566,505	1,300,008	3,866,513
Balances among business lines set off	–	(15,427,585)	(15,427,585)	-	(20,454,411)	(20,454,411)
Liabilities and accruals	74,873,128	–	74,873,128	50,322,591	–	50,322,591

* Europrizma’s scope of activity has changed: it provides administrative services to other companies in stead of advertising agency services since February 1, 2010. The advertising activity is not significant on group level, so since Q3 2011 the advertising segment has been merged into the other segment.

Tangible asset additions:	30 September 2011	31 December 2010
	EUR	EUR
Furniture	5,882	77,721
Investment property	35,163,997	20,659,443
Cosmetics retailing	2,203	475
Crystal and glass production and sales	558,880	36,366
Music records release and distribution	6,994	15,628
Clothing retailing and wholesaling	1,778	153,204
Advertising*	-	-
Other	138,267	275,702
Tangible asset additions:	35,878,001	21,218,539

* Europrizma’s scope of activity has changed: it provides administrative services to other companies in stead of advertising agency services since February 1, 2010. The advertising activity is not significant on group level, so since Q3 2011 the advertising segment has been merged into the other segment.

19. Segment information (Continued)

Depreciation:

	30 September 2011	30 June 2011	31 March 2011	30 September 2010
	EUR	EUR	EUR	EUR
Furniture	43,138	32,338	17,128	76,549
Investment property	3,765,654	2,336,001	1,198,761	3,450,028
Cosmetics retailing	31,447	22,725	12,433	30,853
Crystal and glass production and sales	235,289	157,496	78,469	177,964
Music records release and distribution	15,403	14,412	7,317	27,526
Clothing retailing and wholesaling	18,338	17,242	9,800	11,822
Advertising*	–	1,714	1,501	–
Other	351,502	211,385	128,890	166,068
Depreciation:	4,460,771	2,793,313	1,454,299	3,940,810

***** Europrizma's scope of activity has changed: it provides administrative services to other companies in stead of advertising agency services since February 1, 2010. The advertising activity is not significant on group level, so since Q3 2011 the advertising segment has been merged into the other segment.

20. Financial risk management objectives and policies

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

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

Interest risk

The Group entered into EUR loans to buy properties in The Netherlands for the period between 2009 and 2016. The loan interests vary between one month EURO-LIBOR + 2.2-2.7% and one is at a fixed rate of 4.32% and another one is at a fixed rate of 4.26%. The interest risk of the variable interest mortgage loans, except for the smaller loan of EUR 3.75m is limited between 3.3 to 3.64%. In order to reduce interest risk, the lending bank charges a 0.7% interest guarantee with respect to mortgage loans I and a fixed fee was paid in respect to mortgage loan II as described in note 15. At purchase of business share of its new subsidiary Fotex-group has paid inter alia by giving 4 previously intercompany loans, so since 1 July 2011 these loans are 3rd party loans from Group point of view. The annual interest rate on these loans is fixed at a rate of 7.25% p.a.

20. Financial risk management objectives and policies (continued)

Foreign currency ("FX") risk

Financial instruments that potentially represent risk for the Group include debtors in foreign currency, creditors in foreign currency and deposits in foreign currency other than in EUR. The Group's rental contracts are stipulated in EUR or on EUR basis thus mitigating any FX risk associated with non-EUR revenues. Many EUR-based rental contracts are billed in HUF based on the applicable daily spot rate. In order to mitigate the risk of FX losses from any potential unbeneficial EUR/HUF rate fluctuations, the Group normally sets out a minimum EUR/HUF rate in its rental contracts. The Group also has a FX risk on transactions – which occurs when the Group buys or sells in a currency other than its functional currency. According to management, beyond the Group's FX risk, the risk associated with the actual profit or loss position stems from the volume or orders and market demand which depends on global market trends rather than on FX rate fluctuations.

Lending 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 creditors in the market.

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.

Capital management

The Group has significant amounts of cash which is used for intra-group financing as necessary. In 2006, the Group switched from bank loans to intra-group financing and financing costs and risks have significantly diminished as a result across the Group. As described in note 15, the Group has taken mortgage loans in 2009 and in 2010 in connection with its office building purchase transactions in The Netherlands. In 2011 the Company's capital structure has changed significantly, which can be explained by 2 reasons. The first reason is that, because of the expansion of real estate portfolio in The Netherlands the Group's new subsidiary in The Netherlands has taken 1 new mortgage loan in order to finance the purchase of the new property. The other reason of the significant change of the capital structure is that at the purchase of business share of the new subsidiary the group has paid inter alia by giving 4 previously intercompany loans, so from that time these loans are 3rd party loans from Group point of view.

Fair value

At 30 September 2011 and 31 December 2010, the carrying values of liquid assets, short-term investment, receivables, liabilities and accruals approximated their fair values owing to their short-term nature. Receivables are presented in the consolidated statement of financial position at cost less impairment loss on doubtful debts. Bank loans having variable market interest rate approximated their fair values.

21. Investments in subsidiaries

During the period I-IX. months 2011 the Group has conducted the following any transactions which affects the group's structure.

- As of August 8, 2011 the Group sold all of its 100% business share in Europrizma Management Ltd, thus since 8 August 2011 Europrizma Management Ltd has been out of the Fotex Group.
- As of July 1, 2011 the Group purchased the ownership of 100% share of Plaza Park Kft seated in Hungary, thus since 1 July 2011 Plaza Park Kft qualifies as 100% subsidiary of the Group.
- At 24 June 2011, Fotex Netherlands BV established its subsidiary, called FN 2 BV, in The Netherlands to further develop and manage the property portfolio in The Netherlands.
- In the second quarter 2011 all possessions and activity of Downington S.à.r.l. have been taken over by its sole previous owner, which is Upington S.à.r.l. As an effective date of April 7, 2011 Downington S.à.r.l. has been cancelled from the Luxembourg companies register

During 2010, Fotex Group entered into the following transactions and mergers:

- At 31 December 2010, the companies court registered the merger of Balaton Glas Hotel Kft, into Keringatlan Kft, effective as of 1 January 2011.

22. Operating leases

The Group leases retail sites within "MOM Park" shopping centre and at 6 other locations in Győr and 4 other sites situated in Budapest based on non-cancellable operating lease agreements. The Group recalculates its leasing fees by ending of each year and publishes them in its financial statement.

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, totally 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 totally 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:

	30 September 2011	30 June 2011	31 March 2011	30 September 2010
	EUR	EUR	EUR	EUR
Net profit attributable to equity holders from continuing operations	2,697,752	3,074,971	1,277,882	5,044,557
Net profit / (loss) attributable to shareholders	2,697,752	3,074,971	1,277,882	5,044,557
Weighted average number of shares in issue during the year	59,989,403	60,091,101	60,091,101	60,105,792
Basic earnings/(deficit) per share (EUR)	0.05	0.05	0.02	0.08

23. Earnings per share (continued)

The diluted earnings per share agree with basic earnings per share in 2011 and 2010 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 Sarl. ("Blackburn Luxembourg"), a Luxembourg company and Zurich Investments Inc. ("Zurich"), a British Virgin Islands company. Blackburn Luxembourg has a controlling interest in Fotex Ingatlan Kft. ("Fotex Ingatlan"). At 30 September 2011, Blackburn controls 16.9% of the Company's share capital (31 December 2010: 16.9%), Zurich controls 0% (31 December 2010: 14.1%), Fotex Ingatlan controls 17.6% (31 December 2010: 17.6%), Blacburn Luxembourg controls 15.7% (31 December 2010: 0%) and Plaza Park 0 % (31 December 2010: 1.6%). These companies are considered to be related parties. At 1 July 2011 the Group has purchased ownership of 100% business share of Plaza Park, so till 30 June 2011 Plaza Park was considered as a related party company, but since 1 July 2011 Plaza Park has been considered as member of Fotex-group.

Related party transactions

In case of Plaza Park office lease agreements were modified in December, 2000, and were extended until 31 December 2006. Based on their options, Fotex Nyrt. and its subsidiaries renegotiated rental contracts and extended them until 31 December 2016. The rental agreements are for an indefinite period and rental fees are adjusted with the harmonized customer price index (EU27) reported by the European Union's Statistical Office (Eurostat). The transactions happened after 1 July 2011 are considered as intercompany transactions, so these are eliminated fully at the consolidation.

Rental and other related fees paid to Fotex Ingatlan for 2011. I-IX. months were EUR 281,670 (2010. I-IX.: EUR 267,117) and to Plaza Park for 2011 I-IX. months EUR 320,828 (2010. I-IX.: EUR 439,745).

Further to a helicopter rental agreement between Plaza Park and Keringatlan Kft., the total amount of rent plus related services invoiced by Plaza Park for 2011 I-IX. months was EUR 2.706 (2010 I-IX.: EUR 10,948).

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 2011. I-IX. months was EUR 43,666 (2010. I-IX.: EUR 95,060).

During 2010, Fotex Ingatlan Kft. granted a loan to Fotex Cosmetics Kft. and charged interest totalling EUR 2,000 for 2011. I-IX. months (2010 I-IX.: EUR 2,251).

Fotex granted arm's length loans to senior officers to purchase dividend preference shares, the loans were totally redeemed in the first half of 2011. (31 December 2010.: EUR 92,393)

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

For the period I-IX months 2011 Blackburn International Luxemburg has charged EUR 132,633 (2010 I-IX months: 0 EUR) interest and Zürich Investment Inc has charged EUR 64,177 (2010 I-IX months: 0

24. Related party transactions (continued)

EUR) interest to Fotex Netherlands BV on loans, which had been previously intercompany loans, but were given to a third party at the purchase of the business share of Plaza Park.

For the period I-IX months 2011 Blackburn International Luxemburg has charged EUR 46,797 (2010 I-IX months: 0 EUR) interest and Zürich Investment Inc has charged EUR 22,644 (2010 I-IX months: 0 EUR) interest to FN 2 BV on loans, which had been previously intercompany loans, but were given to a third party at the purchase of the business share of Plaza Park.

Transactions with other related parties

There were no significant related party transactions in either 2011 or in 2010.

25. Personnel and structural changes

Structural changes:

During the period I-IX. months 2011 there hasn’t happened any structural changes.

Personnel changes

There were no personnel changes in the Group’s management in the reporting period.

26. Other matters

According to the resolution of the shareholders meeting No, 23/2000, on 2 May 2001, Fotex Nyrt. converted all its shares with the involvement of Keler Rt.

At that date, 70,388,664 shares were replaced and 334,986 old shares were not converted by their holders. In accordance with prevailing legal regulations, the Company made the unconverted shares void. The new shares that replaced the void ones were sold by the Company in the most optimal way that best served the interest of the shareholders. The consideration received less incurred costs are forwarded to the holders of the void shares after the 30th day, 15 November 2001, following the sale of all the shares that replaced the void shares as compensation for the void shares. Of the void shares, consideration relating to 165,562 shares has been paid up to this date and the holders of 169,424 void shares has not come forward so far.

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

At Fotex Holding SE Nyrt’s ordinary shareholders meeting held on 28 April 2009, the shareholders decided to move the Company’s registered office to Luxembourg. At this general meeting, the shareholders made a decision about the determination of the share of equity to be allotted to shareholders that voted against moving the registered seat to Luxembourg as well as about the way

26. Other matters (continued)

and timing of redemption. The share of equity to be allotted to shareholders that voted against moving the registered seat to Luxembourg was determined by the shareholders' meeting as 0.89 EUR/share based on the equity/issued capital ratio as at 31 December 2008. The meeting authorized the Board of Directors to redeem such shares. Settlements were done with the two shareholders that voted against moving the registered office with 52,780 shares.

According to resolution No. 5 at their ordinary annual meeting held on 26 April 2011, upon approving the financial statements for 2010. Fotex Holding SE's shareholders decided to distribute dividends to the holders of dividend preference shares equalling the face values of the shares.

On 26 October 2009, Ajka Kristály Üvegipari Kft, signed a solvency agreement with its creditors. As a result of the agreement, the debtor wishes to pay off its debts that are included in the scope of the solvency agreement without late payment penalty and other charges from sales revenues to be collected up to 30 April 2012 from selling own manufactured inventories at September 1, 2009. In the meantime, interim instalments would be paid on 15 January 2011 and on 15 January 2012. The debtor assumed an obligation to pay all its creditors up to HUF 200,000 by 14 November 2009, which was duly done. The sole owner of the company, the creditor, Fotex Holding, and two entities under direct majority control of the owner, Upington Ltd. and Downington Holding LLC. and all subsidiaries within group asserted that they did not demand settlement of the debts towards them until Ajka Kristály Kft. met its obligation towards its other creditors under the solvency agreement. The creditors that attended the agreement negotiation meeting engaged Piroska Gazda, a statutory auditor who also attended the meeting as representative of one of the creditors, Meritum Kft., to check compliance with the terms of the agreement.

In the period I-IX. months 2011, Ajka Kristály Kft, has managed to book its entire production capacity, which had been reduced to meet market demand, with a positive lookout to the future of the market.

The securities with ISIN-code T0008806916, (so-called "certificates"), which were previously traded on the Vienna Stock Exchange, have been withdrawn from Stock Exchange's trading for the request of Company as of June 30, 2010. Fotex ordinary share with ISIN-code HU0000096409 have been automatically credited on the accounts of the owners of the certificates kept at their custodian bank in 1:1 proportion. The credit has been taken place automatically 3 workdays after the withdrawal of the certificates. Our company has entrusted the Erste Group Bank AG with the technical transaction of the SWAP of securities.

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

In July 2011 FN2 B.V. purchases an office building having 7,122 m^2 with 129 parking places in Utrecht which is leased for long term to the Government Building Agency which is the part of Ministry of the Interior and Kingdom Relations.

27. Business combinations

At 1 July 2011 the Group has purchased the 100% business share of Plaza Park Property Management Ltd from Blackburn International Luxembourg.

27. Business combinations (Continued)

Plaza Park Property Management Ltd has its registered seat in Hungary and its main activity is the sale and purchase of own properties. The company deals with property management, facility management and lease out own and leased properties.

The table below presents the book value and fair value of the Plaza Park's identifiable assets and liabilities at the date of acquisition.

Description	Book value	Fair value at acquisition
	EUR	EUR
Property, plant and equipments	1,133,424	18,080,473
Accounts receivable and prepayments:	10,757,626	10,757,626
Cash and cash equivalents:	157,494	157 494
Total assets:	***12,048,544***	***28,995,593***
Other long-term liabilities:	7,531,303	7,531,303
Accounts payable and other liabilities:	2,106,999	2,106,999
Deferred tax liability:		1,694,705
Total liabilities:	***9,638,302***	***11,333,007***
Total fair value of identifiable net assets:	***2,410,242***	***17,662,586***
Goodwill arising on the business combination (Note11.)		2,288,438
Consideration transferred		**19,951,024**

The Statement of Financial Position of Plaza Park Kft at 30 June 2011 has been converted from HUF to EUR by using the MNB (Hungarian National Bank) FX rate as of July 1, 2011, which was 264.1 HUF/EUR

The consideration transferred of transaction has been EUR 19,951,024, which consists of OTP and MOL bonds given and loans given totalling EUR 18,901,723 and cash in amount of EUR 1,049,301. The determination of consideration transferred has been based on the fair value of own properties of Plaza Park, which was determined by independent appraisers, and the book value of the assets and liabilities, excluding the properties, stated in the audited Statement of Financial Position of Plaza Park Kft as of December 31, 2010. The consideration transferred has been determined by using the average MNB FX rate between 1 January 2011 and 15 June 2011.

As part of the settlement of the consideration transferred, bonds have been assigned to the Seller on which the Company has realized EUR 2,376,463 gain (Note 5) and loans have been assigned to the Seller on which the Company has realized EUR 3,162,197 loss (Note 14).

Based on the real estate appraisal reports prepared by independent appraisers the Group has accounted EUR 16,947,049 fair value adjustment on the properties.

Since the date of acquisition Plaza Park Kft has contributed to the Group's result with EUR 416.246. If the business combination had been taken place at January 1 this year, than the Group's result would have been EUR 3,500,052 and the Group's revenue would have been EUR 29,849,091.

27. Business combinations (Continued)

The EUR 2,288,438 goodwill arising on the business combination consists of the followings:

1) Deferred tax liability relating to the acquisition:

Fair value adjustment accounted on the properties of Plaza Park:	16,947,049 EUR
Applied corporate income tax:	10 %
Deferred tax liability:	**1,694,705 EUR**

2) Difference between the consideration transferred and the proportionate share of fair value of identifiable net assets:

Consideration transferred	19,951,024 EUR
(-)Proportionate share of fair value of identifiable net assets (excluding the deferred tax liability)	19,357,291 EUR
Goodwill	**593,733 EUR**