

Independent Auditor's Report

To the Shareholders of
Fotex Holding SE
75, Parc d'Activités
L-8308 Capellen

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Fotex Holding SE, which comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "réviseur d'entreprises"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

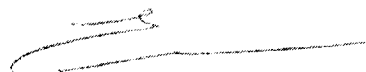
Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Fotex Holding SE as of 31 December 2009, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

ERNST & YOUNG
Société Anonyme
Réviseur d'entreprises



René ENSCH

Luxembourg, 9 April 2010



FOTEX HOLDING
75, Parc d'activités
L-8308 Capellen, Luxembourg

Financial Statement Certification

To the best of our knowledge, we hereby confirm that, in accordance with the applicable generally accepted reporting standards, the Consolidated Financial Statements reflect the true asset, financial, and earnings situation of the Group and that the Management Report is a true and fair representation of the business development including the income and general situation of the Group and that the material risks and opportunities regarding the expected development of the Group for the remainder of the fiscal year have been described therein.

Handwritten signature of Gábor Várszegi in black ink, positioned above a horizontal line.

Gábor Várszegi
Chairman of the Board

Handwritten signature of Dana Várszegi in black ink, positioned above a horizontal line.

Dana Várszegi
Member of the Board

Handwritten signature of Anna Rammer in black ink, positioned above a horizontal line.

Anna Rammer
Member of the Board

Capellan, 09 April 2010

Management Report

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. 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. B 146.938. The Company's new registered address is at 75, Parc d'activités, L-8308 Capellen, Luxembourg. The Metropolitan Court of Budapest, as the competent authority, struck the Company off the Hungarian companies register on 28 August 2009.

List of Shareholdings

Movements in Subsidiary Investments

During 2009, Fotex Group entered into the following transactions and mergers:

Subsidiary:	Principal Activities:	2009	2008
		%	%
Ajka Kristály Kft. (Ajka)	Crystal manufacturing and retail	100.0	100.0
Balaton Bútor Kft.	Furniture manufacturer	100.0	100.0
Balaton Glas Hotel Kft.	Property management	100.0	100.0
Domus Zrt.	Property management and furniture retailer	–	99.4
Downington Holding S.à r.l.	Investment holding	100.0	100.0
Europrizma Kft.	Advertising	100.0	100.0
Europtic Kft.	Advertising	–	100.0
Fotex Cosmetics Kft.	Cosmetics retailer	100.0	100.0
Fotexnet Kft.	Internet retail and other services	98.6	98.6
Hungaroton Music Zrt.	Music archive	99.2	99.2
Hungaroton Records Kft.	Music publishing and music retailing	99.8	99.8
Keringatlan Kft.	Property management	100.0	100.0
Fotex Netherlands B.V.	Property management	100.0	–
KONT-VESZ Kft.	Property management	–	100.0
Kontúr Zrt.	Property management	–	99.9
Primo Zrt.	Clothing retailing and wholesaling	100.0	100.0
Sigma Kft.	Property services	75.1	75.1
Székhely 2007 Kft.	Property management	99.1	99.1
Upington Investments S.à r.l.	Investment holding	100.0	100.0

- On 5 February 2009, Upington Investment Ltd. moved its headquarters from Cyprus to Luxembourg.
- At 29 February 2009, KONT-VESZ Kft. merged into Kontúr Zrt.
- At 4 March 2009, Keringatlan Kft. established a subsidiary in the Netherlands - Fotex Netherlands B.V., to create, develop and manage a property portfolio in the Netherlands.
- At 30 September 2009, Europtic Kft., Domus Zrt. and Kontúr Zrt. merged into Keringatlan Kft.

The Company functions primarily as a holding company in a group of companies whose members are registered in Hungary, the Netherlands and Luxembourg; they operate real estate management, manufacturing, retail, and other commercial enterprises. With the exception of three subsidiaries; Luxembourg registered Upington Investments S.à r.l. and Downington Holding S.à r.l. and the Netherlands registered Fotex Netherlands B.V., all subsidiaries conduct their activities in Hungary.

Since Fotex Holding SE and its subsidiaries (the "Group") conduct their business primarily in Hungary (more than 97% of it), there is no geographical analysis in the management report.

The Group management categorizes the Group's business activities along the following 8 segments:

- Furniture production and sales
- Investment property management
- Household goods and cosmetics
- Crystal and glass
- Music records production and distribution
- Clothing
- Advertising
- Other – administration and holding activities

Management separately evaluates the performance of its operating segments in order to make decisions regarding resource allocation and other decisions related to operations management.

Net sales per segment:

(EUR)	2009	2008
Furniture	3,511,049	4,965,307
Investment property	24,322,407	22,997,793
Electrical, household goods and cosmetics	1,042,955	2,009,692
Crystal and glass	4,261,146	7,328,446
Music	2,471,314	3,631,014
Clothing	880,016	1,500,924
Advertising	263,479	644,269
Other	4,077,017	5,199,743
Inter-segment elimination	(3,558,814)	(3,902,916)
Net sales	37,270,569	44,374,272

Consolidated Income Statement

	For the year ending 31 December	
	2009	2008
	EUR	EUR
Revenue	37,270,569	44,374,272
Cost of sales	<u>(8,866,593)</u>	<u>(13,158,036)</u>
Gross income	28,403,976	31,216,236
Selling, general and administration expenses	(25,797,229)	(26,664,131)
Interest income	1,337,042	1,075,568
Interest expense	<u>(608,355)</u>	<u>(4,831)</u>
Income before income taxes	3,335,434	5,622,842
Income tax expense	<u>(1,028,073)</u>	<u>(2,429,524)</u>
Net income	<u>2,307,361</u>	<u>3,193,318</u>
Attributable to:		
Equity holders of the parent company	2,224,780	3,154,769
Minority interests	<u>82,581</u>	<u>38,549</u>
Net income	<u>2,307,361</u>	<u>3,193,318</u>
Earnings per share	<u>0.04</u>	<u>0.05</u>

Consolidated Cash Flow Statement:

	For the year ending 31 December	
	2009	2008
	EUR	EUR
Cash generated from operations	10,640,814	13,412,590
Income tax paid	(1,425,080)	(1,137,181)
Net cash flow from operating activities	9,215,734	12,275,409
Cash flows from investing activities:		
Acquisition of tangible and intangible assets	(36,504,437)	(4,602,010)
Sale of tangible and intangible assets	53,525	217,696
Net purchase and sales of bonds	(1,330,091)	(4,935,418)
Interest received	788,599	1,001,401
Net cash flow (used in) investing activities	(36,992,404)	(8,318,331)
Cash flows from financing activities:		
Loans granted	115,754	(319,541)
Loan received	25,308,474	—
Dividends paid	(46,345)	(56,967)
Interest paid	(587,130)	(4,724)
Purchased treasury shares	(509,121)	(17,734,595)
Net cash flow from/(used in) financing activities	24,281,632	(18,115,827)
Change in cash and cash equivalents	(3,495,038)	(14,158,749)
Cash and cash equivalents at beginning of year	18,130,262	33,003,248
Effect of foreign currency translation	(1,638,137)	(714,237)
Cash and cash equivalents at end of year	12,997,087	18,130,262

Shareholders' equity

(EUR)	31 December 2009	31 December 2008 (restated-Note 26)
Shareholders' Equity:		
Issued capital	30,543,933	27,465,688
Additional paid-in capital	32,895,729	32,895,729
Goodwill write-off reserve	(1,856,818)	(2,179,511)
Retained earnings	67,493,126	70,745,443
Treasury shares, at cost (restated – Note 26)	(19,121,608)	(18,612,487)
Equity attributable to equity holders of the parent company	109,954,362	110,314,862
Minority interests in consolidated subsidiaries	83,613	35,497
Total shareholders' equity	110,037,975	110,350,359

Registered Share Capital

The authorised and issued share capital amounts to EUR 30,543,933. The nominal value of each share is EUR 0.42. The Company's issued share capital on 31 December 2009 included 70,723,650 ordinary shares and 2,000,000 dividend preference shares (2008: 70,723,650 ordinary shares, and 2,000,000 dividend preference shares). The dividend preference shares were issued by Fotex in November 2007.

Dividend Preference Shares

The dividend preference shares are non-voting shares 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 dividend 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 minority interests. The total preference dividend payable is subject to approval of the general meeting of the Company. Given the nature of the employee dividend preference shares, the amount of shares in issue are treated as a short-term liability and any dividend payable will be treated as employee expense. If the Company does not pay the minimum dividend prescribed to the dividend preference shares in any given year, or does not fully pay them, and then in the subsequent year also does not pay dividends to the dividend preference shares, then the dividend preference shareholders are entitled to full voting rights until the Company rectifies the unpaid dividends.

Treasury Shares

The Company's treasury shares (including dividend preference shares) are 12,579,779, totalling EUR 19,121,608 at 31 December 2009 (31 December 2008: 12,113,269 shares at a cost of EUR 18,612,487). During 2009, the Company purchased 466,510 shares on an arm's length basis and 450,000 dividend preference shares from senior officers totalling EUR 509,121 and EUR 161,082, respectively, which amount decreased the dividend preference shares incentive scheme liability, shown in note 13 to the consolidated financial statements.

Suggestions for Dividends to be paid to Dividend Preference Shares

The Board of Directors has approved on 9 April 2010 to pay dividends on the dividend preference shares equal to their face value. This dividend payment is subject to formal approval by the shareholders' 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 2009.

Major Shareholders

Gábor Várszegi, the Chairman of the Board of Fotex, through direct and indirect ownership controls Blackburn International Inc., a Panamanian company ("Blackburn"), as well as Blackburn International S.à r.l., a Luxembourg registered company ("Blackburn Luxembourg"), as well as the British Virgin Island registered Zürich Investments Inc. ("Zürich") through which he exercises his voting rights. Blackburn Luxembourg is the majority shareholder of Fotex Ingatlankezelő LLC ("Fotex Ingatlan") and of Plaza Park LLC ("Plaza Park"). At the year end 31 December 2009, Blackburn controlled 16.9 % (31 December 2008: 16.9%), Zürich controlled 14.1% (31 December 2008: 14.1%), Fotex Ingatlan controlled 17.6 % (31 December 2008: 17.6%), and Plaza Park controlled 1.6% (31 December 2008: 1.6%) of the Company's shares. These entities are all considered related parties.

Appointment and Replacement of Board Members

The Directors are appointed at the Annual General Meeting of Shareholders for a period no longer than one year. The Directors are re-appointment each year in the Annual General Meetings and they remain at their function until the election of their successors. The Directors are eligible for re-election and they may be removed with or without cause at the Annual General Meeting of Shareholders. In the event of a vacancy in the office of a Director because of death, resignation or any other cause, the remaining Directors may fill such vacancy in the terms of the law and until the next Annual General Meeting of Shareholders, which will ratify the nomination.

The members of the Board of Directors were appointed at the extraordinary general meeting of the Company held on 1 October 2009. The members were appointed for a period of 3 years until the 2012 Annual General Meeting of the Company.

Members:

1. Mr. Gábor Várszegi
2. Mr. Dávid Várszegi
3. Mr. Bob Dole
4. Mrs. Anna Rammer
5. Mr. Wiggert Karreman
6. Mr. Jan Thomas Ladenius
7. Mr. Benoit de Bien

The shareholders, at the Extraordinary General Meeting held on 1 October 2009, appointed the following members for the audit committee:

1. Mr. Wiggert Karreman
2. Mr. Jan Thomas Ladenius
3. Mr. Benoit de Bien

Powers of the Board of Directors

The Board of Directors has been authorised by the shareholders to manage the day- to-day operations of the Company, as well as to make administrative decisions, which occur from time to time 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 have to be first brought before and approved by the shareholders and the General Meeting of the Shareholders.

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.

Significant events after the Reporting date

There were no significant or otherwise relevant issues which occurred after the reporting date.

Other Disclosures

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 (transparency directive).

There are no restrictions on the transfer of securities in the articles of incorporation of the Company.

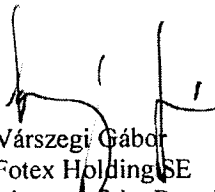
There are no securities granting special control right to their holders.

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

Outlook

We believe that our financial position and performance will remain stable; we will continue to look for good investments for the Group and continue to invest, divest, buy and sell as the market conditions, our position and timing allows.

9 April 2010, Capellen


Várszegi Gábor
Fotex Holding SE
Chairman of the Board