

FOTEX HOLDING

Société Européenne

REPORT OF THE REVISEUR D'ENTREPRISES AGREE
AS OF 31st DECEMBER 2016

26-28, rue Edward Steichen
L-2540 Luxembourg
R.C.S. Luxembourg B-146938

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FOTEX HOLDING, Société Européenne
Registered office: 26-28, rue Edward Steichen, L-2540 Luxembourg
RCS Luxembourg B-146938
The « Company »

Report of the Board of Directors

Dear Sirs,

The Board of Directors is pleased to present the Annual Accounts for the financial year ending on 31st December 2016.

The company's financial statements show a profit of EUR 2,858,437.13.

At this time, there is no information concerning items likely to affect the company's financial position.

Relevant events of the year 2016

Share buy-back program

The General Meeting of the Company has decided on 25th May 2016 to authorise the management body to carry out the share buyback program for a further five years, up to a maximum of 17 million shares at a price set between the nominal value and the market value on the transaction date on the condition that such transactions should not cause the net assets to fall below the share capital and non-distributable reserves combined.

Activities and future prospect

The Company will carry on its activities and development as it did during the last former years – no amendment is foreseen by the Board of Directors of the Company for the future.

Research & Development projects

The Company did not undertake any Research & Development projects.

Own shares

During the year 2016, the Company has acquired 1,258,248 pieces of its own ordinary shares with a nominal value of EUR 0.42 per each (representing 1.73% of the subscribed capital of the Company). As at the reporting date, the Company holds (directly and indirectly) 28,14% of its own shares:

Directly owned shares as at 31st December, 2016:

- 4,383,689 pieces of ordinary shares with a nominal value of EUR 0.42 per each;
- 1,225,000 pieces of dividend preference shares with a nominal value of EUR 0.42 per each.

Indirectly owned shares:

- 13,514,890 pieces of ordinary shares with a nominal value of EUR 0.42 per each;
- 775,000 pieces of dividend preference shares with a nominal value of EUR 0.42 per each.

The reason of the acquisition of own shares by Fotex Holding SE is that the Company feels responsibility towards its shareholders by protecting their investment the Company; when the share price changes adversely, the Company does the necessary actions to reverse such changes. The repurchase of shares depends on the market conditions.

Financial overview

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

	31.12.2015	31.12.2016
	EUR	EUR
Net turnover	1,106,236.09	1,084,255.71
Profit for the financial year	145,085,072.45	2,858,437.13
Own equity	247,266,239.96	249,055,990.39
Total assets	248,151,683.17	250,990,146.44
Total number of issued shares	72,723,650	72,723,650
Return on equity	58,68%	1.15%
Return on assets	58,47%	1.14%

Risks and Risk management of the Company:

The Company's business, financial condition or results can be affected by risks and uncertainties, although the Company's exposure to such risks as a standalone company is limited due to the fact the Company predominantly operates as a holding company. The management nevertheless has identified the following risks:

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

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

Credit risk

The Company aims to mitigate credit risk by its careful and continuous debtor portfolio monitoring process. In addition, the Company regularly follows up information about the main debtors in the market.

Interest risk

In order to mitigate the interest risk the Company (and its subsidiaries) applies the following procedures:

- tries to obtain fixed rate loans

- in case of variable interest rate loans the Company tries to balance its interest income and interest expense by granting loans with appropriate interest rate.

Liquidity risk

Liquidity risk is monitored as follows:

- monitoring daily available deposited and free cash
- monitoring weekly cash flows

As part of the management information system, the operations of the Company are monitored on a monthly basis.

The Company as a standalone holding company did not use hedge accounting in the course of the financial year as its revenue (name wearing and management fees) has been invoiced in EUR currency.

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

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

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

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

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

- In the context of the ongoing organizational realignment implemented since the Company moved its headquarters to Luxembourg, a greater integration of the financial operations of the parent company and affiliates under a single management structure was established.

- Controls have been established in the processing of accounting transactions to ensure appropriate authorizations for transactions, effective segregation of duties, and the complete and accurate recording of financial information.

The Company relies on a comprehensive system of financial reporting. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the Group are drawn up and brought to the Board for approval. The Board also approves all significant investments. The Board receives monthly financial reports setting out the Company's financial performance in comparison to the approved budget and prior year figures.

A clear segregation of duties and assignment of bank mandates between members of management, and the accounting departments is implemented.

Suggestion for Dividends to be paid on ordinary and dividend preference shares

It is proposed to the Annual General Meeting that the Company pays EUR 0.02 dividend per ordinary share to shareholders eligible to receive dividends for the year 2016 and it is proposed not to pay dividends on the dividend preference shares.

The Company shall not pay dividend on ordinary shares which are held by the Company and its subsidiaries. The Board of Directors suggests to the Annual General Meeting of the shareholders that the payment of the dividend shall be made within 30 days from the date of the Annual General Meeting, or any other date as determined by the Annual General Meeting of the shareholders.

Corporate Governance

The Company is committed to adopt best practice corporate governance standards, including complying with the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange and has drawn-up a Corporate Governance Charter which is available on the Company's website (<https://fotex.lu/relations/corporate>).

Significant direct and indirect shareholders

Gábor Várszegi, Chairman of the Board of the Company, directly or indirectly controls a part of the voting shares of Blackburn International Luxembourg S.à r.l. ("Blackburn Luxembourg"), a Luxembourg company. As at 31st December 2016 Blackburn Luxembourg controlled 50.35% (31 December 2015: 50.35%) of the Company's voting shares.

The Board

The Company is managed by a board of directors (the "Board") composed of a minimum of five (5) and a maximum of eleven (11) members (the "Directors, each a "Director").

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

In the event that one or several positions of the Board become vacant due to death, resignation or any other cause, the remaining Directors shall elect a replacement in accordance with the applicable legal provisions,

in which case this appointment shall be ratified at the next general meeting if the shareholders of the Company.

The Board has been authorized by the shareholders to manage the day-to-day operations of the Company, as well as to make administrative decisions at the Company. All rights which have not been conferred to the shareholders by the articles of associations or by the laws remain the competence of the Board. 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.

The remuneration of the members of the Board shall be fixed by the general meeting of shareholders.

The Board shall elect a chairman from among its members.

According to the articles of association, persons with no legal or financial link to the Company other than their mandate as Director are considered as "**Independent Persons**".

Independent Persons do not include persons who:

- a) are employed by the Company or its subsidiaries at the time of their appointment as a member of the Board of Directors,
- b) carry out paid work for the benefit of the Company or have technical, legal or financial responsibility towards the Company,
- c) are shareholders of the Company and hold, directly or indirectly, at least 30% of the voting rights or maintain family ties with such a person,
- d) receive financial benefits in association with the activities or results of the Company,
- e) have a legal relationship with a non-independent member of the Company in another company, in which the non-independent member has powers of management or control.

The Board is composed as follows:

<u>Name:</u>	<u>Position:</u>
• Mr. Gábor VÁRSZEGI	Chairman and member of the Board
• Mr. Dávid VÁRSZEGI,	Member of the Board
• Ms. Anna RAMMER,	Member of the Board
• Mr. Wiggert KARREMAN,	Member of the Board
• Mr. Jan Thomas LADENIUS,	Member of the Board
• Mr. Bob DOLE,	Member of the Board
• Mr. Péter KÁDAS	Member of the Board
• Mr. Gábor MOCSKONYI	Member of the Board

The Annual General Meeting of the Company held on 22nd August 2016 elected the members of the Board of Directors with a mandate expiring at the Annual General Meeting of shareholders of the Company called to approve the Company's annual accounts as at 31st December 2016.

Each member of the Board of Directors is highly-qualified, acclaimed specialist.

Audit Committee

The Company has established an audit committee (the "Audit Committee") consisting of independent members of the Board of Directors for the functions of financial reporting, internal control and risk management.

The Audit Committee plays a role in the Company's internal control and risk management procedures and as a result, monitors the internal control, internal audit and risk management systems, financial reporting process and the effectiveness thereof, monitors the statutory audit of the annual stand-alone and consolidated financial statements, reviews and monitors the independence of the *réviseur d'entreprises agréé*. In addition to the audited financial statements prepared annually, the Company, with the oversight of the Audit Committee, also draws-up unaudited consolidated financial statements on a semi-annual basis in accordance with the provisions of the Law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

The Audit Committee shall be composed of a minimum of three (3) and a maximum of five (5) people. The members of the Audit Committee shall be appointed by the general meeting of the shareholders of the Company among the members of the Board deemed to be "Independent Persons" for a period not exceeding their respective mandates.

The Audit Committee shall elect a chairman from among its members. The quorum shall be met at the Audit Committee meetings when the members have been validly called to attend and when a minimum of two-thirds (2/3) of its members are present. All the Audit Committee's decisions shall be taken by a simple majority vote. In the event of a tie, the person presiding over the meeting shall have the casting vote. They may be re-elected and they may be dismissed at any time by the general meeting, with or without cause.

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

Composition of the Audit Committee

The Audit Committee is composed as follows:

Name:	Position:
Ms. Anna RAMMER	Chairman of the Audit Committee
Mr. Jan Thomas LADENIUS,	Member of the Audit Committee
Mr. Wiggert KARREMAN,	Member of the Audit Committee
Mr. Péter KÁDAS,	Member of the Audit Committee

The members of the Audit Committee were appointed for a period of one (1) year until the Annual General Meeting called to approve the Company's annual accounts as at 31st December 2016.

Other Disclosures

There are no agreements with the 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 and there are no restrictions on voting rights of the ordinary shares.

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

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

There have been no transactions carried out under Article 32-3(5bis) of the amended Law of 10 August 1915 on commercial companies in relation to the allocation of free shares of the Company.

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

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

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

- carry out a capital increase, in one or several stages, by issuing new shares to be paid up either in cash, via contributions in kind, the transformation of debt or, subject to the approval of the Annual General Meeting, via the integration of profits or reserves into the capital;
- set the place and date of the issue or of successive issues, the issue price, and the conditions and procedures for subscribing and paying up the new shares;
- abolish or restrict the preferential subscription rights of shareholders with regard to new shares to be issued as part of the authorized share capital.

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

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

Rules Governing Amendments of the Articles of Incorporation


Amendments to the Articles of Incorporation are approved by resolution of the extraordinary general meeting of the shareholders under the conditions of the law.

Branches of the Company

The Company has no branches.

The Directors request that the general meeting discharges the Board and the Audit Committee for the execution of their mandates for the financial year ended as at 31st December, 2016.

Luxembourg, 21st March, 2017



Mr. Gábor VARSZEGI
Chairman of the Board of Directors of
Fotex Holding S.E.



Grant Thornton

An instinct for growth™

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REPORT OF REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

Following our appointment by the Shareholders, we have audited the accompanying annual accounts of FOTEX HOLDING S.E., which comprise the balance sheet as at 31 December 2016, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises Agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the Réviseur d'Entreprises Agréé's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the Réviseurs d'Entreprises Agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of FOTEX HOLDING S.E. as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Corporate Governance Statement but does not include the annual accounts and our report of Réviseurs d'Entreprises Agréé thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Other matter

The annual accounts of the Company for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those annual accounts on 13 April 2016.

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 21 March 2017



Hugues WANGEN
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

RCSL Nr.: B146938

Matricule : 2009 8400 010

eCDF entry date :

BALANCE SHEETFinancial year from ⁰¹ 01/01/2016 to ⁰² 31/12/2016 (in ⁰³ EUR)

Fotex Holding
 26-28, rue Edward Steichen
 L-2540 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	243.168.649,75	242.291.460,51
I. Intangible assets	1111	1.664.917,17	1.985.684,79
1. Costs of development	1113		
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	1.664.917,17	1.985.684,79
a) acquired for valuable consideration and need not be shown under C.I.3	1117	3-C.I. 1.664.917,17	1.985.684,79
b) created by the undertaking itself	1119		
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		
4. Payments on account and intangible assets under development	1123		
II. Tangible assets	1125	3.982.909,41	4.076.874,83
1. Land and buildings	1127	3-C.II. 3.970.169,41	4.076.874,83
2. Plant and machinery	1129		

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule : 2009 8400 010

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132 0,00
4. Payments on account and tangible assets in the course of construction	1133	133 12.740,00	134
III. Financial assets	1135	135 237.520.823,17	136 236.228.900,89
1. Shares in affiliated undertakings	1137 3-C.III.	137 237.317.387,09	138 236.037.723,43
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145 3-C.III.	145 201.787,08	146 189.528,46
6. Other loans	1147	147 1.649,00	148 1.649,00
D. Current assets	1151	151 7.543.804,47	152 5.582.974,06
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	163 2.238.425,75	164 1.503.682,27
1. Trade debtors	1165	165 2.081,59	166 791,19
a) becoming due and payable within one year	1167	167 2.081,59	168 791,19
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171 1.276.311,67	172 543.361,70
a) becoming due and payable within one year	1173 3-D.II.2	173 1.276.311,67	174 543.361,70
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183 960.032,49	184 959.529,38
a) becoming due and payable within one year	1185 3-D.II.4	185 960.032,49	186 959.529,38
b) becoming due and payable after more than one year	1187	187	188

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule : 2009 8400 010

	Reference(s)	Current year	Previous year
III. Investments	1189	189 5,173.141,26	190 3.572.774,89
1. Shares in affiliated undertakings	1191	191	192
2. Own shares	1209 3-D.III.2.	209 5,173.141,26	210 3.572.774,89
3. Other investments	1195	195	196
IV. Cash at bank and in hand	1107	197 132.237,46	198 506.516,90
E. Prepayments	1199 3-E	199 277.692,22	200 277.248,60
TOTAL (ASSETS)		201 250.990.146,44	202 248.151.683,17

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule : 2009 8400 010

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
I. Subscribed capital	1301	249.055.990,39	247.266.239,96
II. Share premium account	1303 3-A	30.543.933,00	30.543.933,00
III. Revaluation reserve	1305 3-A	24.227.034,74	25.827.401,11
IV. Reserves	1307		
1. Legal reserve	1309	8.320.652,92	5.940.976,60
2. Reserve for own shares	1311 3-A	3.054.393,30	2.275.083,35
3. Reserves provided for by the articles of association	1313 3-A	5.173.141,26	3.572.774,89
4. Other reserves, including the fair value reserve	1315		
a) other available reserves	1429	93.118,36	93.118,36
b) other non available reserves	1431 3-A	93.118,36	93.118,36
V. Profit or loss brought forward	1433		
VI. Profit or loss for the financial year	1319 3-A	183.105.932,60	39.868.856,80
VII. Interim dividends	1321 3-A	2.858.437,13	145.085.072,45
VIII. Capital investment subsidies	1323		
	1325		
B. Provisions	1331	751.525,52	337.612,17
1. Provisions for pensions and similar obligations	1333		
2. Provisions for taxation	1335 3-B.2.	751.525,52	337.612,17
3. Other provisions	1337		
C. Creditors	1435	1.182.630,53	547.831,04
1. Debenture loans	1437		
a) Convertible loans	1439		
i) becoming due and payable within one year	1441		
ii) becoming due and payable after more than one year	1443		
b) Non convertible loans	1445		
i) becoming due and payable within one year	1447		
ii) becoming due and payable after more than one year	1449		
2. Amounts owed to credit institutions	1355	57.288,09	
a) becoming due and payable within one year	1357 3-C	57.288,09	
b) becoming due and payable after more than one year	1359		

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule : 2009 8400 010

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	208.149,82	190.692,63
a) becoming due and payable within one year	1369 3-C	208.149,82	190.692,63
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	554.887,39	6,26
a) becoming due and payable within one year	1381 3-C	554.887,39	6,26
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451	362.305,23	357.132,15
a) Tax authorities	1393 3-C	16.313,18	10.313,22
b) Social security authorities	1395 3-C	2.282,68	1.998,18
c) Other creditors	1397 3-C	343.709,37	344.820,75
i) becoming due and payable within one year	1399	343.709,37	344.820,75
ii) becoming due and payable after more than one year	1401	401	402
D. Deferred income	1403	403	404
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	250.990.146,44	248.151.683,17

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B146938

Matricule : 2009 8400 010

eCDF entry date:

PROFIT AND LOSS ACCOUNTFinancial year from ⁰¹ 01/01/2016 to ⁰² 31/12/2016 (in ⁰³ EUR)

Fotex Holding

26-28, rue Edward Steichen
L-2540 Luxembourg**PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
1. Net turnover	1701 <u>3-Item 1</u>	701 <u>1.084.255,71</u>	702 <u>1.106.236,09</u>
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 <u>3-Item 4</u>	713 <u>93.927,52</u>	714 <u>118.068,37</u>
5. Raw materials and consumables and other external expenses	1671 _____	671 <u>-378.478,29</u>	672 <u>-405.524,47</u>
a) Raw materials and consumables	1601 _____	601 <u>-6.474,38</u>	602 <u>-1.939,94</u>
b) Other external expenses	1603 <u>3-Item 5b</u>	603 <u>-372.003,91</u>	604 <u>-403.584,53</u>
6. Staff costs	1605 <u>4</u>	605 <u>-322.257,42</u>	606 <u>-322.519,20</u>
a) Wages and salaries	1607 _____	607 <u>-298.207,68</u>	608 <u>-298.207,68</u>
b) Social security costs	1609 _____	609 <u>-24.049,74</u>	610 <u>-24.311,52</u>
i) relating to pensions	1653 _____	653 <u>-24.049,74</u>	654 <u>-24.311,52</u>
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 <u>-429.850,54</u>	658 <u>-2.062.900,22</u>
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 <u>-429.850,54</u>	660 <u>-1.963.651,18</u>
b) in respect of current assets	1661 _____	661 _____	662 <u>-99.249,04</u>
8. Other operating expenses	1621 <u>3-Item 8</u>	621 <u>-434.504,93</u>	622 <u>-449.776,57</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B146938

Matricule : 2009 8400 010

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	2.366.063,37	144.557.603,57
a) derived from affiliated undertakings	1717 3-Item 9a	2.366.063,37	144.509.548,41
b) other income from participating interests	1719		48.055,16
10. Income from other investments and loans forming part of the fixed assets	1721	35.950,19	49.240,27
a) derived from affiliated undertakings	1723	35.950,19	49.240,27
b) other income not included under a)	1725		
11. Other interest receivable and similar income	1727	9.520,73	11.906,69
a) derived from affiliated undertakings	1729	7.173,54	8.876,72
b) other interest and similar income	1731	2.347,19	3.029,97
12. Share of profit or loss of undertakings accounted for under the equity method	1663		
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	1.291.922,28	2.827.906,69
14. Interest payable and similar expenses	1627	-17.048,14	-14.100,60
a) concerning affiliated undertakings	1629 3-Item 14a	-11.628,08	-11.118,67
b) other interest and similar expenses	1631	-5.420,06	-2.981,93
15. Tax on profit or loss	1635	-424.247,35	-310.333,17
16. Profit or loss after taxation	1667	2.875.253,13	145.105.807,45
17. Other taxes not shown under items 1 to 16	1637	-16.816,00	-20.735,00
18. Profit or loss for the financial year	1669	2.858.437,13	145.085.072,45

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016
(expressed in EUR)

NOTE 1 – GENERAL INFORMATION

Fotex Holding Société Européenne (the "Company") is a European public limited company regulated under the laws of the Grand Duchy of Luxembourg.

The registered office of the Company has been transferred from Nagy Jenő u. 12, 1126 Budapest, Hungary to the Grand Duchy of Luxembourg and more precisely to 75, Parc d'Activités, L-8308 Capellen further to the deed signed by the notary Anja HOLTZ, with residence in Wiltz, on 4th June 2009 and published in the Memorial C-N°1427 of 23rd July 2009. The Company has been registered in the Luxembourg Trade and Companies' Register (Registre de Commerce et des Sociétés Luxembourg) under registration no. R.C.S. B 146938.

On November 5th, 2013, the Board of Directors decided to transfer the registered office, with effect as from November 1st, 2013, to 26-28, rue Edward Steichen, L-2540 Luxembourg.

The registered office is established in Luxembourg-City.

The object of the Company is to acquire participating interests, in any form whatsoever in Luxembourg or foreign companies, to acquire any kind of transferable securities via purchases, subscriptions or any other means as well as to dispose thereof via sales, exchanges or any other means, to manage and develop its portfolio and to acquire, sell and develop patents and licenses associated thereto.

The Company may lend and borrow with or without collateral. It makes part in the creation and development of other companies and lends them its support.

In general, the Company may carry out any commercial or financial transaction or any transaction involving movable or immovable assets that is directly or indirectly linked to its corporate object or is likely facilitate the expansion and development thereof.

The financial year starts on January 1st and ends on December 31st each year.

The Company prepares consolidated and statutory accounts, which are published according to the provisions of the law.

The consolidated accounts are prepared in accordance with IFRS.

The consolidated and statutory accounts are available at the registered office of the Company.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General principle

The annual accounts have been prepared in accordance with the Luxembourg Commercial Company Law of 10 August 1915 and the amended law of 19 December 2002 and 10 December 2010 and 18 December 2015, as modified. Accounting policies and valuation policies and valuation rules are, besides the ones laid down by the said law, determined and applied by the Board of Directors.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016

(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The provisions of the law of 18 December 2015 on the annual accounts and consolidated accounts and the grand-ducal regulation of 18 December 2015 on the layout of balance sheet and profit and loss accounts, amending the law of 19 December 2002, have been transposed in this annual accounts. The layouts and the headings of certain balance sheet and profit and loss account captions have been modified accordingly.

The following reclassifications were brought to the annual accounts:

- Own shares formerly presented in the caption "Financial fixed assets" have been reclassified in the caption "Investments"
- The amounts formerly presented in the caption "Tax and social security debt" have been reclassified in the caption "Others creditors"
- The amounts formerly presented in the caption "Use of merchandise, raw materials and consumable materials" have been reclassified in the caption "Raw materials and consumables and other external expenses".
- The amounts formerly presented in the caption "Other external charges" have been reclassified in the caption "Raw materials and consumables and other external expenses".
- The fee paid to Fotexnet (for IT licence) in 2015 has been reclassified from the caption "Other external charges" to the caption "other operating expenses".
- The reversal of value adjustment on financial fixed assets (EUR 2 846 278.33) formerly presented in the caption "Income from financial fixed assets/ derived from affiliated undertakings" have been reclassified to the caption "Value adjustments in respect of financial assets and of investments held as fixed assets".
- The dividends (EUR 734 163.49) formerly presented in the caption "Income from financial fixed assets/ derived from financial fixed assets" have been reclassified to the caption "Income from participating interests"
- The reversal of value adjustment on financial fixed assets (EUR 195 490.09) formerly presented in the caption "Income from financial fixed assets /other interest and similar financial income" have been reclassified to the caption "Value adjustments in respect of financial assets and of investments held as fixed assets".
- The dividends (EUR 49 240.27) formerly presented in the caption "Income from financial fixed assets /other interest and similar financial income" have been reclassified to the caption "Income from other investments and loans forming part of the fixed assets"
- The value adjustments on financial fixed assets (EUR 213 861.67) formerly presented in the caption "Value adjustments and fair value adjustments on financial fixed assets" have been reclassified to the caption "Value adjustments in respect of financial assets and of investments held as fixed assets".

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016

(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The capital loss of EUR 1 045 873.66, realized in 2015, resulting from the sale of Balaton Butor Kft have been reclassified from the caption "Extraordinary charges" to the caption "Income from participating interests"
- The gain of EUR 144 821 258.58, realized in 2015, resulting from the contribution in-kind of the business shares in Keringatlan Kft. towards the increase of share capital of Fotex Netherlands B.V. has been reclassified from the caption "Extraordinary income" to the caption "Income from participating interests"
- The capital gain (EUR 48 055.16) presented in the caption "Extraordinary income" have been reclassified to the caption "Income from participating interest".
- The amount reimbursed from Pest Megyei Kormanyhivatal for an amount of HUF 30 683.96 (EUR 99.33) has been reclassified from the caption "Extraordinary income" to the caption "Other operating income".

2.2 Summary of significant accounting policies

Foreign currency translation

- The accounts are expressed in Euro.
- Transactions expressed in currencies other than euro are translated into euro at the exchange rate effective at the time of the transaction.
- Formation expenses, intangible, tangible and financial fixed assets, expressed in currencies other than euro are translated into euro at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.
- Current and long-term liabilities and receivables, other current asset and liability items expressed in currencies other than euro are translated at the rate effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realisation.
- Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.
- The interests on the loans are converted in using the average monthly exchange rate.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016

(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets other than formation expenses are recorded at their acquisition price, less cumulative value adjustments. Where applicable, amortization is calculated on the basis of generally accepted rates according to the estimated useful life of these assets.

The rates and methods of depreciation applied are as follows:

	Depreciation rate %	Depreciation method
Trade mark concessions "Fotex"	4,17	Linear
Trade mark concessions "Fotex"-renewal 10 years	10,00	Linear
IP rights and software	33,00	Linear

In case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of these intangible assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Intangible fixed assets with indefinite useful lives such as media rights are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of intangible assets with indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to definite is made on a prospective basis.

Tangible assets

Tangible assets and other similar assets are initially recorded at their acquisition price, less cumulative value adjustments. When applicable, depreciation is calculated on the basis of generally accepted rates according to the estimated useful life of these fixed assets.

The « Land and buildings » item includes real estate properties owned by the Company in Budaors, Hungary and Gardony, Hungary.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follow:

The economic useful lives used are as follows:

	Depreciation rate %	Depreciation method
Real estate and related property rights	2.00	Linear
Hardware	33.00	Linear

Lands are not depreciated.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016

(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Shares in affiliated undertakings/participating interest/loan to these undertakings/held as financial fixed assets/other loans are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto.

In case of a durable impairment in value according to the opinion of the Board of Directors, value adjustments are made in respect of these financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors, amounts owed by affiliated undertaking, amounts owed by undertakings with which the undertaking is linked by virtue of participating interests and other debtors are recorded at their nominal value.

According to the information provided by the Board of Directors, the debtors are subject to a depreciation recorded separately in the annual accounts so that these items are valued at the lowest market value.

Value adjustments made in previous financial years are no longer necessary following the disappearance of the recovery risk shall be rectified.

Investments

Own shares are valued at the lower of purchase cost, including expenses incidental thereto and calculated on the basis of the weighted average prices method, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the last available quotation on the valuation day for the investments.

Cash at bank and in hand

Cash at bank and in hand are recorded at their nominal values.

Prepayments

This asset item includes income and expenses incurred during the financial period but relating to a subsequent financial period.

Provisions

On the last day of the financial year, provisions are formed to cover all known or foreseeable liabilities and charges.

FOTEX HOLDING

**Annual accounts for the year ended 31/12/2016
(expressed in EUR)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions are regularly reviewed and adjusted when the source of the liability or charge no longer exist.

Provisions for taxation corresponds to the tax liability estimated by the Company for the financial year for which tax returns have not yet been filed and recorded under the caption "provision".

Creditors

Creditors are valued at nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Net turnover

The net turnover comprises amounts paid by the group companies using and benefiting from the Fotex name (name wearing fee, recharged costs). Fotex Holding SE also provides guidance in the fields of property management to those subsidiaries, which require it, in exchange for a regular property management fee.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ASSETS/ ITEM C.I. – Intangible assets

Evolution of intangible assets:

	Trademarks	IP Rights and software	Media rights
Gross book value - opening balance	7 746 580.97	3 588.00	2 658 396.00
Additions for the financial year	0.00	2 377.50	0.00
Disposals for the financial year	0.00	0.00	0.00
Transferts for the financial years	0.00	0.00	0.00
Gross book value - closing balance	7 746 580.97	5 965.50	2 658 396.00
Value adjustment - opening balance	-7 419 292.18	-3 588.00	-1 000 000.00
Value adjustment for the financial year	-323 145.12	0.00	0.00
Impairment	0.00	0.00	0.00
Reversals for the financial year	0.00	0.00	0.00
Transferts for the financial year	0.00	0.00	0.00
Value adjustments - closing balance	-7 742 437.30	-3 588.00	-1 000 000.00
Net book value - opening balance	327 288.79	0.00	1 658 396.00
Net book value - closing balance	4 143.67	2 377.50	1 658 396.00

FOTEX HOLDING

**Annual accounts for the year ended 31/12/2016
(expressed in EUR)**

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

The basis for recognition of the Trade Mark concessions "Fotex" as an intangible asset consists of the fact that since its incorporation in 1984, the Company is well known and has a good reputation. In 1990, in connection with the transformation of the Company to an Rt. (public limited company) and associated to an increase in share capital, the "Fotex" name has been valued by an independent appraiser. The gross value of the "Fotex" name amounts to 2 05 billion HUF, which is equivalent to EUR 7.7 million.

The "Fotex" name has been recognized as an asset to be in line with the regulations of Hungarian GAAP. Moreover, since February 10, 2011 the "Fotex" name has been registered not only in Hungary but at an EU level.

Since the "Fotex" name can serve the best interest of the Company for a long period of time and is a well-known name, it has been amortized over 24 years.

On September 2nd, 2014, Fotex Holding SE acquired the partial FTC (Ferencvarosi Torna Club) commercial rights from Upington Investments Sàrl being its 100% owned subsidiary.

As part of discontinuing its ownership of FTC Labdarugo Zrt., (a company that operates and manages the football club "FTC") acquired in 2001 (at a cost of HUF 1.9 billion – ca. EUR 7 million), the Company acquired certain merchandising rights in FTC (media and brand merchandise, distribution and promotion rights (billboards)) in 2003 for an unlimited period for which an impairment of EUR 4.008.798,00 has been recorded in prior years. Owing to changes in Hungarian legislation, as of January 1st, 2012, all rights related to the Club's address, logo and name reverted to the FTC Sport Association. Such reversion is subject to compensation by FTC, the amount of which is currently under negotiation by the parties. Should the parties be unable to reach an agreement, the amount of compensation will be determined based on the fair value of the rights at the time of reversal by a court competent to act based on the location of the Club's headquarters.

In consideration of the long lasting procedure an impairment of EUR 1 000 000.00 has been recognized in 2015.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.II. – Tangible assets

Evolution of tangible assets:

	Lands and buildings	Other fixtures and fittings, tools and equipment
Gross book value - opening balance	5 552 086.00	4 366.63
Additions for the financial year	0.00	0.00
Disposals for the financial year	0.00	0.00
Transfers for the financial years	0.00	0.00
Gross book value - closing balance	5 552 086.00	4 366.63
Value adjustment - opening balance	-1 475 211.17	-4 366.63
Value adjustment for the financial year	-70 639.88	0.00
Impairment	-36 065.54	0.00
Reversals for the financial year	0.00	0.00
Transfers for the financial year	0.00	0.00
Value adjustments - closing balance	-1 581 916.59	-4 366.63
Net book value - opening balance	<u>4 076 874.83</u>	<u>0.00</u>
Net book value - closing balance	<u>3 970 169.41</u>	<u>0.00</u>

The « Land and buildings » item includes real estate properties owned by the Company in Budaors, Hungary and Gardony, Hungary.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.III. – Financial assets

Evolution of financial assets:

	1. Shares in affiliated undertakings	5. Investments held as fixed assets
Gross book value - opening balance	238 520 408.58	244 087.54
Additions for the financial year	0.00	0.00
Disposals for the financial year	0.00	0.00
Transfers for the financial years	0.00	0.00
Gross book value - closing balance	238 520 408.58	244 087.54
Value adjustment - opening balance	-2 482 685.15	-54 559.08
Value adjustment for the financial year	0.00	0.00
Reversals for the financial year	1 279 663.66	12 258.62
Transfers for the financial year	0.00	0.00
Value adjustments - closing balance	-1 203 021.49	-42 300.46
Net book value - opening balance	<u>236 037 723.43</u>	<u>189 528.46</u>
Net book value - closing balance	<u>237 317 387.09</u>	<u>201 787.08</u>

In connection with the amendments regarding the presentation of the annual accounts in the Law, the own shares have been transferred in the caption "Investments".

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.III. –Financial assets (continued)

The capital and reserves into affiliated undertakings/investments held as fixed assets as at December 31st, 2016 are summarized below:

Name of the company	Registered office / Country	Total share capital	Ownership %	Last balance sheet date	Capital and reserves at the last balance sheet date (*)	Results at the last balance sheet date (**)
Hungaroton Music Zrt	Reiter Feren u -45-49., 1135 Budapest, Hungary	HUF 127 200 000,00	99.21	31.12.2016	HUF 231 256 000.00/ EUR 746 396.41	HUF 56 000/ EUR 180.74
Sigma Kft	Nagy Jenó u 12., 1126 Budapest, Hungary	HUF 26 650 000,00	75.05	31.12.2016	HUF 76 836 000,00 / EUR 247 994.06	HUF 42 830 000/ EUR 138 237.09
Upington Investments Sàrl	26-28, rue Edward Steichen,-L2540 Luxembourg	EUR 12 500,00	100.00	31.12.2016	EUR 19 670 255.68	EUR 157 810.39
Szekhely 2007 Kft	Nagy Jenó u 12., 1126 Budapest, Hungary	HUF 27 800 000,00	81.29	31.12.2016	HUF 243 233 000.00 / EUR 785 053.09	HUF 209 889 000.00 / EUR 677 432.78
Fotex Netherlands BV	Sarphatikade 13, 1017 VVV Amsterdam, The Netherlands	EUR 150 018 000,00	100.00	31.12.2016	EUR 236 143 483.00	EUR 1 176 444.00
Fotexnet Kft	Nagy Jenó u 12., 1126 Budapest, Hungary	HUF 461 630 000,00	10.09	31.12.2016	HUF 618 226 000.00 / EUR 1 995 371.65	HUF 138 029 000.00/ EUR 445 5499.14

(*) The closing exchange rate used to convert HUF into EUR (when the share capital of the subsidiaries is expressed in HUF) is 309.83 and is given only for information and conversion purpose.

Hungaroton Music Zrt.

The Company received a dividend of HUF 18 758 000.00 (EUR 60 076.87) from Hungaroton Music Zrt. approved by its annual general meeting held on April 26th, 2016. On December 31st, 2016, a reversal of value adjustment of EUR 33 965.11 has been recorded.

Sigma Kft.

The Company received a dividend of HUF 21 464 498.00 (EUR 68 295.20) from Sigma Kft. approved by its annual general meeting held on March 30th, 2016. On December 31st, 2016, a reversal of value adjustment of EUR 97 537.97 has been recorded.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016

(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM C.III. –Financial assets (continued)

Szekhely 2007 Kft.

The Company received a dividend of HUF 703 284 000.00 (EUR 2 237 691.30) from Szekhely Kft. approved by its annual general meeting held on March 30th, 2016.

Fotexnet Kft.

The Company received a dividend of HUF 11 298 784.00 (EUR 35 950.19) from Fotexnet Kft. approved by its annual general meeting held on March 30th, 2016. On December 31st, 2016 a reversal of value adjustment of EUR 12 258.62 has been recorded.

The capital and reserves into affiliated undertakings/investments held as fixed assets as at December 31st, 2015 are summarized below:

Name of the company	Registered office / Country	Total share capital	Ownership %	Last balance sheet date	Capital and reserves at the last balance sheet date (*)	Results at the last balance sheet date (*)
Hungaroton Music Zrt	Reiter Feren u -45-49., 1135 Budapest, Hungary	HUF 127 200 000.00	99.21	31.12.2015	HUF 225 029 000,00 /EUR 712 162,16	HUF -6 171 000,00 / EUR -19 529,72
Sigma Kft	Nagy Jenó u 12., 1126 Budapest, Hungary	HUF 28 650 000.00	75.05	31.12.2015	HUF 34 006 000,00 /EUR 107 620,73	HUF NIL/ EUR NIL
Upington Investments Sàrl	26-28, rue Edward Steichen, -L2540 Luxembourg	EUR 12 500.00	100.00	31.12.2015	EUR 19 512 445,29	EUR 5 354 626,62
Szekhely 2007 Kft	Nagy Jenó u 12., 1126 Budapest, Hungary	HUF 27 800 000.00	81.29	31.12.2015	HUF 898 499 000,00 /EUR 284 350,27	HUF 139 131 000,00 /EUR 440 315,84
Fotex Netherlands BV	Sarphatikade 13, 1017 WW Amsterdam, The Netherlands	EUR 150 018 000,00	100.00	31.12.2015	EUR 234 967 048,00	EUR 1 579 919, 00
Fotexnet Kft	Nagy Jenó u 12., 1126 Budapest, Hungary	HUF 461 630 000.00	10.09	31.12.2015	HUF 592 126 000,00 /EUR 1 873 935,06	HUF 111 929 000,00 /EUR354 228,11

(*) The closing exchange rate used to convert HUF into EUR (when the share capital of the subsidiaries is expressed in HUF) is 315,98 and is given only for information and conversion purpose.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016
(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM D.II.2 – Amounts owned by affiliated undertakings

At December 31st, 2016, this caption is mainly composed of unpaid dividends from Szekhely 2007 Kft. for an amount of EUR 1 119 440.93.

At December 31st, 2015, this caption was mainly composed of a loan granted to Fotex Netherlands B.V. for an amount of EUR 500 000.00 bearing interest at 4,5%.

ASSETS/ ITEM D.II.4 – Other debtors

As at December 31st, 2016, the other debtors are mainly composed of:

- VAT recoverable for an amount of EUR 507 897.75 (2015: EUR 516 296.15).

- Receivable from Real Zaragoza SAD (following an agreement between MTK Budapest Labdarugo Zartkoruen Mukodo Reszvenytarsasag and Real Zaragoza SAD) with a net book value of EUR 396 996.19 (2015: EUR 396 996.19)

ASSETS/ ITEM D.III.2. – Own shares

Own shares

In connection with the amendments regarding the presentation of the annual accounts in the law of December 18, 2015, the own shares have been transferred in this caption.

Own shares	Quantity	Nominal Value	Recorded Value
Opening balance	4 350 441	EUR 1 827 185.22	EUR 3 572 774.89
Acquisition	1 258 248	EUR 528 464.16	EUR 1 600 366.37
Closing balance	5 608 689	EUR 2 355 649.38	EUR 5 173 141.26

The Company has created a non-distributable reserve in the caption "Reserve for own shares".

The purchase prices of the own shares sales are recorded on the basis of the weighted average price method applicable on the various dates of the sales made by the Company.

FOTEX HOLDING

Annual accounts for the year ended 31/12/2016

(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

ASSETS/ ITEM E. – Prepayments

This caption includes:

	2016	2015
Deferred charges	0.00	2 798.95
Prepaid cost	7 354.60	8 800.00
Accrued income (name wearing fee)	161 931.88	158 396.88
Accrued income (property management fee)	108 405.74	107 252.77
	<u>277 692.22</u>	<u>277 248.60</u>

LIABILITIES/ ITEM A. – Capital and reserves

The movements in capital and reserves during the financial year are as follows:

	Subscribed capital	Share premium	Reserve for own shares	Legal reserve	Dividends (*)	Other non-distributable reserves (**)	Profit or loss brought forward	Result for the financial year
As at December 31st, 2015	30 543 933.00	25 827 401.11	3 572 774.89	2 275 083.35	0.00	93 118.36	39 868 856.80	145 085 072.45
Dividends (*)	0.00	0.00	0.00	0.00	-1 088 686.70	0.00	0.00	0.00
Transfer to reserve	0.00	-1 600 366.37	1 600 366.37	0.00	0.00	0.00	0.00	0.00
Increase capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Decrease capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocation of the results	0.00	0.00	0.00	779 309.95	1 088 686.70	0.00	143 237 075.80	-145 085 072.45
Result for the financial year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2 858 437.13
As at December 31st, 2016	<u>30 543 933.00</u>	<u>24 227 034.74</u>	<u>5 173 141.26</u>	<u>3 054 393.30</u>	<u>0.00</u>	<u>93 118.36</u>	<u>183 105 832.60</u>	<u>2 858 437.13</u>

(*) At the Annual General Meeting of the Company held on May 25th, 2016, the Company has decided upon the payment of a gross dividend of EUR 0.02 per ordinary share (excluding Treasury Shares held by the Company and its subsidiaries) and payable from June 20th, 2016.

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NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT **(continued)**

LIABILITIES/ ITEM A. – Capital and reserves (continued)

(**) At the Annual General Meeting of the Company held on May 12th, 2014, the Company has decided to allocate to an un-distributable reserve for unrealized gains on foreign exchange an amount of EUR 93 118.36.

LIABILITIES/ ITEM A.I. – Subscribed capital

As at December 31st, 2016, the Company has an issued and subscribed capital of EUR 30 543 933.00 divided into 70 723 650 ordinary shares and 2 000 000 dividend preference shares with a par value of EUR 0.42, i.e. a total of 72 723 650 shares.

The dividend preference shares carry the same rights as ordinary shares in the event of liquidation or dissolution of the Company.

Dividend preference shares come with a right to an annual dividend decided by the General Assembly, but are without right to vote. This dividend may not exceed 50% of the average annual price of the ordinary shares but may not be less than twice the 12-month interest rate of the European Central Bank prevailing at 1 January of the year in which the dividend is paid. The dividend is calculated based on the face value of shares (i.e. 0.42 x interest rate x 2). This dividend may only be paid if the Company's consolidated financial statements for the relevant year prepared under IFRS show profits and pertaining legal provisions allow for the distribution of such dividend.

The total dividends paid in respect of dividend preference shares may not exceed thirty percent (30%) of the consolidated after-tax profit based on the IFRS financial statements (less minority interest). The holders of dividend preference shares are not entitled to any other rights or dividends outside that attributed to them by the General Assembly. Such dividends are paid once a year and interim payment is only allowed if the conditions of such a distribution are met.

If the Company is unable to pay such dividends for one year or if it pays only a minimum portion due for a given year and does not regularize the payment of the full amount upon payment of the dividends for the following year, the right to vote identical to that applied to ordinary shares will be granted to the holders of dividend preference shares. The voting will be extended until the Company has paid all minimum dividends due with respect to the dividend preference shares.

A subsequent General Assembly meeting representing at least 50% of the ordinary shares may determine the limits and conditions of the authorised capital within the limits set by the law.

In this case, the Board of Directors is authorised and empowered to:

- increase the capital in one sum or in instalments, by issuing new shares to be paid in cash or in contributions in kind, by converting receivables or, upon approval of the Annual General Assembly, by way of capitalising the profit or reserves.
- determine the place and date of the issue or successive issues of the new shares along with the costs of such an issue as well as the terms and conditions of subscription.
- suppress or limit the preferential subscription right of shareholders should the new shares be issued as part of the authorized capital.

FOTEX HOLDING

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NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

This authorisation is valid for a period of five years from the date of publication of the deed of authorization and may be prolonged by a General Assembly of the shareholders with respect to shares that form part of the authorised capital and have not yet been issued by the Board of Directors.

Following each capital increase realised and duly effected in accordance with the relevant legal forms, the first paragraph of this article shall be amended to reflect the latest increase; such changes will be recorded in due form by the Board of Directors or by a person appointed for that purpose.

Since February 23rd, 2012, the Company's ordinary shares are quoted on the Luxembourg Stock Exchange.

LIABILITIES/ ITEM A.IV.1. – Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

LIABILITIES/ ITEM B. 2. – Provisions for taxation

This caption can be detailed as follows:

	2016	2015
Corporate income tax	566 704.64	245 972.67
Municipal business tax	167 875.88	70 780.50
Wealth tax	16 945.00	20 859.00
	<u>751 525.52</u>	<u>337 612.17</u>

FOTEX HOLDING

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(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

LIABILITIES/ ITEM C. – Creditors

Remaining terms of amounts due and payable for the accounts shown under creditors » are as follows:

	Within one year	After one year and within five years	After more than five years	Total 31.12.2016	Total 31.12.2015
Amounts owed to credit institutions	57 288.09	0.00	0.00	57 288.09	0.00
Trade creditors (1)	208 149.82	0.00	0.00	208 149.82	190 692.63
Amounts owed to affiliated undertakings	554 887.39	0.00	0.00	554 887.39	6.26
Other creditors					
Tax authorities	16 313.18	0.00	0.00	16 313.18	10 313.22
Social security authorities	2 282.68	0.00	0.00	2 282.68	1 998.18
Other creditors (2)	343 709.37	0.00	0.00	343 709.37	344 820.75
Total	1 182 630.53	0.00	0.00	1 182 630.53	547 831.04

(1) As at December 31st, 2016, the trade creditors are mainly composed of trade creditors – purchase invoice accruals for an amount of EUR 135 797.04 (2015: EUR 126 355.96).

(2) As at December 31st, 2016, the item "other creditors" is mainly composed of a payable to MTK Budapest Labdarugo Zartkoruen Mukodo Reszvenytarsasag ("MTK") (following an assignment of certain claims by MTK to the Company, based on an agreement between MTK and Real Zaragoza SAD), resulting in a net payable of EUR 203 535.90 due to MTK (2015: EUR 203 535.90).

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NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

INCOME/ ITEM 1. – Net turnover

The Company has the following revenue:

Name wearing service: Fotex Holding SE ensures the use of the name "Fotex" for a regular fee.

Property management fee: Fotex Holding SE provides guidance in the fields of property management to those subsidiaries, which require it, in exchange for a regular fee.

	2016	2015
Name wearing fee	646 657.89	701 550.88
Recharged cost	1 290.40	0.00
Property management fee	436 307.42	404 685.21
	<u>1 084 255.71</u>	<u>1 106 236.09</u>

INCOME/ ITEM 4. – Other operating income

In order to enforce certain contractual rights of the Company under the 2003 agreement for the provision of eight VIP tickets and the exclusive use of a Skybox in the football stadium of FTC, the Company has filed a claim against FTC in 2014. As a result of the judgment issued by the Arbitration Court attached to the Hungarian Chamber of Commerce and Industry on February 22nd, 2016, the Company received the amount of HUF 29.520.479,00 (EUR 93 927.52) as compensation for the said VIP tickets and Skybox for the 2014-2015 professional football season. In addition, according to the judgment, the Company also has the right to the said tickets and the exclusive use of a Skybox in the future.

At December 31st, 2015, the other operating income mainly includes a value adjustment on a payable to MTK for an amount of EUR 99 249.04.

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(expressed in EUR)

NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (continued)

CHARGES/ ITEM 5 B. – Raw materials and consumables and other external expenses

The other external expenses are composed of:

	2016	2015
Rent for office	-16 374.00	-15 534.00
Subcontracting, maintenance and repairs	-6 186.60	-3 133.75
Commissions and professional fees (1)	-314 863.77	-344 121.41
Insurance premiums	-6 300.00	-7 000.00
Marketing and communication costs	-5 653.44	-4 213.08
Miscellaneous external charges (2)	-22 626.10	-29 582.29
	<u>-372 003.91</u>	<u>-403 584.53</u>

(1) The commissions and professional fees include audit fees:

- EUR 18 000.00 for the statutory accounts
- EUR 109 865.00 for the consolidation accounts.

(2) In connection with the amendments regarding the presentation of the annual accounts in the law of December 18, 2015, and for comparative figure, the fee paid to Fotexnet (for IT licence) in 2015 have been reclassified to the caption "other operating expenses".

CHARGES/ ITEM 8. – Other operating expenses

The other operating expenses mainly include Directors' fees for a gross amount of EUR 418 748.11 (2015: EUR 410 166.11).

INCOME/ ITEM 9A. – Income from participating interests

This item is composed of dividends received from affiliated undertakings for an amount of EUR 2 366 063.37 (2015: 734 163.49).(see note C.III)

In connection with the amendments regarding the layout of the annual accounts in the law of December 18, 2015, and for comparative figure purpose, the gain of EUR 144 821 258.58, realized in 2015, resulting from the contribution in-kind of the business shares in Keringatlan Kft. towards the increase of share capital of Fotex Netherlands B.V. has been reclassified from the caption "Extraordinary income" to the caption "Income from participating interests"

The capital loss of EUR 1 045 873.66, realised in 2015, resulting from the sale of Balaton Butor Kft have been reclassified from the caption "Extraordinary charges" to the caption "Income from participating interests".

FOTEX HOLDING

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NOTE 3 – EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT **(continued)**

INCOME/ ITEM 14A. – Interest payable and similar expenses

The interest payable are composed of interest paid/or due to affiliates undertakings for an amount of EUR 2 346.15 (2015: 2 622.79).

This caption is also composed of exchanges losses concerning affiliated undertakings for an amount of EUR 9 281.93 (2015: EUR 8 495.88)

NOTE 4 – ADDITIONAL INFORMATION

Tax

The Company is subject to the common tax law applicable to Luxembourg commercial companies.

The Company has entered in a tax consolidation regime with its subsidiary Upington Investment S.à.r.l. as per the article 164 bis LIT as of 01/01/2010.

Staff costs

During the financial year, the Company employed two employees.

The directors earn "Tantièmes" for a gross amount of EUR 418 748.11 (2015: EUR 410 166.11).

Advances and loans granted to the members of the administrative, managerial and supervisory bodies

During the year, the Company did not grant advances and loans to the members of those bodies.

Off balance sheet commitments

The Company entered into a bank guarantee for an amount EUR 155 900.00 on behalf of its subsidiary Fotexnet Kft.

Subsequent event

No significant event occurred subsequent to the year-end that would require adjustment or disclosure in the annual accounts.