

FOTEX HOLDING
Société Européenne

Annual accounts
for the financial year ended
as at December 31st, 2012

Address of the registered office: 42, rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg : B-146938

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the shareholders of:

FOTEX HOLDING SE, 42, rue de la Vallée, L-2661 Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of Shareholders we have audited the accompanying annual accounts of FOTEX Holding SE, which comprise the balance sheet as of December 31, 2012, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of 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 judgement of the réviseur d'entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the réviseur 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 for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of FOTEX Holding SE as of 31.12.2012, and of the results of its operations and its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

Done at Strassen,
On March 25th, 2013



Van Cauter-Snauwaert & Co Sàrl
Erik Snauwaert
Réviseur d'Entreprise agréé

FOTEX HOLDING, SE
Société européenne
Registered office: 42, rue de la Vallée
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 ended on December 31st, 2012.

The company's financial statements show a loss of EUR 1,355,247.18.

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

Relevant events of the year 2012

Fotexnet Kft.

On 5th September 2012 Fotex Holding SE sold its business quota held in Fotexnet Kft. of a face value of HUF 600,000 to Keringatlan Kft. for a consideration of HUF 2,040,000. As a result of the transaction, the shareholding of Fotex Holding SE in Fotexnet Kft. decreased from 5.5% to 0%. The net capital loss is amounting to EUR 3.236,65 under caption Extraordinary charges.

Upington Investments S.à.r.l.

On 6th April 2012, Fotex Holding SE received a dividend of EUR 3.500.000,00 decided by the ordinary general meeting of Upington Investments approving the 2011 accounts.

On 10th December 2012, Upington Investments S.à r.l. decided to reimburse the total amount of EUR 17.913.708,00 to Fotex Holding SE as its sole shareholder. The re-imburement of the aforesaid share premium was satisfied partly by way of assignment of claims due to Upington Investments and partly in cash.

Keringatlan Kft.

On 20th November 2012, Fotex Holding SE received an interim dividend by Keringatlan Kft. of HUF 2.350.588.500.

Keravill Rt.

On 13th December 2012 the Metropolitan Court in Hungary closed the simplified liquidation procedure of Keravill Rt. According to the court 's judgement, Fotex Holding SE shall receive the amount of HUF 49.344. The court's judgement order is not effective yet as the parties can appeal against it but it is expected to take effect at the beginning of 2013.

Fotex Cosmetics Kft.

Fotex Cosmetics Kft. has merged into Keringatlan Kft. with effect from 1st January 2013, as a result of the merge Fotex Cosmetics Kft. ceased to exist as a legal entity in its own right.

Hungaroton Records Kft.

Hungaroton Records Kft. has merged into Fotexnet Kft. with effect from 1st January 2013, as a result of the merge Hungaroton Records Kft. ceased to exist as a legal entity in its own right.

Fotex Netherlands BV

On 21st December 2012, Keringatlan Kft sold to Fotex Holding SE its exclusively owned business shares with the face value of EUR 18.000, 00 in Fotex Netherlands BV.

Group loans with FN2 BV, Fotex Netherlands were assigned to Fotex Holding SE and consequently transferred to Fotex Netherlands BV as payment in to the share premium.

Significant events after the reporting date

On 5 March 2013 the Company, exercising its redemption option, repurchased 775,000 pieces of dividend preference shares - owned by the management previously – for EUR 359,069.

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 and Research & Development projects.

Own shares

During the year 2012, the Company has acquired 1,717,401 own shares. At the reporting date, the company holds 18.72% of its own shares:

Direct own shares as at 31st December 2012:

- 2,843,036 ordinary shares;
- 450,000 dividend preference shares.

Indirect own shares:

- 10,323,890 ordinary shares.

The reasons of acquisition of own shares by Fotex Holding, société européenne is that Fotex Holding, société européenne, feels responsibility towards its shareholders and tries to protect the investment of its shareholders in Fotex Holding, société européenne, and when the share price changes adversely than Fotex Holding, société européenne, does the necessary actions to reverse these 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:

	31.12.2011 EUR	31.12.2012 EUR
Revenue	1,004,266	976,418
Net Profit	(1,453,057)	(1,355,247)
Own equity	57,149,066	55,305,569
Total assets	59,657,235	63,824,013
Number of issued shares	72,723,650	72,723,650
Return on equity	(2.5%)	(2,45%)
Return on assets	(2.41%)	(2,12%)

Risks and Risk management of the Company:

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

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

Suggestion for Dividends to be paid to Dividend Preference Shares and to be paid on Ordinary 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 2012 and it is proposed not to pay dividends on the preference shares.

The Company does 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 date of dividend is to be on 30th May 2013.

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.

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 of 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.

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 or were employed by the Company or its subsidiaries during the five (5) years preceding their appointment as Director;

- b) carry out remunerated activities for the benefit of the Company or exercise technical, legal or financial duties within the Company;
- c) are shareholders of the Company and directly or indirectly hold at least 30% of the voting rights, or are related to such person;
- d) receive financial benefits linked to the Company's activities or profit;
- e) have a legal relationship with a non-independent member of the Company in another company in which the non-independent member has management and supervisory powers.

The Board is composed as follows:

Name:	Position:
• Mr. Gabor VARSZEGI	Chairman and member of the Board
• Mr. Wiggert KARREMAN,	Member of the Board
• Mr. Jan Thomas LADENIUS,	Member of the Board
• Mr. David VARSZEGI,	Member of the Board
• Mr. Bob DOLE,	Member of the Board
• Mrs. Anna RAMMER,	Member of the Board
• Mr. Peter Kadas	Member of the Board

The annual general meeting of the Company held on the 26th April 2012 did not elect TITAN S.á.r.l as member of board of directors, and elected Mr. Peter KADAS as a member of board of directors, which means a personnel change in the composition of the Board of Directors.

The annual general meeting of the Company held on the 26th April 2012 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 December 31st 2012.

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

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Audit Committee

The audit committee of the Company (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 tied vote, the person presiding over the meeting shall have the casting vote. They may be re-elected and they may be dismissed at any time by the general meeting, with or without cause.

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

Composition of the Audit Committee

The Audit Committee is composed as follows:

Name:	Position:
Mr. Wiggert KARREMAN,	Member of the Audit Committee
Mr. Jan Thomas LADENIUS,	Chairman and Member of the Audit Committee
Mr. Péter KADAS,	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 December 31st, 2012.

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

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.

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 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.

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 December 31st, 2012.

Luxembourg, 25th March, 2013

For the Board of Directors
Of Fotex Holding SE:



Mr. Gabor VARSZEGI
Chairman, Member of the Board of Directors

RCSL Nr.: B-146938

Balance Sheet

Financial year from 01.01.2012 to 31.12.2012 (in EUR)

Company: FOTEX HOLDING SE

Street: 42, rue de la Vallée

L- 2661-LUXEMBOURG

ASSETS

	Financial year	Previous financial year
A. Subscribed capital unpaid	101	102
I. Subscribed capital not called	103	104
II. Subscribed capital called but not paid	105	106
B. Formation expenses	107	108
C. Fixed assets	109	110
I. Intangible assets	111	112
1. Costs of research and development	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were:	115	116
a) acquired for valuable consideration and need not to be shown under C.I.3	117	118
b) created by the undertaking itself	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	121	122
4. Payments on account and intangible fixed assets under development	123	124
II. Tangible assets	125	126
1. Land and buildings	127	128
2. Plant and machinery	129	130
3. Other fixtures and fittings, tools and equipment	131	132
4. Payments on account and tangible assets in course of construction	133	134
III. Financial assets	135	136
1. Shares in affiliated undertakings	137	138
2. Loans to affiliated undertakings	139	140
3. Shares in undertakings with which the company is linked by virtue of participating interests	141	142
4. Loans to undertakings with which the company is linked by virtue of participating interests	143	144
5. Investments held as fixed assets	145	146
6. Loans and claims held as fixed assets	147	148
7. Own shares or own corporate units	149	150

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	Financial year	Previous financial year
D. Current assets	151 <u>4'797'205.50</u>	152 <u>2'856'432.12</u>
I. Stocks	153 <u>-</u>	154 <u>-</u>
1. Raw materials and consumables	155 _____	156 _____
2. Work and contracts in progress	157 _____	158 _____
3. Finished goods and goods for resale	159 _____	160 _____
4. Payments on account	161 _____	162 _____
II. Debtors	163 <u>1'859'134.01</u>	164 <u>2'491'006.57</u>
1. Trade debtors	165 <u>12'937.45</u>	166 <u>37'718.30</u>
a) becoming due and payable after less than one year	167 <u>12'937.45</u>	168 <u>37'718.30</u>
b) becoming due and payable after more than one year	169 _____	170 _____
2. Amounts owed by affiliated undertakings	171 <u>855'219.07</u>	172 <u>1'521'259.04</u>
a) becoming due and payable after less than one year	173 <u>855'219.07</u>	174 <u>970'757.92</u>
b) becoming due and payable after more than one year	175 <u>-</u>	176 <u>550'501.12</u>
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	177 <u>-</u>	178 <u>-</u>
a) becoming due and payable after less than one year	179 _____	180 _____
b) becoming due and payable after more than one year	181 _____	182 _____
4. Other debtors	183 <u>990'977.49</u>	184 <u>932'029.23</u>
a) becoming due and payable after less than one year	185 <u>637'340.82</u>	186 <u>440'315.31</u>
b) becoming due and payable after more than one year	187 <u>353'636.67</u>	188 <u>491'713.92</u>
III. Investments	189 <u>-</u>	190 <u>-</u>
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	191 _____	192 _____
2. Own shares or own corporate units	193 _____	194 _____
3. Other investments	195 _____	196 _____
IV. Cash at bank and in hand	197 <u>2'938'071.49</u>	198 <u>365'425.55</u>
E. Prepayments	199 <u>138'860.73</u>	200 <u>61'233.82</u>
TOTAL (ASSETS)	201 <u>63'824'013.30</u>	202 <u>59'657'235.49</u>

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LIABILITIES

	Financial year		Previous financial year	
A. Capital and reserves	301	<u>55'305'568.80</u>	302	<u>57'149'065.98</u>
I. Subscribed capital	303	<u>30'543'933.00</u>	304	<u>30'543'933.00</u>
II. Share premium and similar premiums	305	<u>27'598'761.54</u>	306	<u>29'267'019.19</u>
III. Revaluation reserves	307		308	
IV. Reserves	309	<u>2'947'133.80</u>	310	<u>1'767'126.15</u>
1. Legal reserve	311		312	
2. Reserve for own shares	313	<u>2'947'133.80</u>	314	<u>1'767'126.15</u>
3. Reserves provided for by the articles of association	315		316	
4. Other reserves	317		318	
V. Profit or loss brought forward	319	<u>-4'429'012.36</u>	320	<u>-2'975'954.93</u>
VI. Result for the financial year	321	<u>-1'355'247.18</u>	322	<u>-1'453'057.43</u>
VII. Interim dividends	323		324	
VIII. Investment subsidies	325		326	
IX. Immunised appreciation	327		328	
B. Subordinated creditors	329		330	
C. Provisions	331	<u>62'030.04</u>	332	<u>41'110.04</u>
1. Provisions for pensions and similar obligations	333		334	
2. Provisions for taxation	335	<u>62'030.04</u>	336	<u>41'110.04</u>
3. Other provisions	337		338	
D. Non subordinated debts	339	<u>8'331'168.42</u>	340	<u>2'325'169.83</u>
1. Debenture loans	341	-	342	-
a) Convertible loans	343	-	344	-
i) becoming due and payable after less than one year	345		346	
ii) becoming due and payable after more than one year	347		348	
b) Non convertible loans	349	-	350	-
i) becoming due and payable after less than one year	351		352	
ii) becoming due and payable after more than one year	353		354	
2. Amounts owed to credit institutions	355	<u>385.09</u>	356	-
a) becoming due and payable after less than one year	357	<u>385.09</u>	358	-
b) becoming due and payable after more than one year	359		360	
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	361	-	362	-
a) becoming due and payable after less than one year	363		364	
b) becoming due and payable after more than one year	365		366	
4. Trade creditors	367	<u>13'493.00</u>	368	<u>99'131.65</u>
a) becoming due and payable after less than one year	369	<u>13'493.00</u>	370	<u>99'131.65</u>
b) becoming due and payable after more than one year	371		372	

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	Financial year	Previous financial year
5. Bills of exchange payable	373	374
	-	-
a) becoming due and payable after less than one year	375	376
b) becoming due and payable after more than one year	377	378
6. Amounts owed to affiliated undertakings	379	380
	8'171'476.34	2'061'517.20
a) becoming due and payable after less than one year	381	382
	8'171'476.34	2'061'517.20
b) becoming due and payable after more than one year	383	384
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	385	386
	-	-
a) becoming due and payable after less than one year	387	388
b) becoming due and payable after more than one year	389	390
8. Tax and social security	391	392
	3'372.38	9'869.00
a) Tax	393	394
	16.40	7'352.90
b) Social security	395	396
	3'355.98	2'516.10
9. Other creditors	397	398
	142'441.61	154'651.98
a) becoming due and payable after less than one year	399	400
	142'441.61	154'651.98
b) becoming due and payable after more than one year	401	402
E. Deferred income	403	404
	125'246.04	141'889.64
TOTAL (LIABILITIES)	405	406
	63'824'013.30	59'657'235.49

RCSL Nr.: B-146938

Profit and loss account

Financial year from 01.01.2012 to 31.12.2012 (in EUR)

Company: **FOTEX HOLDING SE**

Street: 42, rue de la Vallée

L- 2661-LUXEMBOURG

A. CHARGES

	Financial year	Previous financial year
1. Raw materials and consumables	601 _____	602 _____
2. Other external charges	603 <u>661'913.22</u>	604 <u>754'716.26</u>
3. Staff costs	605 <u>179'307.69</u>	606 <u>160'502.84</u>
a) Wages and salaries	607 <u>164'463.81</u>	608 <u>145'954.22</u>
b) Social security costs	609 <u>14'843.88</u>	610 <u>14'548.62</u>
c) Social security costs relating to pensions	611 _____	612 _____
d) Other social security costs	613 _____	614 _____
4. Value adjustments	615 <u>416'860.89</u>	616 <u>416'883.20</u>
a) On formation expenses and on tangible and intangible fixed assets	617 <u>416'860.89</u>	618 <u>416'872.34</u>
b) on elements of current assets	619 <u>-</u>	620 <u>10.86</u>
5. Other operating charges	621 <u>447'731.87</u>	622 <u>450'453.54</u>
6. Value adjustments and fair value adjustments on financial fixed assets	621 <u>4'527'745.54</u>	622 <u>799'610.91</u>
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal or transferable securities	625 _____	626 _____
8. Interest payable and similar charges	627 <u>262'921.46</u>	628 <u>215'997.18</u>
a) concerning affiliated undertakings	629 <u>121'997.28</u>	630 <u>174'293.44</u>
b) other interest payable and similar charges	631 <u>140'924.18</u>	632 <u>41'703.74</u>
9. Extraordinary charges	633 <u>3'236.65</u>	634 <u>-</u>
10. Tax on profit or loss	635 <u>1'575.00</u>	636 <u>1'575.00</u>
11. Other taxes not included in the previous caption	637 <u>19'345.00</u>	638 <u>18'815.04</u>
12. Profit for the financial year	639 <u>-</u>	640 <u>-</u>
TOTAL CHARGES	641 <u>6'520'637.32</u>	642 <u>2'818'553.97</u>

RCSL Nr.: B-146938

B. INCOME

	Financial year	Previous financial year
1. Net turnover	701 <u>976'418.13</u>	702 <u>1'004'265.78</u>
2. Change in inventories of finished goods and of work and contracts in progress	703 _____	704 _____
3. Fixed assets under development	705 _____	706 _____
4. Reversal of value adjustments	707 <u>-</u>	708 <u>-</u>
a) on formation expenses and on tangible and intangible fixed assets	709 _____	710 _____
b) on elements of current assets	711 _____	712 _____
5. Other operating income	713 <u>6'806.04</u>	714 <u>8'952.71</u>
6. Income from financial fixed assets	715 <u>3'596'598.97</u>	716 <u>62'126.58</u>
a) derived from affiliated undertakings	717 <u>3'596'598.97</u>	718 <u>32'687.64</u>
b) other income from participating interests	719 <u>-</u>	720 <u>29'438.94</u>
7. Income from financial current assets	721 <u>-</u>	722 <u>-</u>
a) derived from affiliated undertakings	723 _____	724 _____
b) other income	725 <u>-</u>	726 <u>-</u>
8. Other interests and other financial income	727 <u>575'967.00</u>	728 <u>203'751.47</u>
a) derived from affiliated undertakings	729 <u>120'864.62</u>	730 <u>113'284.56</u>
b) other interest receivable and similar income	731 <u>455'102.38</u>	732 <u>90'466.91</u>
9. Extraordinary income	733 <u>9'600.00</u>	734 <u>86'400.00</u>
10. Loss for the financial year	735 <u>1'355'247.18</u>	736 <u>1'453'057.43</u>
TOTAL INCOME	737 <u>6'520'637.32</u>	738 <u>2'818'553.97</u>

FOTEX HOLDING

**Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)**

NOTE 1 – GENERAL INFORMATION

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.

On 27th July 2012, the registered office has been transferred to 42, rue de la Vallée, L-2661 Luxembourg further to the deed signed by the notary Anja HOLTZ, with residence in Wiltz and published in the Memorial C-N° 2173 of 31st August 2012.

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 lend 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 annual accounts have been prepared in accordance with the Luxembourg Commercial Company Law of 10 August 1915, as modified.

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

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General principle

As above mentioned, the annual accounts have been prepared in accordance with the Luxembourg Commercial Company Law of 10 August 1915, 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.

2.2 Summary of significant accounting policies

Foreign currency translation

- 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 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 asset and liability items expressed in currencies other than euro are translated at the rate effective at the balance sheet date. The unrealised exchange gains and losses are thus recorded in the profit and loss account.
- 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.

Formation expenses

Formation expenses are directly charged to the profit and loss account during the incorporation and are mainly constituted by notary fees and advisory fees in relation with the incorporation of the company.

Intangible assets

Intangible assets other than formation 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.

	Rate of amortisation %	Method of amortisation
Trade mark	4,17%	Linear
Trade mark concessions "Fotex"-renewal for 10 years	10,00%	Linear
IP rights and software	33,00%	Linear

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012

(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible assets

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

The « Land & Buildings » item includes property rights and other related rights.

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

	Rate of amortisation %	Method of amortisation
Real estate and related property rights	2,00%	Linear
Vehicles	20,00%	Linear (prorata temporis)
Hardware	33,00%	Linear

Financial assets

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

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of these financial 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.

Receivables

Receivables, receivables from affiliated companies, receivables from companies linked by participating interests and other receivables are recorded at their nominal value.

According to the information provided by the Directory Board, the receivables are subject to a depreciation recorded separately in the financial statements so that these items are valued at the lower market value.

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

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012

(expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash at bank, cheques and cash in hand

Cash at bank, cheques and cash in hand are recorded at face value. Accounts held in foreign currency are re-valued at the exchange rate prevailing on the last day of the financial year.

Accruals and deferrals

Income and expenses directly related to the financial year ended for which receivables or payables have not yet been recorded in connection with part of the financial year ended are recorded at their historical cost in the different accounts of the assets and liability sides of these financial statements.

Provisions for liabilities

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

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

Debts

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.

Turnover

The net turnover comprises the amounts derived from the sale of products and the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and off value added tax and other taxes linked to turnover.

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)

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

ASSET/ item C.I. – Intangible assets

The movements of the year are as follows:

	1. Cost of research and development	2. Concessions, patents, licenses, trademarks and similar rights and assets	3. Goodwil, to the extent that is was acquired for valuable consideration
Gross book value - opening balance	0,00	7 750 168,97	0,00
Additions for the financial year	0,00	0,00	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	0,00	7 750 168,97	0,00
Value adjustment - opening balance	0,00	-6 130 299,74	0,00
Value adjustment for the financial year	0,00	-323 145,11	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	0,00	-6 453 444,85	0,00
Net book value - opening balance	0,00	1 619 869,23	0,00
Net book value - closing balance	0,00	1 296 724,12	0,00

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 "Fotex" name is amounting to 2.05 billion HUF, which is equivalent to EUR 7.7 million.

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

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

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(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:

	1.Lands and buildings	2.Plant and machinery	3.Other fixtures and fittings, tools and equipment
Gross book value - opening balance	5 552 086,00	0,00	117 194,61
Additions for the financial year	0,00	0,00	1 112,63
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	5 552 086,00	0,00	118 307,24
Value adjustment - opening balance	-622 868,60	0,00	-45 521,28
Value adjustment for the financial year	-70 639,90	0,00	-23 075,88
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	-693 508,50	0,00	-68 597,16
Net book value - opening balance	<u>4 929 217,40</u>	<u>0,00</u>	<u>71 673,33</u>
Net book value - closing balance	<u>4 858 577,50</u>	<u>0,00</u>	<u>49 710,08</u>

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(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	7. Own shares or own corporate units
Gross book value - opening balance	56 130 328,64	12 878,00	1 767 126,15
Additions for the financial year	23 740 128,36	0,00	1 180 007,65
Disposals for the financial year	-18 993 467,70	-11 589,00	0,00
Transferts for the financial years	0,00	0,00	0,00
Gross book value - closing balance	60 876 989,30	1 289,00	2 947 133,80
Value adjustment - opening balance	-7 779 934,20	-11 589,00	0,00
Value adjustment for the financial year	-4 527 388,54	-357,00	0,00
Reversals for the financial year	95 848,92	11 589,00	0,00
Transferts for the financial year	1 069 354,09	0,00	0,00
Value adjustments - closing balance	-11 142 119,73	-357,00	0,00
Net book value - opening balance	<u>48 350 394,44</u>	<u>1 289,00</u>	<u>1 767 126,15</u>
Net book value - closing balance	<u>49 734 869,57</u>	<u>932,00</u>	<u>2 947 133,80</u>

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012

(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 as at December 31st, 2012 is summarized below:

Name of the company	Registered office / Country	%	Last balance sheet	Capital and reserves at the last balance sheet	Results at the last balance sheet
Keravill Rt.	Hungary	100,00%			
Fotex Cosmetics Kft.	Hungary	100,00%	31/12/2012	HUF 32.631.000	HUF -43.749.000
Hungaroton Music Zrt.	Hungary	99,21%	31/12/2012	HUF 148.932.000	HUF 184.000
Hungaroton Records Krt.	Hungary	8,98%	31/12/2012	HUF 610.620.000	HUF 9.814.000
Sigma Kft.	Hungary	75,05%	31/12/2012	HUF 62.189.000	-
Upington Investments Sàrl	Luxembourg	100,00%	31/12/2012	EUR 9.169.111,13	EUR -2.495.243,83
Székely Kft.	Hungary	99,12%	31/12/2012	HUF 462.615.000	HUF 185.901.000
Keringatlan Kft.	Hungary	95,41%	31/12/2012	HUF 21.636.873.000	-
Balaton Butor Kft.	Hungary	100,00%	31/12/2012	HUF 390.483.000	HUF -28.244.000
Fotex Netherlands BV	Netherlands	100,00%	31/12/2012	EUR 19.308.235	EUR -1.868.964

Fotexnet Kft.

On 5th September 2012 Fotex Holding SE sold its business quota held in Fotexnet Kft. of a face value of HUF 600,000 to Keringatlan Kft. for a consideration of HUF 2,040,000. As a result of the transaction, the shareholding of Fotex Holding SE in Fotexnet Kft. decreased from 5.5% to 0%. The net capital loss is amounting to EUR 3.236,65 under caption Extraordinary charges.

Upington Investments S.à.r.l.

On 6th April 2012, Fotex Holding SE received a dividend of EUR 3.500.000,00 decided by the ordinary general meeting of Upington Investments approving the 2011 accounts.

On 10th December 2012, Upington Investments S.à.r.l. decided to reimburse the total amount of EUR 17.913.708,00 to Fotex Holding SE as its sole shareholder. The re-imbusement of the aforesaid share premium was satisfied partly by way of assignment of claims due to Upington Investments and partly in cash.

Sigma Kft.

On 24th April 2012, Fotex Holding SE received a dividend of EUR 750, 05 by Sigma Kft.

Keringatlan Kft.

On 20th November 2012, Fotex Holding SE received an interim dividend by Keringatlan Kft. of HUF 2.350.588.500.

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)

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

Keravill Rt.

On 13th December 2012 the Metropolitan Court in Hungary closed the simplified liquidation procedure of Keravill Rt. According to the court's judgement, Fotex Holding SE shall receive the amount of HUF 49.344. The court's judgement order is not effective yet as the parties can appeal against it but it is expected to take effect at the beginning of 2013.

Fotex Cosmetics Kft.

Fotex Cosmetics Kft. has merged into Keringatlan Kft. with effect from 1st January 2013, as a result of the merge Fotex Cosmetics Kft. ceased to exist as a legal entity in its own right.

Hungaroton Records Kft.

Hungaroton Records Kft. has merged into Fotexnet Kft. with effect from 1st January 2013, as a result of the merge Hungaroton Records Kft. ceased to exist as a legal entity in its own right.

Fotex Netherlands BV

On 21st December 2012, Keringatlan Kft sold to Fotex Holding SE its exclusively owned business shares with the face value of EUR 18.000, 00 in Fotex Netherlands BV.
Group loans with FN2 BV, Fotex Netherlands were assigned to Fotex Holding SE and consequently transferred to Fotex Netherlands BV as payment in to the share premium.

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

Own shares:

Date	Quantity	%	Nominal value	Recorded value
01/01/2012	1.575.635	2,17%	661.766,70	1.767.126,15
31/12/2012	3.293.036	4,53%	1.380.075,12	2.947.133,80

The company purchased during the year 2012 own shares for an amount of 1.180.007, 65 EUR.

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

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)

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

ASSETS/ ITEM D.II. – Debtors

During the year 2012, there was a reorganisation of the intercompany loans between Ajka, Keringatlan and Fotex Netherlands BV through a set of assignment and compensation agreements. All assignments and compensations were done at nominal value.

The other debtors are mainly composed by a loan to Primo Zrt for an amount of EUR 649.630,56 (including interest). It comprises also an amount of EUR 158.398.91 resulting of the sale of the subsidiary "Europrizma Kft" in the previous year.

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	Profit or loss brought forward	Result for the financial year
As at December 31st, 2011	30 543 933,00	29 267 019,19	1 767 126,15	0,00	-2 975 954,93	-1 453 057,43
Dividends	0,00	-488 250,00		0,00		0,00
Transfer to Reserve		-1 180 007,65	1 180 007,65			
Increase capital	0,00	0,00		0,00	0,00	0,00
Decrease capital	0,00	0,00		0,00	0,00	0,00
Allocation of the results	0,00	0,00		0,00	-1 453 057,43	1 453 057,43
Result for the financial year	0,00	0,00		0,00	0,00	-1 355 247,18
As at December 31st, 2012	30 543 933,00	27 598 761,54	2 947 133,80	0,00	-4 429 012,36	-1 355 247,18

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)

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

LIABILITIES/ ITEM A.I. – Subscribed capital

As at 31st December 2012 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 preferred dividend-bearing shares with a par value of EUR 0,42., i.e. a total of 72.723.650 shares.

A preferred dividend-bearing shares entitles the shareholder to enjoy a dividend. The said dividend cannot exceed 50% of the average yearly stock price of the registered and traded Fotex shares. A preferred dividend-bearing shares at the same time entitles the holder to receive a minimum dividend which is at least twice the interest rate prevalent at the Central Bank on the first January of a given calendar year. This minimum dividend is to be calculated based on the nominal share value of EUR 0,42 / pc multiplied by the corresponding interest rate. This dividend can only be declared and paid if the consolidated financial statements of the Fotex Group for the given year, prepared as per IFRS, are positive and if the company may pay this sums as per the prevalent Accountancy Laws.

The total sum of the dividend determined for preferred dividend-bearing shares cannot exceed 30% of the consolidated IFRS profit after taxes minus minority interests.

The shareholder of preferred dividend-bearing shares therefore has, no claims for dividends beyond what is payable to these shares decided by the General Meeting.

Preferred dividend-bearing shares in themselves do not entitle the shareholders to vote at General Meetings. If and when the preconditions are fulfilled, advance payment of dividends should be paid once per year for preferred dividend-bearing shares.

If the company does not pay dividends in a given year or does not fully pay out the minimum amount afforded to these preferred dividend-bearing shares and then in the subsequent financial business year the company also omits to declare and pay such dividends, then the preferred dividend-bearing shares are entitled to vote at the next General Meeting with the same rights any ordinary voting share enjoys. These voting right shall remain valid until such time as the company has paid all the minimum dividends due in respect of the preferred dividend-bearing shares.

Since February 23rd, 2012 the Company is quoted at the Luxembourg stock market. The Board of Directors of the company at the meeting held as of 14 March 2012 has decided on the full transfer of the Company's shares listed on the Budapest Stock Exchange to the Luxembourg Stock Exchange. The date of transfer was 30 March 2012. After transferring the shares from the Budapest Stock Exchange the shares are traded only on the Luxembourg Stock Exchange.

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.

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012

(expressed in EUR)

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

LIABILITIES/ ITEM D. – Non subordinated debts

Remaining terms of amounts due and payable for the accounts shown under « non subordinated debts » are as follows:

	Within one year	After one year and within five years	After more then five years	Total 31/12/2012	Total 31/12/2011
Convertible bonds	0,00	0,00	0,00	0,00	0,00
Non convertible bonds	0,00	0,00	0,00	0,00	0,00
Amounts owed to credit institutions	385,09	0,00	0,00	385,09	0,00
Trade payable	13 493,00	0,00	0,00	13 493,00	99 131,65
Bills of exchange payable	0,00	0,00	0,00	0,00	0,00
Amounts owed to affiliated undertakings	8 171 476,34	0,00	0,00	8 171 476,34	2 061 517,20
Amount owed to undertakings linked by virtue of participating interests	0,00	0,00	0,00	0,00	0,00
Tax and social security debts	3 372,38	0,00	0,00	3 372,38	9 869,00
Other creditors	142 441,61	0,00	0,00	142 441,61	154 651,98
Total	8 331 168,42	0,00	0,00	8 331 168,42	2 325 169,83

As at December 31st, 2012 the other creditors are exclusively composed of shareholder's dividends payable.

The increase in amounts owed to affiliated undertakings is due to the distribution by Keringatlan Kft. of an interim dividend during the accounting year 2012 of KEUR 8.041. According to group valuation rules these dividends were not booked into profit and loss account as per December 31, 2012 as there might be the obligation to reimburse (part of) the dividend in case the distributable profit of Keringatlan Kft. would not be sufficient upon closing of their annual accounts as per December 31, 2012.

FOTEX HOLDING

Annual accounts for the year ended as at 31/12/2012

(expressed in EUR)

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

CHARGES/ ITEM 2. – Other external charges

The other external charges include audit fees for the statutory accounts for an amount of EUR 10.000 without VAT.

CHARGES/ ITEM 5. – Other operating charges

The other operating charges include Director fee for a gross amount of EUR 424.281,76.

INCOME/ ITEM 1. – Net turnover

The Company has the following revenue mainstreams:

Name wearing service: Fotex Holding ensure to use "Fotex" for a regular fee.

Property management fee : Fotex Holding gives guidance in the fields of property management to those subsidiaries, who requires it, for a regular fee.

INCOME/ ITEM 9. – Extraordinary income

The extraordinary income includes income related to a refund of Director Fees for an amount of EUR 9.600.

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 the company Upington Investments S.à.r.l. as per the article 164 bis LIT as of 01/01/2010.

Staff

During the financial year, the company employed an average of 1,25 full time persons.

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.

FOTEX HOLDING

**Annual accounts for the year ended as at 31/12/2012
(expressed in EUR)**

NOTE 4 – ADDITIONAL INFORMATION (continued)

Related parties transactions

In 2012, Blackburn International Inc. invoiced EUR 113.458 for aircraft usage.

Off balance sheet commitments

The guarantee contracts concluded by the company in which the company guarantees the loans made by the company Upington Investments S.à.r.l. to the company Ajka Kristaly Uvegipari Kft has been cancelled during the year.