

***Fotex First American-Hungarian Trustee, Publicly Operating Shareholding
Company
Quarterly Report for the Quarters I-III of 2008***

The Fotex Group had completed its report representing its activities during the months January to September of 2008 in accordance with the prescriptions of the IFRS. The data are consolidated, but not audited.

As a part of the recent report the Fotex Nyrt. (publicly operating shareholding company) makes public its non-consolidated balance and achievement accounts of its parent company, as well, in accordance with the Hungarian accounting regulations, the data of which are not audited.

The circle of the companies included in the consolidation has changed in comparison to the base period, as follows: Because of the modifications in the organization within the Group, the Azúr Zrt. (exclusively operating shareholding company) fused to the Keringatlan Kft. (Ltd.) on 31st August of the base year, while the a Dália Kft. (Ltd.) fused on 28th February of the base year in the Kontúr Zrt. (exclusively operating shareholding company). The consolidation circle extended with the Balaton Glas Hotel Kft., that was not present yet during the base period, and with the Székhely 2007 Kft., which separated out from the Balaton Bútorgyár Zrt. (Furniture Factory Balaton Exclusively operating shareholding company) on 30th September of the base year. The Fotex Records Kft. fused in the Hungaroton Records Kft. on 1st January of the base year, then on 29th February the Norba Kft., the Fotex III. Kft. and the Fotex Kont Kft. fused in the Kontúr Zrt., while the DVDrent Kft. fused in the Fotexnet Kft. On 31st July during the reporting period the Kont-Vesz Kft. separated out from the Székhely 2007 Kft. The circle of the companies involved in the consolidation, or the consolidated ownership proportions of them are demonstrated in a separated table. The voting rates and the consolidated ownership proportions differ from each other in some cases because of the cross-ownership of some subsidiaries.

As a result of the modification of the activities, the Group realises its receipts during the reporting period first of all from leasing and from utilization of real estates. The restructuring of the activities of the Group during the base period has effectively ended. The company has modified its main activities to the handle and development of real estates through leaving the trading activities step by step. The real estates released through the regression of the trading network had been leased by partners out of the Group. The trading activity of the Group relating to its whole activities and profit producing abilities is not considerable. As a result of the modification the returns originated from the trading activities of the Group having mainly trading, or first of all considerable retail network equals to approximately 10 % of its total returns. The costs for the one-fold modification arisen through the elimination of the trading activities and the losses originating from the trading activities will no more arise in the future. The Group will be able to direct its capabilities at a greater extent to its main activities, to the utilization and development of real estates, to restructuring the production activities, or to the effective starting of new business branches in the future, following its withdrawal from the trading activities realizing the greatest revenues before the modification.

The Fotex Nyrt. wishes to extend its recent financial investments in the member states of the European Union, in order to which the extraordinary General Assembly of the Company held on 4th August, 2008 has delivered a decision on the reconstruction of the Company into a

European Shareholding Company. The Fotex Nyrt. has delivered a final decision on its reconstruction into SE on its General Assembly held on 26th September, 2008.

Through the modification into a European Shareholding Company (hereinafter mentioned as SE) the realization of the internal market becomes possible with the economic companies, where the activities are not limited exclusively to fulfil the local claims. According to the experience during the past years the physical existence of the management in the markets targeted with our investments cannot be avoided. Our Company requires a mobility greater than the recent one, in order to realize an expansion on European level and to achieve the targeted future extension and to the required flexibility in the market.

The changing into an EU company provides possibility for changing the seat within the European Union, through which the advantage for the exploitation provided by the direct presence required to the optimal expansion in the future, for obtaining more, more exact and quick information, to realize more flexible financing and/or centralization of capital, to optimise taxes, to transact lobby activities in the targeted markets, to extend the recent holding activities in that of international level, more successful marketing and financing support to the holding members at all times, interested in the export activities can be provided. The registry of the books in official euro facilitates the orientation of the international small investors, while the liquidity in the markets can considerably increase parallel with it. This can provide advantage to the institutional investors, as well, to invest in the shares of the parent company, the business policy of whose does not make possible otherwise buying shares in the developing markets. All the above may both considerably support the activity of the Company, and can provide important advantages in comparison with the recent ones to its shareholders.

Since the basic activity of the Company does not change, the risk of the modification above the increasing costs of the operation at a financeable proportion is negligible, and cannot be compared with the economical benefits provided by the increasing business possibilities. The surplus activities provided by the change and the expected profit connected to it can wholly cover the increase of the costs.

Considering that the Fotex Group realizes its profits partly in Hungarian forints, partly in foreign exchange, or connected to the Euro rate also at the moment, thus the rate risk regarding the profits of the Group or of the parent company in this connection will not be changed to the recent state.

The great proportion of the assets of the Group consists of the real estates in the properties of the parent company and the subsidiaries. The great part of the real estate properties will be utilized through leasing outside the Group.

As a result of changing the strategy the Group has changed into an undertaking for utilization of real estates. At the end of the year – as part of the audited yearly report - the real estates both of investment target and in own use had been re-evaluated.

In the set-up of the real estate property of the Group there was no considerable change during the reporting period, thus we seem the data published in the yearly report of the year of 2007 of the Group as relevant value of the real estate property, what will be re-valued by the Company in the yearly audited report of the actual year.

Category	Area m ²			Real value (bottom estimation) thousand HUF		
	Of Investment Target	Own Utilization	Total	Of Investment Target	Own Utilization	Total
Business- Premises	144,581	770	145,351	58,822,434	313,273	59,135,707

Bureau	6,317	841	7,158	1,927,542	256,619	2,184,161
Store room	97,609	8,171	105,780	9,928,042	831,043	10,759,085
Other Building	58,009	62,538	120,547	4,496,223	4,847,261	9,343,484
Ground	676,629	183,188	859,817	16,773,985	4,541,326	21,315,311
Total:	983,145	255,508	1,238,653	91,948,226	10,789,522	102,737,748

In the real estates offered for rent by the Group the dominance of the retail real estates is characteristic. Our market position is especially strong in the field of the so-called city business-premises. The retail unit having the largest ground-space of the Group, that is the business-premises of the Shopping Centre Sugár are totally leased.

The office fleet of the Group means practically a real estate fleet in office houses of category B, which can be rented. As to the leasing possibilities of the office fleet, because of the considerable extension of the modern office fleet the leasing possibility of the category of not A is in the background, since the persons looking for bureaus of lower leasing fees are able to choose from among a great number of such real estates, and the upper limit of the achievable leasing fees can be realised only at an even lower level.

There is a considerable amount of fleets of storage houses both and Budapest and in the rural area, but – since the presence of the modern logistic centres –most of the real estates belong to the second or third categories. Leasing of them is more difficult, as that of the business-premises. The utilization figures of them at group level are less advantageous, than the average market tendency.

The crisis in the financial market and falling-off in the domestic economy had an unbeneficial effect on the leasing, as well. The crisis begins nowadays to arrive in the real estate market in Hungary. The emptying proportion at the national economy level in the bureau market increased up to 15.11 % by the end of the third quarter from the rate of 11.58 % in the previous quarter. The leasing fees stagnate. As a consequence of the economical retardation in the retail market a number of international commercial networks withheld the expansion, and they even strongly exercise their claims for paying leasing fee connecting to the returns. The decrease of the returns in the retail withholds the expansion of the domestic trading companies, as well. The so called city shops, offered by the Group meet first of all the expectations of the domestic trading companies. Most of our Leaseholders belong to this circle. The smaller companies operating one shop or two, will be expectedly fight with serious paying problems through the effects of the even harder conditions in the market. Their ability for paying leasing fee decreases. The new lettings become even harder and harder. The also generally emerging mild demand in the logistics market decreased by an even larger extent at the national economy level as an effect of the crisis, by decreasing the leasing fees. At group level the utilization of the storage areas is the most unbeneficial, what did not become worse during the reporting period, but we were not able to achieve a considerable positive change, neither, and expectedly we will not be able to achieve it neither in the future, on the basis of the conditions in the market. The Group pas special attention to the examination of it costs, adjusting to the unbeneficial conditions in the market, and makes efforts to optimalize them to the achievable returns.

I. Development of the Returns

The Group closed the quarters I to III of the year 2008 with a result after taxation reduced with a minority interest of HUF 879.5 Million.

The gross coverage of the Company Group decreased by 15.6 %, that is with HUF 1,048.0 million as to the base period. The decrease relating to the base of the gross covering also in the

case of the sales costs and of the net revenue of the sales originates from the observed decrease. While the net revenue from the sales decreased by HUF 3,110.8 million (27.0 %) regarding the previous period, in the case of selling costs a decrease of HUF 2,062.8 million (42.8 %) can be seen.

The mass of the operation costs used in order to the activity decreased by HUF 1,528.6 million, as to the base period.

On the basis of the total effect of the above, the operating and business achievement of the Group equals to HUF 1,009.2 million during the quarters I to III of the year 2008, what means an improvement in the achievements of HUF 480.7 million, as to the base period.

The result of the financial operations of the Group equals to HUF 175.9 million. Its value increased with HUF 292.0 million, regarding the base period, which increase is caused by the assembled effects of the following elements:

While the interest incomes emerged at base level, the interest inputs decreased by 73.3 %, due to the fallback of the paid bank interests, respectively the value of the other line of the financial operations increased by 91.8 %.

The collective result of the other financial operations produces an improvement of HUF 289.4 million comparing to the base.

The incomes and outgoings of the financial operations– with the exception of the interest incomes and interest outgoings -, further the extraordinary incomes and extraordinary outgoings are shown in this line. The improvement comparing to that of last year was caused by a cost decrease above the decrease in the incomes, what is characteristically a result of accounting the rate difference of the changing USD to EUR exchange.

Our result before taxation equals HUF 1,185.1 million as a consequence of the above, what shows an improvement of HUF 772.7 million, regarding to the base period. The result proportion to the minority percentage degrades the achievement of the Group with HUF 4.1 million during the reporting period. The minority owners receive from the achievements of the subsidiaries on the basis of their ownership proportion. The achievement after taxation corrected by the minority percentage of the Group equals to HUF 879.5 million.

II. Revenue

The net revenue from the sales of the Fotex Group equals to 73.4 % of the base period. The consolidated domestic turnover of the export revenues during the base period (68.7 %) equals to 81.2 % of the similar period of the previous year.

Nearly 2/3 of the incomes of the Group is realized from other basic activities (greatly utilization of real estates), the production activity makes nearly 2/9 of the total incomes, while further 1/9 originates from the wholesale activities. The above demonstrated shaping of the revenue of the Group is basically the result of the withdrawal from the trading branch. The basis data include the turnover of the total retail sales of the cosmetics and household branches, as well, which had been withdrawn during the reporting period, while the activities in the cosmetics branch during the operating period is continuing limited to the retail sale of selective and semi-selective products. The basis data include also the revenues of the branches furniture and furnishing, which were withdrawn in August during the base year.

At group level the production decreased by 29.0 % relating to the base period, while the revenue in the retail activities decreased to 31.2 % relating to the base data, and the wholesale activity increased by 3.2 %, and the returns of the other basic activities emerged at basis level.

The total revenue of our companies completing **production activities** within the Group is less with 29.0 %, than the actual total prices are. The export revenue of the production activities decreased to 66.8 %, in comparison the same period of the previous year. There are two companies within the Group, which perform production activities, there are the Ajka Kristály Kft., and our furniture producing company, the Bebufa Kft., that supplies the Balaton Bútorgyár Zrt. with base-material.

The revenue of the Ajka Kristály Kft., comparing to the base period decreased with 26.3 %. Its export sells equals to 71.9 % of the base, while the consolidated domestic income equals to 86.8 % of the base period. Its export sales equal to 85.8 % of its realized income. The revenue calculated in USD during the reporting period decreased by 17.6 %, with a decrease of 34.9 % in the product volume and an overage increase of 26.4 % of the specific unit price of foreign currency. Because of the sales volume decrease obtained during the first quarter of the reporting period and the sales volume decrease accordingly prognostized for the year 2008, the Ltd. adjusted its production capacities to the absorbing capacity of the market. The glass furnace workshop modified its capacity to one potash-glass und one lead-glass to the end of the second quarter. The Ltd. restricted its recent melting capacity to a smelting-furnace, required for the production of 1 piece of a 1.0 t/day potassic and 1 piece of a 4.0 t/day lead-glass and überfang products. During the reporting period an overage market-rate of HUF/USD 164.21 evolved, in opposite to the HUF/USD 186.26 during the base period, while because of this a revenue default of HUF 177.6 million has arisen. The domestic sales decreased by 19.9 % at actual price. The missing turnover of the four model shops withdrawn during the year of 2007 of the Ltd. creates 10.6 % from the decrease of 19.9.

The consolidated net revenue of the furniture producing division of the Group realized from the production is less with 28.6 %, as that of during the similar period of the previous year. The domestic sales decreased by 5.4 % in consideration with the base data. The shaping of the domestic sales had been beneficially effected first of all by the increase of the centralized procurements of 33.0 %, as well as the increase achieved in other tenders. The turnover of the second-hand dealers considerably decreased (by 46.0 %), and the own shop turnover decreased by 11.0 %. The export incomes realized with the furniture production decreased by 53.7 %. The decrease shown in HUF of the export turnover can be attributed over the unbeneficial exchange rate shaping mainly to the fact that the Norwegian buyer, who means nearly one-third of the export turnover of the base period, did not accept the price increase declared last year, and he covers his import demands with another producer. This missing export turnover has not been replaced yet with looking for a new buyer, moreover, also the existing greatest foreign partner of the Company ordered less nearly by 1/3-val in comparison to the base period. Replacing the free capabilities with domestic orders and looking for new foreign partners means dominant task in the future, as well.

An even less percentage of the shown turnover of the Group is created by the incomes originated from the retail trade activity. The proportion of this activity relating to the total activities equals altogether to 8.3 % (base: 21.0 %).

The **retail turnover** of the Group in comparison to the previous period, as a result of a decided self-directed regression decreased to 31.1 %. During the reporting period the retail trade of the Group decreased to 7 units of the producing companies, and above the sells in the model shops it has realized through the 3 cosmetics beauty-shops operated by the Fotex Cosmetics, through the 3 view and sound carriers operated by the Hungaroton Records Kft., and through the 1 unit

selling books and through the 3 retail units marketing clothing products of the Primo Zrt. The turnover of the retail activities in the field of furniture and furnishing takes part in a determining order among the data of the base period, that has been withdrawn through the profile change of Domus, the furniture division of the Group during the base year. The department-houses in Budapest, in Székesfehérvár and in Siófok increased the incomes of Domus during the reporting period, while in Győr the invoicing the amounts not yet invoiced from the resources handed over through an option purchasing offer in 2007 for the companies founded with a minimal Domus contribution for the operation of the storehouse in the year of 2007, what had been shown as retail turnover.

The retail turnover of the cosmetics and household divisions was determined by the fact that we terminated the retail activity of the Azúr Zrt., that fused in the Keringatlan company with the turning-day of the base year. During the reporting period there were three exclusive beauty-shops operating, specialized for selling selective and semi-selective cosmetics (Fotex Cosmetics), from among which the Ltd. had reconstructed its shop operating in the Shopping Centre MOM in August this year, and made investments necessary to the introduction of the La Prairie cosmetic therapies, for the first time in the country. Because of the reconstruction – as a consequence of the shutdown period of nearly one month – the retail turnover of this unit with the greatest turnover in the company decreased by 10.1 % regarding the base period.

Our retail turnover in the clothing branch decreased with 35.5 %, mainly because of the missing turnover originated from the shutdown at the end of the base year of the retail unit in the MOM Park (shopping centre). Also the turnover of the other, still operating retail shops of the company is less with 9.6 %, as to that of during the base period.

The Kontúr Zrt. had operated a retail unit for selling accessory products for homes, the activity of which has expired in April of the reporting period.

The retail units operated by the Hungaroton Records Kft. realized a turnover decrease altogether 4.8 % regarding to the base turnover, that occurred because of the changes in the network units (with replacing the activities in the Duna Plaza into the Shopping Centre Sugár during the base period). The decrease of the retail turnover of voice carriers had been partly compensated by the increase of the turnover of the bookshop operated in the shopping Centre Sugár.

The shutdown retail units of the Group we utilize through lease, the income of which will be demonstrated among the incomes of the other basic activities.

The turnover of the Group originated from **wholesale trade activities** is marginal, it shapes 4.2 % of the total turnover. The commission wholesale terminated during the past years, deal with the wholesale selling of the own produced products. The activities of the Group during the reporting period covers effectively the wholesale of the quality garments for means of the voice carriers connecting to the activities of the music publishing house. The turnovers of both of the wholesale business branches decreased. Our turnover in the wholesale of clothes decreased altogether by 6.4 %, the revenue of the domestic wholesale equals to 3.6 %, and all these because of the decrease of the export turnover 61.2 %. The turnover of the wholesale of the voice carriers decreased by 9.0 %. The export revenue of this business branch – despite of the unbeneficial shaping of the exchange rates increased by 17.6 %, while the turnover of the domestic wholesale reduced by 20.0 %.

The even growing percentage of the total revenue (65.4 %) consists of the revenue of the **other basic activities**, within this mainly the revenues realized in connection with the real estate utilization. Here we demonstrated the revenues and royalties originated from the licence purchasing, the licence purchasing in connection with the activities of the real estate utilization, of the tenancy economy, of the music publishing house, the revenue from the PR activities, or

revenues from the warehouse selling through the Internet, from leasing DVDs and revenues from the newly opened selling of movie tickets and buffet wares.

The revenues from real estate utilization of the Group increased by 26.8 % in comparison to the base during the reporting period.

The Group realizes its leasing revenues greatly through the Keringatlan Kft., which has been founded for the utilization of real estates and through the Domus Zrt. and the Kontúr Zrt., which had been reconstructed by changing profile, although same the parent company disposes over revenues originated from further licence purchasing (Duna Plaza tenancies), as well, as the Hungaroton Records Kft. (tenancies in the MOM Park Shopping Centres).

Leasing of the real estates becoming free in the real estate portfolio of the Company Group is realized by the Sigma Kft. 28 new lease agreements had been concluded in all the three market segments (real estates in retail sale, offices and stores) during the first half of the year, and the Ltd. was able to realize further 19 prolongations of lease agreements. The modifications initiated by the leaseholders, the number of the modifications because of handing over the lease agreements has, however, greatly increased. As to the retail units concluding new agreements greatly decreased regarding to the same period of the previous year, because of the recent economical situation on the one hand, and because of the content of the retail units waiting for utilization recently within the portfolio on the other hand. The so-called city shops within the portfolio of the Group serve firstly to fulfil the demands of the domestic retail companies, that do not expand because of the weak achievements of the economy, and they postpone opening of new shops. The interest of the multinational networks focus first of all on the new shopping centres being under construction. The even harder market conditions will expectedly speed up the increase of the paying problems of companies operating one shop or two, which can be observed also during the reporting period, and the destruction in the proportion of leasing real estates by the Group. Our offer for leasing offices consists of real estates of category B, the demand for this is few. The interest toward or store-houses is weak, we were not able to greatly improve out utilization indices, however, and despite to the mild decrease in the logistics market, we achieved some increase.

Our company which achieved the highest revenue from leasing is the Keringatlan Kft., the increased its consolidated revenue with 18.6 %. Its revenue increase is due to the leasing fee increase of leasing the new areas, not shown yet in the base period, which were previously empty, or constructed during the reconstruction in the Shopping Centre Sugár on the one hand and due to leasing the real estates becoming property of the Ltd. through joining the Azúr Zrt. on 31st August, 2007, which were empty during the base period. The considerable exchange rate fluctuations during the recording period increased our incomes invoiced mostly quarterly with 3.0 %. The Domus Zrt. increased its incomes originated from utilization of real estates with 54.7 % after the profile change during the reporting period despite to the fact that a part of its buildings could not be leased yet. The utilization figures of its logistics real estates are unbeneficial. From among our companies dealing with real estate leasing it is only the Kontúr Zrt. where the income originated from leasing real estates decreased (7.2 %), since the number of its un-leased business-premises increased. The revenue of the Kontúr Zrt. figures one-tenth of the total revenues of our three companies having real estate fleets with dominant, great investment targets.

Comparing to the base the leasing fee revenue of the Group altogether dynamically increased due to extension of the real estate leasing and due to the increase of the leasing fees.

III. Coverage

The gross coverage amount of the Group decreased with HUF 1.048.0 million (15.6 %) regarding the similar period of the base year. The decrease of the gross coverage amount occurred with a rollback of the turnover by 27.0 % and with the increase of the coverage level by 9.1 %. The coverage level increased by HUF 762.9 million because of the decrease of the selling cost level, however, it decreased by HUF 1.810.9 million due to the missing turnover.

The changes in the coverage amount and level originate from the changes in the structure of the activities of the Group, as well. The withdrawal of the commercial activity step by step, or its regression decreases the net revenue of the sales regarding to the base. The dynamic proportion increase within the total revenues effects beneficially, however to the change of the coverage level.

The change of the coverage amount of the main activities during the base period shows different views: the wholesale decreased altogether with 2.9 %, the activities in the retail trade decreased with 65.8 %, and the production activities decreased with 31.6 % due to the differing changes in the turnover and covering levels.

The covering level of the retail activities increased by 9.7 %. The retail margin level of the cosmetics branch equals to 4.2 %, a the margin level of the clothes branch increased by 2.4 % due to the margin increase realized through the import purchases because of the beneficial shaping of the proportions. The margin level of the music branch improved because of the high margin achieved through the new field of activity, that is selling books, taken during the base year – in a part period.

The covering level of the wholesale decreased by 2.6 %, the weight of its mass within the total covering is not considerable. The margin extension of 2.7 % of the clothes wholesale beneficially effected the changes of the levels in this activity, and opposite to this the decreases of the coverage covering levels of both the domestic and foreign export revenues of the voice carriers by 8.3 %.

The decrease of the coverage level of the production activities is a consequence of the changes in the proportions of production activities operating with different covering level at on hand, and the result of the decrease of the effective covering level of the production level of the glass-work. As to the glass and crystal products, it is the consequence of the increasing energy prices, the exchange rate shaping of the Hungarian forint, respectively of the unbeneficial effects of the product assortment of small quantities, which can be manufactured with a more labour-intensive work and with a specific higher first-costs, that had been effected with the export sales, and its coverage price increase of 26.4 % expressed in USD was unable to compensate. The decrease of the proportion of export sales with lower coverage level and the export price increase carried out during the fourth quarter of the previous year had positive effects on the coverings of out furniture production, while shaping of the exchange rates had negative effects on it. The covering level of the furniture production remained at base level.

The changes in the proportions within the net revenues of the other basic activities and the sales had positive effects on the changes in the covering levels during the actual year, since this increased nearly by 14.1 %, in comparison to the base period, because of narrowing the commercial activities of the Group.

IV. Shaping the Costs

The operation costs of the Group show a decrease of HUF 1,528.6 million (24.7 %), comparing to the base period.

The greatest proportion(41.3 %) within the operation costs represent the **costs of personal kind**, the amount of which decreased by 24.6 %, comparing to the base year.

The Companies belonging to the Company Group achieved characteristically savings in the costs of personal kind. The most considerable savings in costs had been achieved through the decrease in the personnel effected because of shutdowns warehouses due to changing profile by the Domus Zrt. and decrease in the personnel effected because of because of reorganization by Ajka Kristály Kft. At Group level, besides of a decrease of 24.0 % of the general number of the personnel an increase of 7.8 % of the proportion of wages can be observed.

The stuff number of the Group employed in whole working hours decreased by 258 persons during a year.

Within the operation costs the second greatest proportion (30.6 %) is represented by **the costs of material kind**. The amount of them decreased by 35.2 %, comparing to the base period.

The material costs of the not producing companies from among the material costs of the Company Group, as well as the value of the utilized services, respectively the value of the other utilized services of the companies belonging to the Company Group.

The material costs of the not producing companies shows a decrease of 5.8 %, comparing to the base period, because of the reduction of the activities. Within the material costs of the not producing companies the greatest proportions(81.1%), are represented by the cost of water, gas and energy, the amount of which emerged at base level.

The decrease of the costs of 13.1 % of services of material kind utilized at group level comparing to the previous year is due to narrowing of the activities and due to the cost reducing provisions. As an effect of the realized shutdowns of shops and cost reducing provisions the costs of leasing fees, communication and transporting costs, the maintenance costs, the procurations paid for the agents, the expert fees, the costs for advertisements, public relations and marketing, as well as the cost for guarding and treasure protection decreased among others at Group level. The costs for education and post graduation, however, increased, comparing to the base.

The amount of the other services shows a decrease of 24.6 % at Company Group level. Among the other services bank costs, paid customs authority and security fees are shown. Besides the authority fees – the amount of which increased to more, than its two and a half fold – the other costs belonged here show decrease comparing to the same period of the previous year.

The amortization costs at Group level equal to 17.5 % of the operation costs, the amount of which shows an increase of 2.1 % comparing to the base. A considerable increase in the amortization costs can be observed in the Keringatlan Kft., that had been occurred first of all because of the activations effected already during the year of 2007 through the reconstruction of the Shopping Centre Sugár. This compensates the decrease of the amortization costs of the Ajka Kristály, that occurred because of the value decrease not calculated for the equipment placed out of the workshop circle (furnaces, etc.).

The other inputs make 10.6 % of the operation costs during the reporting period, and its amount decreased by 22.6 %, in comparison to the base period, which decrease was especially caused by the fact that the compensation of HUF 190 million paid by the Keringatlan Kft. to the Magyar Építők Rt. was a single amount during the year of 2007.

The marketing costs of the Company Group, comparing to the base period decreased by a considerable amount, with 42.8 %, that can be imputed to the decrease of the marketing volume and the changes in the combination. The marketing costs include the material costs and

the used inputs of material kind of the producing companies, further the purchasing values of the sold goods and the values of the sold (transmitted) services, respectively the values of the activated own achievements.

The material costs of our producing companies shows a decrease of 14.1 %, comparing to the base, that is due to the decrease of the material costs of 2.1 % in the case of the Ajka Kristály Kft, or of 38.3 % or in the case of the Bebufa Kft. The cause of this considerable decrease is characteristically the less production volume, the shift of the production towards the products of less material proportion, respectively the increase of the use of materials with less production level with starting the activities of the Norba Kft., following the fusion.

Some 48.1 % of the material costs of our producing companies consist of material and intermediates, while 49.7 % of that consist of water, gas and energy costs. Both the amount of the basic materials and the intermediates (-23.0 %), and the costs for the used water, gas and energy show a decrease (-3.3 %), comparing to the base.

The amount of the services used by our producing companies shows a decrease of 19.0 %, comparing to the base period.

The Buying costs of the sold goods (ELÁBÉ = Eladott áruk beszerzési értéke), that creates the largest part of the selling costs shows a decrease of 54.5 %, comparing to the previous year, that decreased with a great extent in the case of the Domus Zrt. because of the effected withdrawal of the retail trade, while it has changed proportionally with the missing turnover in the case of the Balaton Bútorgyár Zrt.

V. Devices and Sources of the Group

The main amount in the balance of the Company Group decreased by 6.9 %, comparing to the to the base period.

In the complement of the invested devices an increase of HUF 77.9 million (0.4 %) can be observed, comparing to the previous year.

The decrease of 16.3 % in the **immaterial appropriations** is caused mainly by the depreciation calculated at the evaluation et the end of the year of 2007 for the Commercial Right of FTC, which is registered as right of asset value in the books of the Group.

The complement of the **factual devices** increased by HUF 59.3 million, (0.3 %) comparing to the previous period.

A considerable increase in the devices can be observed at the Ajka Kristály Kft. because of the investments for the pastel and glass furnaces, started during the first half-year of 2008, respectively because of the factual devices obtained at the Kontúr Zrt. through fusioning into the Norba Kft., as well, as because of the effected investments, or the activation of the leasing rights for determined periods, bought from the self-government.

The considerable increase of the long-term **investments**, in comparison to the base is caused by the loan provided by the Fotex Nyrt. for buying shares, within the frames of the suggestion system of the management during the actual year on the one hand, further that Domus provided a loan of considerable amount in order to buying devices for the companies in the furniture trade, started with a minimal Domus participation.

The value of the Goodwill decreased with HUF 297.6 million (9.6 %) comparing to the same period of the previous year. This decrease originated mainly from the account of the missing value at the end of the year of 2007. The management evaluated the necessity of the missing values of the goodwill, as indicated in the books, and delivered a decision that they will account missing values in the case of goodwill for the companies, where the discounted cash flow does not support the value in the future.

The operating funds altogether decreased by 19.5 %, relating to the base complement, the occurrence of which is due to the collective effects of the decrease of 20.0 % of the resources and the demands, of the decrease of a 19.4 % of the stocks, respectively of the multiplication of the portfolios.

The decrease of 20.0 % of the **stock** complement can be observed mainly in the case of the Domus Zrt., that is caused by the withdrawal of its commercial stock as a consequence of the shutdowns of warehouses and sell-outs of stocks because of closing its activities, further by the eliminations and missing values accounted for the stock complements of the Hungaroton Records Kft. and the Ajka Kristály Kft. at the end of the year of 2007.

The portfolio considerably increased in comparison to that of the previous year, what can be explained with the changes in the portfolio embodying a credit connection with the target of an endorsement in the property of the Group members. The portfolio of the Company Group consists mainly of portfolios with expiration dates within three months, that will be trans-categorized to among the funds.

The obligations of the Group consist of 6.6 % of the **source** complement, that show a decrease of 4.9 %, comparing to that of the previous year.

29.2 % of the obligations consist of the long-term obligations, while 70.8 % of consists of the short-term obligations.

The value of the long-term obligations decreased by 5.7 %, comparing to the previous year.

Taking credit for buying vehicle by the Bebufa Kft., as well, as taking credit for buying a piano Steinway by the Hungaroton Records Kft have been shown in the line Long-term bank loans. Its value decreased by 29.5 %, comparing to the base period.

The sum of cautions from the leaseholders, respectively the obligations of them towards the remitted taxes from the previous years among others in the case of our Companies acting in leasing are shown in the line Other obligations, as well. Its value decreased by 5.2 %, comparing to the base period.

Our short-term obligations decreased by 4.6 % according to the balance. The short-term obligations of the Group, the values of the target reserves, as well, as the passive scheduled denotations are shown here. In the complement of the other short-term obligations an increase of 7 % in the prepayments fro the buyers, a decrease of 10.8 % in the transporting complement of the Company Group, an increase of 8.1 % of the other short-term obligations, and an increase of 60.1 % of the target reserves can be observed.

In the case of the Domus Zrt. a considerable decrease in the transporting staff can be observed, further also the transporting staff of the Keringatlan Kft., or of the Hungaroton Records Kft., of the Primó Zrt., and of the Bebufa Kft. have considerably decreased, while in the case of the Ajka Kristály Kft. a considerable increase in the transporting staff.

In connection with the planned replacement of the seat in the subsidiary with the seat on Cyprus, the considerable increase of the target reserves can be explained with the target reserves elaborated for the future costs.

The percentage of the own capital within the sources of the Group equals to 93.4 %.

The registered capital during the actual period increased by HUF 200 million (2.8 %), since our Company effected a basic capital rise through issuing dividend-priority shares during quarter IV. of the base year.

Due to buying own shares during the actual year the complement of own shares decreased by HUF 3.2 billion.

The considerable change of the achievement reserve within the own capital is caused by the adaptation of the achievements according to the balance of the year 2007 into the achievement reserve, the arrangement of the exchange rate differences from the calculation of the balance and achievement displays of the foreign subsidiaries, kept and displayed in Euro into forint, respectively the arrangement of the exchange rate differences originated from the transactions among these foreign subsidiaries and the Keringatlan Kft, the Ajka Kristály Kft., as well, as the Székhely 2007 Kft. (loan debt against the Downington Holding Sarl, which transferred to the KONT-Vesz Kft., that segregated from the Székhely 2007 Kft., following 31st July, 2008.

The decrease of HUF 86.4 million (12.6%) of the own capital in the line Other reserves (goodwill) is caused by the account of the yearly loss of value.

The decrease of 97.2 % of the minority contribution originates from the accounts of the part of the achievements of the Group, allocated to them, or of other transactions in connection with them during the actual period.

Personal and Organizational Changes

The KONT-Vesz Kft. segregated from the Székhely 2007 Kft., following 31st July, 2008, where the ownership rights of the real estates in Veszprém Házgyári út have been transmitted. The General Manager of the Kont-Vesz Kft. is Ms. Ágnes Szabó, who functions also the post of the Accounting Manager of the Kontúr Zrt. at the same time.

There were no other personal changes belonging under publishing obligation besides that of published in the report of the Group for the previous quarter.

Others

The Company – in accordance with the decisions No. 23/2000. delivered by the General Assembly – has completed the total replacement of the shares of the Fotex Nyrt. - with the cooperation of the Keler Rt. – as of 2nd May, 2001.

With the turn-day 70,388,664 pieces of shares have been replaced, while 334,986 pieces of old shares have not been converted by the shareholders. The not converted shares have been declared as unavailable by the Company, in accordance with the legal rules in effect. The new shares replacing the unavailable shares were sold by the Company by the most optimal way from the point of view of the shareholders. The Company hands over the incoming selling price after having deducted the arisen costs, following the 30th day after selling the whole share complement replacing the recalled portfolio, and as of 15th November, 2001, for the old, not replaced shares to the owners of the recalled shares. From among the recalled shares the money for 160,464 pieces have been sold until the today's day, while the owners of 174,522.

The yearly ordinary general assembly of the Fotex Nyrt. held on 28th April, 2004 delivered decision on the transformation of the shares issued by printing by the Fotex Nyrt. into dematerialised portfolio. The date of the transformation of the shares into dematerialised portfolio was 11th November, 2004. The transformation of the shares does not affect the rights connecting to the shares. The period for filing the shares issued by printing was open from 10th September, 2004 until 10th November, 2004.

The shares issued by printing had been declared as unavailable as of 11th November, 2004 by the Fotex Nyrt.

From the shares declared unavailable because of dematerialization the counter-value of 1,210 pieces had been paid until the today's day, while the owners of 140 pieces of recalled shares have not claimed yet.

The extraordinary general assembly of the Fotex Nyrt., held on 4th August, 2008 delivered decision on the transformation of the Company into a European Shareholding Company (SE). The general assembly determined the turn-day of the schedule of the asset balance in 30th June, 2008. On the basis of the decision of the general assembly the shareholders, who do not wish to participate in the European Shareholding Company to be established through the reconstruction, are obliged to declare this evidence in writing within 15 days following the day of the general assembly to the Government Board, parallel with the certificate on freezing until 31st January, 2008 of the shares in the ownership of them. Nobody from among the shareholders of the Company has filed such contemplation declaration to the Government Board. The Company accepted the filed schedule asset balance on its extraordinary general assembly held on 26th September 2008, and delivered final decision on the transformation into SE. The date for transformation has been determined in 31st December, 2008. The general assembly elected the members of the Management and the person of the auditor, and accepted the Articles of Association of the SE, respectively delivered affirmative decision in connection with all submittals required to the transformation. The registration of the transformation at the company register is being under process. The Company convoked an extraordinary general assembly on 8th December, 2008 because of the change of the name of the SE for calling for supplying a deficiency by the Court of Registration.

The quarterly report contains data and statements, which are real, and does not keep back any fact, that has importance from the point of view of the estimation on the state of the Company.

in Budapest, on 14th November, 2008

Gábor Várszegi
General Manager