

Financial Statements

CEE ACTIVE ASSET MANAGEMENT LTD.

31 December 2012

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Annual Activity Report

Activity

In financial year 2012, CEE Active Asset Management Ltd ("CEEAAAM" or the "Company") continued to establish new client and business type of relationships and further strengthened its position achieved at the Central–Eastern–European capital markets. The core activity of the Company remained unchanged, it focused on its asset management activity. Similarly to the past, the biggest chunk of the company's earnings came from portfolio management fees and other fee income, related to asset management activity.

CEEAAAM had no subsidiary and had not acquired any stake in other companies either, in the course of the last fiscal year.

After the balance sheet date, no significant event occurred in the Company's operation.

Human capital

The Board of Directors of the Company still consisted of three members: Mr. Zolt Szekelyhidi, Mr. Andor Katzer and Ms Emilia Garas. In financial year 2012, the number of employees increased on a small scale. In the Front Office Department, the Company hired Mr Peter Bakos as portfolio manager and as a professional in charge of the research activity of CEEAAAM. Peter also takes a role in the investment decisions of the company. At the same time, there was no change in the back-office staff, IT and IT Security Departments. From November 2012, Ms Maria Soltesz was hired as a new Risk Officer. Maria took over the tasks of Mr Robert Paunoch who departed from CEEAAAM in October 2012.

Business activity

The mood has been rather optimistic at the global and regional capital markets throughout 2012, but the markets have been quite volatile at the same time. The biggest central banks of the developed world, such as the USA's FED, the EU's ECB, England's Bank of England and Japan's Bank of Japan have all launched new monetary stimulus programs and or have went on with their existing such schemes. Moreover, the signs of recovery have been present in the USA, which have only partially been offset by the negative news around the euroland economies (eg the high Greek, Italian and Spanish public debt and the lack of a common fiscal policy in the EU). All in all, investor confidence has improved significantly, the risk appetite of investors have grown, investors have switched into a "risk on "mode and a kind of yield hunting has started for assets, due to the prevailing low base rates. As a result of the above, bond prices marched upwards in fixed income markets, including that of the Central Eastern Europe, whilst the yields compressed. Equity prices also jumped at stock exchanges. The risk perception of investors towards the Central-Eastern European region and to a lesser extent towards Hungary, the core market for CEEAAAM, improved.

Given the positive market sentiment, some important investors decided to make fresh investments at the Company and accordingly, assets managed by CEEAAM grew gradually. Given the Company's investment policy, the FX exposure of the equity and fixed income trades were consistently mostly left unhedged in 2012. In view of the above, the appreciation of the HUF against the currency majors resulted in a lower return in HUF terms compared to EUR terms.

Given the abnormal type of market circumstances (to a large extent the market prices were determined by the liquidity programs of central banks) and to be prepared for would be future withdrawal of asset managed funds, a relatively high cash balance was kept in the portfolios and the positions were built in an diversified manner.

In 2012, CEEAAM retained and even somewhat increased its profitability.

Expectations

In 2012, the General Meeting of the Company approved a new business strategy that was different from the previous one and that did not include an aggressive expansive business policy with fast growing number of clients and assets. The management of CEEAM is of the view that the expectedly positive future performance of the Central Eastern European capital markets can be somewhat offset by the Hungarian market, the core market for the Company, the mid-term outlook of which is rather bleak and where additional ad hoc type government interventions can be expected, which can be painful to the financial services industry and where the next round of changes of legislation, forecast to be unfavorable to market players, cannot be ruled out. In the management's opinion, the realization of any aggressive business plan could trigger high risks to the Company, therefore that is not the envisaged strategy at all.

The new 2012-2015 mid-term business strategy of CEEAAM focuses on offering better services and a wider range of products to its present client basis with longer asset managed contracts, with the purpose of more predictable cash flows. In 2013, the Company continues to implement its cost efficiency (cost rationalization) program. The prime goal of the Company is a kind of business consolidation, the retaining of the existing profitability for the long term and the strengthening of the Company's market position with conservative tools.

In 2013, primarily the market mood and the global risk appetite is going to determine the results of the Company, whilst the international and domestic legal environment can also influence the profitability of CEEAAM Ltd. on a large scale.

Dividends

The Board of Directors – similarly to 2011 – does not propose to pay any dividends after the results of the fiscal year of 2012. A higher level of retained earnings enables the company to comply easier with the HFSA's capital requirements in a difficult business year.

Auditor

CEEAAM's Board of Directors proposes to the General Meeting to extend the mandate of the current auditor of the Company, Első Magyar Audit Holding Könyvvizsgáló és Adótanácsadó Kft, for the financial year 2013 too.

Risk Management

CEEAAM prepared the Risk Management Rules, the Assessment Rules and the Rules of Trading Book which contain the principles and methods of risk management of the company.

In order to the transparent and controlled operation of the company and to identify the risk occurring in the operation and to deal with them CEEAAM applies an Internal Auditor, a Risk Officer and a Compliance Officer responsible for the compliance with the laws based on the authorization set out in Section 19-21 of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers and on the regulations governing their activities. In the organization of the Company the internal audit and the functions of compliance officer and risk management are separated. The risk officer is responsible for monitoring and analyzing the different kind of risks but the competent leaders are also involved in the preliminary identification of the risks. In addition to the in-process control the personal control activity of the executives also represent a substantial part.

In accordance with the legislation and its rules the Company measures and governs the risks arising from its operation and the changes in the market and the legal environment.

The remuneration package consists solely of the basic salary. To avert risk no additional benefits are applied on the performance, thus the remuneration of the risk management and other control functions is independent of the performance of the fields controlled by them.

The company assigned the following capital requirements to the identified risks on the sheet date of 31.12.2012:

<u>initial capital requirement:</u>	HUF 36.411.250
<u>total capital requirements on risks:</u>	HUF 20.028.044
- on counterparty risk:	HUF 8.717.028
- on settlement risk:	0
- on credit risk:	0
- on foreign exchange risk:	HUF 772.328
- on operational risk:	HUF 10.538.688

Budapest, 27.03.2013.



Chairman of the Board

Zsolt Székelyhidi



Member of the Board

Andor Katzer

Members of the Board of Directors

The Board of Directors of CEE Active Asset Management Ltd. consists of three representatives elected by the General Meeting. The members of the Board of Directors were last elected at the General Meeting of 01 April 2010 for undetermined period of time.

Mr Zsolt Székelyhidi (Chairman)

Appointed: 16 December 2009

Mr Székelyhidi graduated from the Budapest Business School and also received a Bachelor of Business Studies degree of the University of Lincolnshire and Humberside. In 2002 he obtained the MSc degree of University of Pécs. Mr Székelyhidi started his career in 1999 at Central European International bank where he worked as an investment advisor responsible for domestic and foreign bond, equity and FX futures transactions of the clients of the bank. In 2007 he became member of the ACI Financial Markets Association. Mr Székelyhidi speaks English and German besides Hungarian. In 2009 he founded CEE Active Asset Management holding presently 50% of the shares of the company and representing it as a managing director.

Mr Andor Katzer

Appointed: 1 April 2010

Mr Katzer studied at the Budapest School of Economics and after successfully graduating he also earned a BA degree in Business Studies at the University of Lincolnshire and Humberside. In 2002 besides obtaining the MSc degree of University of Pécs he successfully finished the course of ELTE Institute of Post-graduate Legal Studies and received a Diploma in Legal Studies. From 1999 until 2009 Mr Katzer was working as an investment advisor at Central European International Bank (CIB) specialised in trading local and foreign assets on behalf clients of the bank. In 2007 he became member of the ACI Financial Markets Association. Two years later Mr Katzer was appointed Head of Treasury Sales at CIB where he managed a team responsible for the bank's clients' fixed income and foreign exchange transactions. Mr Katzer has a good command of English, German, Italian and French languages. In 2010 he became co-owner and managing director of CEEAAM Ltd holding 50% of the company's shares presently.

Ms Emilia Garas

Appointed: 01 March 2011

Ms Garas graduated at the University of Economics in Budapest. Before joining CEEAAM Ltd. Ms Garas filled different senior back office and settlement department positions at Hanwha Bank, OTP Garancia Insurance Ltd.

Members of the Supervisory Board

The Supervisory Board of CEE Active Asset Management Ltd. consists of three representatives elected by the General Meeting. The members of the Supervisory Board were last elected at the General Meeting of 01 April 2010 for undetermined period of time.

Mr Gábor Nagy (Chairman)

Appointed: 01 April 2010

Mr Nagy is an economist who finished his studies at the Budapest University of Economics before graduating from the Budapest University of Technology and Economics (BME). Mr Nagy is co-owner and member of the management of Ramasoft Ltd, a company that is specialised in developing VAR based risk management software used by local banks and financial companies holding financial assets. Mr Nagy was previously member of the Board of Directors of CEEAAM Ltd.

Mr Norbert Narozsny

Appointed: 16 December 2009

After graduating from the Budapest Business School Mr Narozsny filled various management positions in the real estate industry working as an economist. In 2006 Mr Narozsny cofounded Nagro Investment Ltd. an enterprise that offers investment advice to real estate development companies. Mr Narozsny holds the position of CEO at Nagro Investment Ltd.

Dr László Földvári

Appointed: 16 December 2009

Dr Földvári, founder and head of the Földvári Law Firm, graduated "summa cum laude" in the Faculty of State and Legal Sciences of Eötvös Loránd University in 1994. After working as a trainee lawyer, he passed the bar exam, and started his practice as a private attorney-at-law registered at the Budapest Bar Association. In addition to the degree in law, he obtained a degree as an economist at the University Of Economic Sciences Of Budapest. He also graduated as a Specialist of European Law. Földvári Law Firm focuses on real property law, corporate law and the law of contracts. The company has also has extensive experiences in the field of Internet law, labour law and intellectual property law.

BALANCE SHEET (IN THOUSAND HUF)	NOTES	2011	2012
<i>I. Intangible Assets</i>		275	200
4. Trade-marks, patents and similar assets		275	200
<i>II. Property and equipment</i>		739	764
<i>III. Financial investments</i>		-	-
A. Fixed Assets		1014	964
<i>I. Inventories</i>		-	-
<i>II. Receivables</i>		4 679	4 830
5. other receivables		4 679	4 830
<i>III. Securities</i>		0	0
4. Other Securities		0	0
<i>IV. Cash and Cash equivalents</i>		586 687	546 836
2. Bank deposits		586 687	546 836
B. Current assets		591 366	551 666
C. Accrued and deferred assets		1 190	1 115
TOTAL ASSETS		593 570	553 745
<i>I. Share capital</i>		60 000	60 000
<i>II. Share capital unpaid</i>		-	-
<i>III. Capital reserve</i>		-	-
<i>IV. Retained earnings</i>		2 894	5 392
<i>V. Tied-up reserve</i>		-	-
<i>VI. Revaluation reserve</i>		-	-
<i>VII. General reserve</i>		-	-
<i>VIII. Profit or loss for the year</i>		2 498	27 535
D. Shareholders' equity		65 392	92 927
E. Provisions		0	0
<i>I. Subordinated liabilities</i>		-	-
<i>II. Long-term liabilities</i>		-	-
<i>III. Current liabilities</i>		525 505	460 737
4. Accounts payable		409	5 496
5. Liabilities to customers		515 319	445 135
12. Other short term liabilities		9 777	10 106
F. Liabilities		525 505	460 737
G. Accrued and deferred liabilities		2 673	81
2. deferred income		22	
2. deferred expenses		2 651	81
TOTAL LIABILITIES		593 570	553 745

STATEMENT OF OPERATIONS (IN THOUSAND HUF)	NOTES	2011	2012
<i>Comission (related to portfolio management)</i>		110 239	145 376
<i>Gains on securities traded on prop. account</i>		-	-
<i>Corporate finance activities</i>		-	-
<i>Custodianship and safe-keeping activities</i>		272	285
<i>Other income</i>		1 082	925
1. Revenue		111 593	146 586
<i>Comission expenses (related to portfolio management)</i>		-14 131	-21 860
<i>Losses on securities traded on prop. account</i>		-	-
<i>Expenses of corporate finance activities</i>		-	-
<i>Expenses of custodianship and safe-keeping activities</i>		-	-
<i>Other expenses</i>		-	-
2. Expenses		-14 131	-21 860

PROFIT AND LOSS ACCOUNT (IN THOUSAND HUF)	NOTES	2011	2012
<i>Income from investment service activity</i>		111 593	146 586
<i>Expenses on investment service activity</i>		-14 131	-21 860
I. Profit or loss of investment service activity		97 462	121 225
II. Other income		1	2
III. Profit or loss of non investment service activity		-	-
IV. Own performance capitalised		-	-
V. Material cost		67 839	56 226
VI. Staff costs		30 572	32 871
VII. Depreciation		235	717
VIII. Other operating charges		2 000	5 045
IX. Expenses of non investment service activity		-	-
A. Income from operations		-3 183	26 368
X. Non distributing financial activity income		7 170	4 919
XI. Non distributing financial activity expenses		1 211	692
B. Profit or loss from financial transations		5 959	4 227
C. Profit or loss of ordinary activities (A+B)		2 776	776
XII. Extraordinary income		-	-
XIII. Extraordinary expenses		-	-
D. Extraordinary profit or loss		-	-
E. Profit before income tax (C+D)		2 776	30 595
XIV. Income tax payable		-278	-3 060
F. Profit after taxes		2 498	27 535
XV. Retained earnings and reserves		-	-
G. PROFIT OR LOSS FOR THE YEAR		2 498	27 535

CASH-FLOW STATEMENT (IN THOUSAND HUF)	NOTES	2011	2012
<i>Profit before income tax</i>		2 776	30 595
<i>Amortization</i>		235	717
<i>Accounted amortization and write-back</i>		-	-
<i>Loss on credit in foreign currency</i>		-	-
<i>Difference between provisions made for liabilities and actual use</i>		-	-
<i>Gains and losses on sale of invented assets</i>		-	-
<i>Change in accounts payable</i>		-1 265	5 087
<i>Change in other short term liabilities</i>		15 152	-69 854
<i>Change in passive provisions made</i>		2 033	-2 592
<i>Change in accounts receivable</i>		0	0
<i>Net change in current assets</i>		-427	-151
<i>Change in active provisions made</i>		-1 119	75
<i>Tax paid</i>		-278	-3 060
<i>Dividends paid</i>		-	-
I. Net Cash flow from operating activities		17 107	-39 183
<i>Purchase of financial investments</i>		-899	-668
<i>Proceeds from sale of financial investments</i>		-	-
<i>Dividends received</i>		-	-
II. Net Cash flow from investment activities		-899	-668
<i>Proceeds from issuance of stocks</i>		0	0
<i>Proceeds from issuance of financial investments</i>		-	-
<i>Credits and loans received</i>		-	-
<i>Repayment, elimination of long-term loans, bank deposits</i>		-	-
<i>Liquid assets definitely</i>		-	-
<i>Retirement of stocks, withdrawal of capital</i>		-	-
<i>Repayment of bonds and securities representing credit</i>		-	-
<i>Repayment of credits and loans</i>		-	-
<i>Long term loans and bank deposits</i>		-	-
<i>Liquid assets transferred definitely</i>		-	-
<i>Changes in liabilities to founders and long-term liabilities</i>		-	-
III. Net Cash flow from financing activities		0	0
<i>Cash and Cash equivalents as at 1.JAN</i>		570 479	586 687
<i>Cash and Cash equivalents as at 31.DEC</i>		586 687	546 836
IV. Net increase/decrease in cash		16 208	-39 851

Notes to the financial reports

Company data

Name fo the company:	CEE Active Asset Management Ltd.
Address:	5. Rétköz str. Budapest H-1118 Hungary
Registered office:	5. Rétköz str. Budapest H-1118 Hungary
Date of founding:	16.12.2009 (registered: 30.12.2009)
Court registration number:	01-10-046560
Tax Identification number:	11714910-1-43
HFSA license number:	EN-III/63/2010
Main bank account number:	10702019-65686654-51100005

Ownership structure: Company founders / owners / changes in share capital

Owners:	Shares held:
Andor Katzer	3.000 pcs (50%)
Zsolt Székelyhidi	3.000 pcs (50%)

The annual report was prepared by:	Mária Soltész / registered accountant
Registration number:	180895
The annual report was audited by:	Első Magyar Audit Holding Könyvvizsgáló és Adótanácsadó Kft. (Address: 2143 Kistarcsa, Deák Ferenc u. 10. / HSFA Registration Nr: T-000844/06) Dr. Sarolta Fainné Kaszab / registered auditor (Registration number: 002570)

Accounting policy

The company maintains its accounting records and prepares its statutory accounts in accordance with the commercial, banking and fiscal regulations prevailing in Hungary. The company's functional currency is the Hungarian Forint (HUF).

Form of report:	Annual report
Form of Balance Sheet	„A” type Balance Sheet
Form of Profit or Loss account	„A” type – with expenditure (total cost) method
Date of Balance Sheet	December 31
Date of preparation of Balance Sheet	February 28 (following year)

Significant accounting principles

The company has prepared its accounting policies and accounting system in line with current regulations in order to show real picture on its profitability capabilities, capital, current and future financial status published in the annual report.

The company uses double book keeping system, preparing balance sheet and profit and loss account as well.

Main evaluation principles

- Invested financial assets are registered at historical value in the books
- Liabilities are registered at historical value in the books
- Depreciation is written down on bad debts by the extent of expected loss
- Securities bought for sale are registered at historical value in the books
- Securities bought for sale are valued by FIFO method
- Liabilities are performed on book value in the balance sheet

Financial condition
Assets of the company

Description	2011		2012	
	Amount (thousand HUF)	Share %	Amount (thousand HUF)	Share %
Fixed assets	1 014	0.17	964	0.17
Inventories	0	-	0	-
Receivables	4 679	0.79	4 830	0.87
Securities	0	-	0	-
Liquid assets	586 687	98.84	546 836	98.76
Accrued incomes and deferred charges	1 190	0.20	1 115	0.20
TOTAL ASSETS	593 570	100.00	553 745	100.00

Liabilities of the company

Description	2011		2012	
	Amount (thousand HUF)	Share %	Amount (thousand HUF)	Share %
Capital and reserves	65 392	11.02	92 927	16.78
Provisions	0	-	0	-
Long term liabilities	0	-	0	-
Short term liabilities	525 505	88.53	460 737	83.20
Accrued incomes and prepaid charges	2 673	0.45	81	0.02
TOTAL ASSETS	593 570	100	553 745	100.00

Regulatory capital and capital requirements on 31.12.2012. (in th HUF)

Regulatory capital for risks	65,192
Tier 1 capital	65,192
Share capital	60,000
Retained earnings	5,392
Intangible assets	-200

Initial capital requirement **36,411**

Total capital requirements for risks **20,028**

Capital requirements for counterparty credit risk	8,717
Capital requirements for operational risk	10,539
Capital requirements for foreign currencies	772

Minimum capital requirement **36,411**

Regulatory capital surplus on 31.12.2012 **28,781**

Main indicators (in th HUF):

		31.12.2011.	31.12.2012.
Equity ratio	Owners' equity/ Total assets	65,392/593,570= 11.0%	92,927/553,745= 16.8%
Ratio of Equity capital and share capital	Equity capital/ Share capital	65,392/60,000= 109.0%	92,927/60,000= 154.9%
Current ratio I.	Current assets/	591,366/525,505= 1.13	551,666/460,737= 1.20
Current ratio III.	Cash and cash equivalents/ Short-term liabilities	586,687/525,505= 1.12	546,836/460,737= 1.19
Return on equity (ROE)	Net income/ Shareholders' equity	2,498/65,392= 3.8%	27,535/92,927= 29.6%
Return on asset (ROA)	Net income/ Total asset	2,498/593,570= 0.4%	27,535/553,745= 5.0%

Budapest, 27.03.2013.



Zsolt Székelyhidi / Andor Katzer

Első Magyar Audit Holding Ltd
2143 Kistarcsa, Deák Ferenc u. 8.sz.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of CEE Active Asset Management zRt

Report on the financial statements

We have audited the accompanying financial statements of **CEE Active Asset Management zRt** („the Company”) which comprise the balance sheet as of 31 December 2012 (in which the balance sheet total is **553,745 tsd HUF**, the profit per balance sheet is **27,535 tsd HUF**), the related profit and loss account for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provision of the Accounting Act and accounting principles generally accepted in Hungary and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian Standards on Auditing and with applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

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

Opinion

During our work we have audited the components and disclosures along with the accounting records and supporting documentation underlying the financial statements of **CEE Active Asset Management zRt** in accordance with the Hungarian Standards on Auditing and, on the basis of our audit work, we have gained sufficient and appropriate evidence that the financial statements have been prepared in

Első Magyar Audit Holding Ltd
2143 Kistarcsa, Deák Ferenc u. 8.sz.

accordance with the provision of the accounting law and with accounting principles generally accepted in Hungary. In our opinion, the accompanying financial statements give a true and fair view of the financial position of CEE Active Asset Management zRt as of 31 December 2012, and of the results of its operations for the year then ended.

Other reporting requirements regarding the business report

We have examined the accompanying business report of CEE Active Asset Management zRt („the Company”) for the financial year of 2012.

Management is responsible for the preparation and fair presentation of the business report in accordance with the provision of the Accounting Act and accounting principles generally accepted in Hungary. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with that contained in the financial statements. Our work in respect of the business report was limited to checking it in within the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. In our opinion the 2012. business report is consistent with the disclosures in the financial statements as of 31 December 2012.

Kistarcsa, 27 March 2013



Dr Bernula Pál
Partner

Chamber membership No.: 002184
Első Magyar Audit Holding Kft

ELSŐ MAGYAR AUDIT HOLDING
KÖNYVVIZSGÁLÓ ÉS ADÓTANÁCSADÓ KFT



Dr Fainné Kaszab Sarolta
registered auditor
Registration No.: 002570