



**Independent Auditors' Report
issued on the 2013 Annual Report
and Business Report
of Budapesti Értéktőzsde Zrt.**

This is an English translation of the statutory Annual Report and the Business Report, and the Independent Auditors' Report thereon issued in Hungarian. In case of any differences, the Hungarian language original prevails.



Table of Contents

I. Independent Auditors' Report

II. Annual Report

Balance Sheet
Profit and Loss Statement
Supplementary Notes

III. Business Report





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This is an English translation of the Independent Auditors' Report on the 2013 statutory Annual Report of Budapesti Értéktőzsde Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete statutory Annual Report it refers to.

Independent Auditors' Report

To the shareholders of Budapesti Értéktőzsde Zrt.

Report on the Annual Report

We have audited the accompanying 2013 annual report of Budapesti Értéktőzsde Zrt. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2013, which shows total assets of THUF 6,589,931 and retained profit for the year of THUF 2,001, and the income statement for the year then ended, and supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of this annual report in accordance with the provisions of the Hungarian Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual report are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual report 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 annual report.

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 report gives a true and fair view of the financial position of Budapesti Értéktőzsde Zrt. as at 31 December 2013, and of its financial performance for the year then ended in accordance with the provisions of the Hungarian Act on Accounting.

Other Matters

We have issued an Auditor's Report dated 7 May 2014 on the annual report submitted to the General meeting for approval and have considered the events after the balance sheet date only up to that date. The General meeting amended the annual report in terms of the amount of dividend payments, which resulted in a decrease in the retained profit for the year of THUF 563,002.

Report on the Business Report

We have audited the accompanying 2013 business report of Budapesti Értéktőzsde Zrt.

Management is responsible for the preparation of the business report in accordance with the provisions of the Hungarian Act on Accounting. Our responsibility is to assess whether this business report is consistent with the annual report prepared for the same business year. Our work with respect to the business report was limited to the assessment of the consistency of the business report with the annual report, 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 2013 business report of Budapesti Értéktőzsde Zrt. is consistent with the data included in the 2013 annual report of Budapesti Értéktőzsde Zrt.

Budapest, 27 May 2014

KPMG Hungária Kft.

Registration number: 000202

Gábor Agócs
Gábor Agócs
Partner

Dr. Ferenc Eperjesi
Dr. Ferenc Eperjesi
Professional Accountant
Registration number: 003161



**FINANCIAL STATEMENTS OF THE
BUDAPEST STOCK EXCHANGE FOR THE
YEAR 2013**

Table of Contents

Balance Sheet	3
Income Statement	5
Notes to the 2013 Annual Report	6
Business Report	34

HUF '000

	Denomination	31.12.2012	31.12.2013
a	b	c	d
1	A. LONG-TERM ASSETS	5 336 094	5 326 160
2	I. Intangible assets	141 970	143 613
3	Capitalized value of formation, promotion and restructuring expenses	0	0
4	Capitalized value of research and development	0	0
5	Rights, representing assets	2 700	2 169
6	Intellectual products	114 836	141 444
7	Goodwill	0	0
8	Advances and prepayments on intangible assets	24 434	0
9	Value correction of intangible assets	0	0
10	II. Tangible assets	79 008	67 525
11	Buildings and related concessions and similar rights	1 705	1 680
12	Plant machinery	41 151	40 147
13	Other equipments and fittings, vehicles	36 152	25 698
14	Assets in course of constructions	0	0
15	Prepayments made on fixed assets	0	0
16	Value correction of tangible assets	0	0
17	III. Invested financial assets	5 115 116	5 115 022
18	Shares	5 115 022	5 115 022
19	Securities	0	0
20	Long term loan	94	0
21	Securities signifying a long-term creditor relationship	0	0
22	B. CURRENT ASSETS	972 202	1 023 742
23	I. Stocks	12 704	18 799
24	Raw materials and consumable goods	0	0
25	Work in progress	0	0
26	Finished goods	0	0
27	Merchandise	12 704	18 799
28	Prepayments made on stocks	0	0
29	II. Receivables	444 686	337 466
30	Trade debtors	307 647	306 375
31	Receivables from affiliated undertaking	0	0
32	Receivables from independent undertakings	0	0
33	Bills receivable	0	0
34	Other debtors	137 039	31 091
35	III. Securities	0	0
36	Participation in affiliated undertaking	0	0
37	Other participation	0	0
38	exchangable shares	0	0
39	Debt securities held for sale	0	0
40	IV. Cash and cash equivalents	514 812	667 477
41	Cash	165	106
42	Current account	514 647	667 371
43	C. ACCRUED INCOME AND PREPAYMENTS	193 784	240 029
44	Accrued income	178 454	228 117
45	Prepayments	15 330	11 912
46	deferred expenditures	0	0
47	TOTAL ASSETS	6 502 080	6 589 931

Budapest, 27 May, 2014



Zsolt Katona
CEO

Tóth Attila
Deputy CEO

HUF '000

	Denomination	31.12.2012	31.12.2013
a	b	c	d
48	D. SHAREHOLDERS' EQUITY	5 464 879	5 466 880
49	I. Share capital	541 348	541 348
50	thereof: ownership shares repurchased at face value	0	0
51	II. UNPAID ISSUED CAPITAL	0	0
52	III. Capital reserve	2 576 356	2 576 356
53	IV. Retained earnings	2 339 153	2 347 175
54	V. NON DISTRIBUTABLE RESERVES	0	0
55	VI. REVALUATION RESERVE	0	0
56	VII. Net profit for the year	8 022	2 001
57	E. PROVISIONS	22 370	1 511
58	Provisions for expected liabilities	22 370	1 511
59	Provisions for costs in the future	0	0
60	Other provisions	0	0
61	F. LIABILITIES	658 275	664 075
62	I. Subordinated liabilities	0	0
63	Subordinated liabilities to affiliated undertaking	0	0
64	Subordinated liabilities to independent undertaking	0	0
65	Subordinated liabilities to other economic entities	0	0
66	II. Long-term liabilities	0	0
67	Long-term loans	0	0
68	Convertible bonds	0	0
69	Debts on the issue of of bonds	0	0
70	Investment and development credits	0	0
71	Other long-term credits	0	0
72	Long-term liabilities to affiliated undertaking	0	0
73	Long-term liabilities to independent undertaking	0	0
74	Other long-term liabilities	0	0
75	III. Short term liabilities	658 275	664 075
76	Short-term loans	0	0
77	thereof: convertible bonds	0	0
78	Prepayments received from customer	0	0
79	Trade accounts payables	25 911	37 259
80	Bills payable	0	0
81	Short-term liabilities to affiliated undertaking	0	0
82	Dividends	568 416	563 002
83	Other short term liabilities	63 948	63 814
84	G. ACCRUED EXPENSES AND DEFERRED INCOME	356 556	457 465
85	Deferred income	263 215	295 887
86	Accrued expenses	93 341	161 578
87	Deferred revenues	0	0
88	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6 502 080	6 589 931

Budapest, 27 May, 2014



Zsolt Katona
CEO

Tóth Attila
Deputy CEO

HUF '000

Denomination		31.12.2012	31.12.2013
a	b	c	d
1	Net domestic sale	1 545 268	1 472 090
2	Net external sale	851 956	809 060
I.	Revenues from stock exchange activities	2 397 224	2 281 150
3	Change in self-manufactured stocks	0	0
4	Own work capitalized	0	0
II.	Own performance capitalized	0	0
III.	Other revenues	28 143	70 805
	thereof: write-back of loss in value	0	0
5	Cost of materials	31 866	26 889
6	Values of services utilized	434 378	481 200
7	Other costs	7 517	9 870
8	Cost of good sold	0	0
9	Sub-contracted services	121 346	126 010
IV.	Material-type costs	595 107	643 969
10	Wages and salaries	582 745	523 142
11	Other employee benefits	33 238	27 400
12	Contributions on wages and salaries	189 207	163 285
V.	Staff costs	805 190	713 827
VI.	Depreciation	51 193	49 857
VII.	Other expenses	361 829	367 785
	thereof: loss in value	4 484	11 929
A.	OPERATING PROFIT (LOSS)	612 048	576 517
13	Dividend received	0	0
	thereof: from affiliated undertakings	0	0
14	Capital gains on investments	0	0
	thereof: from affiliated undertakings	0	0
15	Interest and capital gains on financial investments	0	0
	thereof: from affiliated undertakings	0	0
16	Interests received	32 847	18 135
	thereof: from affiliated undertakings	0	0
17	Other incomes from financial transactions	11 025	15 737
VIII.	Income from financial operations	43 872	33 872
18	Losses on financial investments	0	0
	thereof: to affiliated undertakings	0	0
19	Interest payable and similar changes	0	0
	thereof: to affiliated undertakings	0	0
20	Losses on shares, securities and bank deposits	0	0
21	Other expenses on financial transactions	46 828	15 528
IX.	Expenses of financial operations	46 828	15 528
B.	FINANCIAL RESULT	-2 956	18 344
C.	ORDINARY PROFIT (LOSS)	609 092	594 861
X.	Extraordinary income	0	0
XI.	Extraordinary expenses	0	0
D.	EXTRAORDINARY PROFIT (LOSS)	0	0
E.	PROFIT BEFORE INCOME TAX	609 092	594 861
XII.	Income tax	32 654	29 858
F.	PROFIT (LOSS) AFTER INCOME TAX	576 438	565 003
22	Retained earnings for dividend	0	0
23	Approved dividend	568 416	563 002
G.	NET PROFIT FOR THE YEAR	8 022	2 001

Budapest, 27 May, 2014




 Zsolt Katona
 CEO


 Tóth Attila
 Deputy CEO

BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES

NOTES TO THE 2013 ANNUAL REPORT

GENERAL COMPANY INFORMATION

Name of Company: Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság (Budapest Stock Exchange Private Company Limited by Shares)

Address of Company: H-1062 Budapest, Andrásy út 93.

Company's Registration No.: Cg. 01-10-044764

Data of persons authorised to sign the report on behalf of the Company:

Zsolt Katona, CEO

Address: H-1181 Budapest, Fürst Sándor u. 11.

Attila Tóth, Deputy CEO

Address: H-1112 Budapest, Rétalja lejtő 14.

The person charged with the management of bookkeeping tasks and the preparation of the annual report: Ildikó Auguszt (address: H-1138 Budapest, Róbert Károly krt. 18/C, registration No. 120433).

Data of the Auditor

KPMG Hungary, Audit, Tax and Advisory Services Limited Liability Company
HU-1139 Budapest, Váci út 99.

Company registration No.: 01-09-063183

Data of the person responsible for the audit:

Dr. Ferenc Eperjesi (*mother's maiden name: Erzsébet Kiss*)

H-1039 Budapest, Ady Endre út 20.

Start date of engagement: April 29, 2011

End date of engagement: May 31, 2014

Form of operation:

Private Company Limited by Shares

Foundation

The Budapest Stock Exchange, originally established on 19 June 1990, was registered by the Metropolitan Court of Justice as a Court of Registration on 30 June 2002 under No. 01-10-044764 as a company limited by shares due to general succession.

The subscribed capital of the Company upon the foundation totalled HUF 550 million, which consisted of registered ordinary shares issued in dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights.

With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100. (*Order No. 01-10-044764/24 of the Court of Registration, effective from 28 April 2003*)

Scope of activity

Main scope of activity: 6611 '08 Administration of financial markets

Legal framework for the management of the Stock Exchange

The conditions for the management of the Stock Exchange are stipulated in Act CXX of 2001 (hereinafter: "the Act"). Accordingly, "the Stock Exchange may not invest its free funds in the products listed and traded on the given stock exchange, excluding government securities and the shares issued by the Stock Exchange, the clearing house and central depository performing stock exchange settlements, and the financial holding company with a shareholding in the clearing house and the central depository. During its operations, the Stock Exchange may only establish such business associations or companies limited by shares and it can only have a holding in such business associations which have the purpose of promoting exchange activities or any supporting complementary activities."

When the accounting procedures of the Stock Exchange are established, the provisions of Act C of 2000 on Accounting and Government Decree No. 348/2004 (XII.22.) must be taken into consideration. According to the rules on double-entry bookkeeping, the Stock Exchange prepares its annual report for the given business year with the last day of the business year (31 December 2012) as the balance sheet date. According to the Act on Accounting, the economic events that became known after the balance sheet date (31 December) but prior to the compilation of the annual report must be accrued. The last day for the receipt of items coming from external sources – i.e. the balance sheet preparation date – is 15 February 2013.

The Stock Exchange is listed by Section 3 (1) 4 I) of the Act on Accounting under 'other organizations'. The annual reporting and bookkeeping obligation of the Stock Exchange is stipulated by Government Decree No. 348/2004 (XII.22.).

The system of accounts was compiled based on the above decrees and accounting requirements. In our system of accounts, we set out the accounting policy developed and applied by the Budapest Stock Exchange and the evaluation regulations on assets and liabilities.

The 2013 annual balance sheet and income statement of the Budapest Stock Exchange Ltd. will be available on the BSE's website (www.bet.hu) after the Annual General Meeting.

Rules of the Stock Exchange

The essential rules of the organization and operation of the Budapest Stock Exchange Ltd. are included in the Statutes accepted by the General Meeting.

According to the Act, the Budapest Stock Exchange is a self-regulating organization that develops regulations to specify the partial regulations on the operation of the Stock Exchange as well as the rights and obligations of the stock exchange traders and issuers. The Board of Directors is authorized to approve the regulations, which enter into force when ratified by the Hungarian Financial Supervisory Authority.

The regulations of the Stock Exchange are available on the BSE's website (www.bet.hu), under the Markets and Products/Regulations menu item.

As of 15 February 2014, the valid regulations of the Stock Exchange were as follows.

1. REGULATIONS

Regulations of the Budapest Stock Exchange Ltd.	Nr. of the approval by the Board of Directors	Date	Nr of approval of HFSA / CBH	Date of entry into force
on Listing, Continued Trading and Disclosure	43/2013	28 August, 2013	H-EN-III-60/2013	1 October, 2013
on the Technical Connection to the Exchange Trading Systems	53/2013	9 October, 2013	H-EN-III-78/2013	15 January, 2014
on the Code of Trading	28/2013 40/213 44/2013	16 May, 2013 18 July, 2013 25 September, 2013	H-EN-III-69/2013	6 December, 2013
on Exchange Membership	36/2013	18 July, 2013	H-EN-III-54/2013	6 December, 2013
on Exchange Regulation Procedures and on the Rules of Official Publications	34/2011	7 June, 2011	E-III-1008/2011	15 September, 2011
on the rules of handling potentially arising conflicts of interest among the interests of the Exchange itself, the interests of the shareholders or the operators of the Exchange and the sound operation of the Exchange and furthermore on the rules of conflict of interest of	34/2011	7 June, 2011	EN-III-1008/2011	15 September, 2011
on the Operational Risk Management	36/2010	15 September, 2010	EN-III-73/2010	28 October, 2010

Regulations of the Budapest Stock Exchange Ltd.	CEO Resolution		Date of entry into force
	Nr	Date	
on the Trading and Operation of BETA Market	18/ BÉTa/2013	5 December, 2013	6 December, 2013
on the Technical Connection to the Trading Systems of the BÉTa Market	19/ BÉTa/2013	5 December, 2013	6 December, 2013

2. ORDERS

Orders of the Budapest Stock Exchange Ltd.	Nr. of the approval by the Board of Directors	Date	Nr. of the approval by the Supervisory Authority	Date
regarding the Professional Representation	6/2013	7 February, 2013	-	1 March, 2013
regarding the Schedule of Fees Applied by the Exchange	63/2013	22 November, 2013	-	10 January, 2014
regarding the Operational and Organizational Rules	41/2013	18 July, 2013	-	July 2013

The Central Bank of Hungary also supervises whether the operation of the Budapest Stock Exchange Ltd. complies with the relevant legal rules and the Exchange's regulations. In order to fulfil this task, the person appointed by the Supervisory Authority is entitled to review and check the stock exchange trading on the terminal placed at the Supervisory Authority as well as to be present at the General Meeting of the Budapest Stock Exchange Ltd. and at the meetings of the Board of Directors and the Advisory Committees and to inspect the records of the Budapest Stock Exchange.

The Board of Directors provides for the following in stock exchange orders: the fees charged by the BSE for those who use the services of the Stock Exchange, the Bylaw of Organization and Operation in respect of the Stock Exchange's work organization, the trading regulation of the free market system and the order of the representation of interest for stock exchange traders, issuers and investors.

The rules of the operation of the multilateral trading facility are governed by a separate regulation adopted by the CEO.

The Budapest Stock Exchange Ltd. has adopted the necessary mandatory regulations prescribed in the Act on Accounting as well as the stocktaking regulation for assets and liabilities and a cash management regulation. The methodology of evaluation assets and liabilities is found in the accounting policy.

ACCOUNTING PRINCIPLES

An **error** is **significant** if the aggregate amount of the errors and the impact of errors established for the same year (meaning that values have to be added up), increasing or decreasing the equity or the results (regardless of their sign), reaches 2% of the balance sheet total for the given year or if 2% of the balance sheet total exceeds HUF 500 million, then their aggregate amount reaches HUF 500 million.

Receivables in foreign funds must be recalculated into HUF at the middle exchange rate published by the account holding bank.

Liabilities in foreign funds must be recalculated into HUF at the middle exchange rate published by the account holding financial institution and valid on the date of settlement.

When **evaluating receivables**, in the case of receivables which were not paid by the balance sheet preparation date, the difference between the book value of the receivable and the amount expected to be collected must be determined based on the information available at the balance sheet preparation date. **Impairment must be accounted for the difference but only when it proves to be permanent and is of a significant amount.** In the case of receivables, **impairment is significant** if it exceeds 50% of the book value of the receivables.

EVALUATION METHOD

BALANCE SHEET

Intangible assets

Intangible assets must be recognised in the balance sheet at cost or at the book value less the accounted ordinary and extraordinary depreciation plus the reversed amount of the book value of the extraordinary depreciation, and advance payments made for intangible assets must be recognised at the transferred amount net of the deductible input VAT, at the book value increased by the reversed impairment.

The **purchased software applications** were evaluated at net value.

Tangible assets

Tangible assets must be evaluated at cost **in the balance sheet**, less the applied depreciation, plus the amount of the reversal. **Tangible assets** were evaluated at net value.

Investments were evaluated at the actual acquisition cost.

Investments

BSE has the following investments:

■ Central Clearing House and Depository (Budapest) Ltd.

registered office: Budapest, VII. ker. Asbóth u. 9-11.
 number of issued shares: 420
 nominal value of shares: 5.000.000 HUF
 ownership share: 46.67%

KELER Ltd's after-tax profit for 2013 will be HUF 1.9 billion.

3. Ownership structure of Central Clearing House and Depository (Budapest) Ltd. (HUF '000)

Owners	Subscribed capital	Ownership share
Budapest Stock Exchange Ltd.	2 100 000	46,67%
Central Clearing House and Depository Ltd.	2 400 000	53,33%
Total:	4 500 000	100,00%

■ KELER Central Counterparty Ltd.

registered office: Budapest, VII. ker. Asbóth u. 9-11.
 ownership share: 0.13%

KELER CCP Ltd's after-tax profit for 2013 will be HUF 123 million.

4. Ownership structure of KELER Central Counterparty Ltd. (HUF '000)

Owners	Nr. of shares	Ownership share	Nominal value HUF 10 000/nr.	Issue value HUF 25 000/nr.
Budapest Stock Exchange Ltd.	238	0.13%	2 380	5 950
Hungarian National Bank	272	0.15%	2 720	6 800
Central Clearing House and Depository Ltd.	181 810	99.72%	1 818 100	4 545 250
Összesen:	182 320	100.0%	1 823 200	4 558 000

Calculation of depreciation

Fixed assets were **depreciated** with the straight-line method as follows:

The acquisition price of **rights and concessions** are amortized over their estimated useful lives according to the accounting policies of the stock exchange.

Intellectual property and software are written off over **3 years**, with a depreciation rate of **33%**, **except for intangible property received from a legal predecessor** where the time of use at the legal predecessor must be taken into account when defining the period of depreciation. *However, the remaining time of use cannot be shorter than 1 year*, and depreciation must be accounted for the remaining period.

Tangible assets are depreciated with the straight-line method from the date of putting into use, based on the gross value, taking into account the time of use **except for tangible property received from a legal predecessor** where the time of use at the legal predecessor must be taken into account when defining the period of depreciation. *However, the remaining time of use cannot be shorter than 1 year*, and depreciation must be accounted for the remaining period. Depreciation is accounted for on a monthly basis.

Upon the calculation of depreciation, the following rates were applied:

5. Depreciation norms applied for assets capitalised after 1 January 1992

CWIP on rented properties	6,0 %
Technical instruments, machinery, vehicles	14,5 %
IT equipment	33,0 %

Assets with an individual purchase price below HUF 100,000 (i.e. the amount allowed by Section 80 (2) of the Act on Accounting) are depreciated in one amount immediately when put into use.

6. Changes to intangible and tangible assets (HUF '000)

Changes to the gross value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	1 138 244	40 475	169	0	1 178 550
I/1. Concessions and similar rights and assets	13 030	373	169		13 234
I/2. Intellectual products	1 125 214	40 102			1 165 316
I/2.1. WIP on intangible assets	0				0
II. Tangible assets	511 897	30 740	55 224	0	487 413
II/1. Real estates	43 824	1 363	2 226	0	42 961
II/1.1. Buildings	0				0
II/1.2. Buildings and related concessions and similar rights	0				0
II/1.3. CWIP on rented properties	43 824	1 363	2 226		42 961
II/2. Cables	0				0
II/3. Technical equipments, machinery	11 052	601	459		11 194
II/4. IT equipments	259 915	20 330	25 566		254 679
II/5. Telecommunication equipments	9 335		152		9 183
II/6 Other equipments and fittings	153 158	1 438	4 555		150 041
II/7. Securities	343				343
II/8. Vehicles	34 270	7 008	22 266		19 012
II/9. Capital Work in Progress (CWIP)	0				0
II/10. Advance payments on CWIP	0				0
I-II. Total	1 650 141	71 215	55 393	0	1 665 963

Changes to the depreciation of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	1 020 708	14 398	169	0	1 034 937
I/1. Concessions and similar rights and assets	10 330	904	169		11 065
I/2. Intellectual products	1 010 378	13 494			1 023 872
I/2.1. WIP on intangible assets					0
II. Tangible assets	432 889	35 459	48 460	0	419 888
II/1. Real estates	42 119	1 388	2 226	0	41 281
II/1.1. Buildings	0				0
II/1.2. Buildings and related concessions and similar rights	0				0
II/1.3. CWIP on rented properties	42 119	1 388	2 226		41 281
II/2. Cables	0				0
II/3. Technical equipments, machinery	9 378	1 206	415		10 169
II/4. IT equipments	220 635	20 496	25 446		215 685
II/5. Telecommunication equipments	9 138	69	152		9 055
II/6 Other equipments and fittings	134 267	9 603	4 555		139 315
II/7. Securities	0				0
II/8. Vehicles	17 352	2 697	15 666		4 383
II/9. Capital Work in Progress (CWIP)	0				0
II/10. Advance payments on CWIP	0				0
I-II. Total	1 453 597	49 857	48 629	0	1 454 825

Changes to the net value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	117 536	26 077	0	0	143 613
I/1. Concessions and similar rights and assets	2 700	-531	0		2 169
I/2. Intellectual products	114 836	26 608	0		141 444
I/2.1. WIP on intangible assets	0				0
II. Tangible assets	79 008	-4 719	6 764	0	67 525
II/1. Real estates	1 705	-25	0	0	1 680
II/1.1. Buildings	0				0
II/1.2. Buildings and related concessions and similar rights	0				0
II/1.3. CWIP on rented properties	1 705	-25	0		1 680
II/2. Cables	0	0	0		0
II/3. Technical equipments, machinery	1 674	-605	44		1 025
II/4. IT equipments	39 280	-166	120		38 994
II/5. Telecommunication equipments	197	-69	0		128
II/6 Other equipments and fittings	18 891	-8 165	0		10 726
II/7. Securities	343	0	0		343
II/8. Vehicles	16 918	4 311	6 600		14 629
II/9. Capital Work in Progress (CWIP)	0	0	0		0
II/10. Advance payments on CWIP	0	0	0		0
I-II. Total	196 544	21 358	6 764	0	211 138

Purchased inventories

Purchased inventories were evaluated at the actual acquisition price except for print forms and other materials.

Forms and **other materials** were fully accounted for as use of materials (cost) at the date of acquisition. Year-end closing inventories were evaluated at the actual acquisition price, based on the stocktaking.

7. Inventories (HUF '000)

Description	31.12.2012	31.12.2013
PR material	2 734	2 848
Forms, other materials	2 166	2 019
Library books	1 057	1 029
Intermediated services	6 747	12 903
Total inventories	12 704	18 799

Accounts receivable

Trade debtors must be recognised in the balance sheet at the known and accepted amount or at the book value decreased by the accounted impairment and increased by the reversed impairment.

Receivables from **employees** and **tax authorities** were evaluated based on an item-by-item reconciliation with the sub-ledgers.

8. Receivables (HUF '000)

Description	31.12.2012	31.12.2013
Receivables from goods, delivery and services	307 647	306 375
Corporate tax	107 374	25 390
VAT	13 076	
Local tax	13 316	1 275
Innovation contribution	565	157
Other receivables	2 708	4 269
Total receivables	444 686	337 466

9. Impairment accounted for receivables (HUF '000)

Description	Year of the accounting of impairment	Amount of impairment in %	31 December 2013 Amount of impairment
	2010	100%	501
	2011	100%	1 830
	2012	100%	4 484
	2013	100%	7 908
Total impairment on receivables			14 723

Cash

Cash was recognised at the values of the last bank account statements of 2013 and the stocktaking of the cash desk.

10. Cash (HUF '000)

Description	31.12.2012	31.12.2013
Cash desk	165	106
HUF accounts	15 026	12 690
Fixed HUF deposits	115 000	416 000
EUR accounts	63 439	5 013
Fixed EUR deposits	321 182	233 668
Total cash	514 812	667 477

Prepaid expenses and accrued income

Expenses incurred before the balance sheet date which can only be accounted as cost for the period following the balance sheet date, and income which is only due after the balance sheet date but that should be accounted for the period closed by the balance sheet, as well as the amount not yet accounted for as an item decreasing the profit from the difference defined in Section 68 (1) of the Act on Accounting, must be recognised separately as prepaid expenses and accrued income.

11. Prepayments and accrued income (HUF '000)

Description	31.12.2012	31.12.2013
Interest on tied-up deposits and bank accounts due for the reporting period but not yet realised	244	2 633
Transaction fee for December, 2012/2013	46 695	64 320
Annual maintenance fees for the 4th quarter, 2012/2013	79 102	73 974
Vendor fees for 2012/2013	41 941	76 780
Other income	10 472	10 410
Total accrued income	178 454	228 117
Insurance	984	1 290
Newspaper subscriptions	1 176	251
International organizations membership fees , 2013/2014	655	655
IBM IFX maintenance fee for 2013/2014	4 981	5 295
Other	7 534	4 421
Total prepayments	15 330	11 912
Total prepayments and accrued income	193 784	240 029

Equity

Equity is recognised at book value.

12. Changes to equity (HUF '000)

Denomination	31.12.2012	Additions	Disposals	31.12.2013
Share capital	541 348			541 348
Capital reserve	2 576 356			2 576 356
Retained earnings	2 339 153			2 347 175
Net profit for the year 2012	8 022			
Net profit for the year 2013		2 001		2 001
Total shareholder's equity	5 464 879	2 001	0	5 466 880

The subscribed capital of the Company upon the foundation totalled HUF 550 million which consisted of registered ordinary shares issued in a dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights. With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100.

Based on the resolution No. 10/2014 of the Annual General Meeting of the Budapest Stock Exchange Ltd. which was held on 27 May of 2014, AGM approved a payment in dividend in the amount of HUF 563 002 024 (HUF 104 /share) following the financial year 2013.

Provisions

Provision was recognized for severance payment obligations existing at the balance sheet date in an amount of HUF 1.5M.

Liabilities

Out of current liabilities

- trade creditors including VAT were evaluated at the acknowledged, invoiced amount;
- liabilities to employees and tax authorities were recognised in the balance sheet based on a reconciliation with the sub-ledgers.

13. Current liabilities (HUF '000)

Description	31.12.2012	31.12.2013
Liabilities on delivery of goods and services	25 911	37 259
Taxes and contributions payable:		
Personal income tax	21 037	15 387
Rehabilitation contribution	720	627
Vocational contribution	1 367	1 334
Car tax	198	78
Innovation contribution	0	
VAT		2 561
Social security contribution (to the Pension Insurance and Health Insurance funds)	38 529	40 246
Healthcare contribution	1 654	2 177
Pension funds	316	338
Health funds	124	106
Dividends paid from the 2012/2013 profit	568 416	563 002
Other	3	960
Total liabilities	658 272	664 075

Accrued expenses and deferred income

The following must be recognised separately as accrued expenses and deferred income:

- income received before the balance sheet date which will form the sales revenue of the period after the balance sheet date;
- costs and expenses for the period before the balance sheet date which will only be incurred and invoiced in the period after the balance sheet date;
- compensation claims, default interest and court costs enforced and submitted against the Stock Exchange between the balance sheet date and the balance sheet preparation date.

The amounts of the accruals must be supported by accounting records (invoices, calculations, resolutions issued by the competent persons, etc.) which prove the legal nature and justification of such accruals.

14. Accrued expenses and deferred income (HUF '000)

Description	31.12.2012	31.12.2013
2013/2014 minimum section fees invoiced in 2012/2013	88 700	86 200
Data vending fees for 2013	174 515	209 687
Total deferred income	263 215	295 887
Audit	3 820	3 820
MMTS licence fee	9 235	9 235
Xetra licence fee	0	23 788
ADH technical fee	0	24 411
Other	39 853	41 322
Bonus accrued for the profit year of 2013/2014 (with contributions)	40 433	59 002
Total accrued expenses	93 341	161 578
Total accrued expenses and deferred income	356 556	457 465

INCOME STATEMENT

The results of the stock exchange activity were defined with the **total cost method** (version A) by decreasing the income in the business year by material-type, personnel and other expenses as well as depreciation.

The annual reporting and bookkeeping obligation of the Stock Exchange is stipulated by Government Decree No. 348/2004 (XII.22.). In accordance with the government decree, the fees charged for the services recorded in the Fee Schedule were recognised as "Income from exchange activities" instead of "Net sales".

15. Revenues (HUF '000)

Description	31.12.2012	31.12.2013
Revenues from listing fees	392 229	365 940
Revenues from trading fees	1 070 015	1 036 009
Revenues from information services	813 634	753 191
Sub-contracted services	121 346	126 010
Total revenues from stock exchange activities	2 397 224	2 281 150

Description	31.12.2012	31.12.2013
Domestic revenue from exchange activities	1 545 268	1 472 090
Export		
USA	276 596	283 108
Switzerland	19 256	14 642
Japan	1 262	1 152
Hong Kong	946	864
Israel	1 262	1 152
Norway	9 736	9 048
Turkey	107	432
European Union	542 791	498 662
Export revenues from exchange activities	851 956	809 060
Total net sales from exchange activities	2 397 224	2 281 150

Description	31.12.2012	31.12.2013
Revenue from the sales of tangible assets	1 791	6 866
Income from training	1 578	523
Income from the sponsorship of certain events	15 299	6 123
Other income	7 558	31 328
Release of provision	0	22 370
Default interest	1 917	3 595
Total other income	28 143	70 805

Description	31.12.2012	31.12.2013
Interest on fixed deposits	32 199	17 613
Other interest	648	522
Exchange gains	11 025	15 737
Income from financial transactions	43 872	33 872
Exchange loss	46 828	15 528
Expenses of financial transactions	46 828	15 528
Profit/loss from financial activities	-2 956	18 344

Material-type expenses

As of 2001, if Section 123 (2) of the VAT Act requires that the input VAT of the service be divided proportionally, the non-deductible VAT must be accounted for under other expenses rather than as a cost.

16. Material-type expenses (HUF '000)

Description	31.12.2012	31.12.2013
Sub-contracted services	121 346	126 010
Material costs	31 866	26 889
Travelling costs	13 108	7 958
Maintenance costs	26 049	23 288
Telecommunication costs	35 926	31 717
Other rental fees	20 169	21 313
K2 licence fee	30 537	29 780
Trading system licence fee	7 272	45 772
Outsource and consultancy fees	98 570	123 399
Training costs	4 448	4 732
PR expenses	45 913	38 389
International organizations membership fees	1 073	1 067
Other services	27 974	24 724
Internet access	2 826	3 494
Deutsche Börse technical connection fees	10 347	10 710
Costs related to the rented Andrassy út property:		
Rental	84 322	88 832
Operating expenses	25 844	26 025
Bank charges, insurance fees, royalties	7 517	9 870
Total material-type expenses	595 107	643 969

17. Fees paid to KPMG for the audit and other services (HUF '000)

Description	31.12.2012	31.12.2013
Audit of the HAL annual report	3 366	3 558
Audit of the IFRS financial statements	852	901
Audit of consolidated reports	795	840
Audit of consolidated reports according to IFRS	0	1 350
Xetra advisory	0	1 120
Self-assessment report	540	0
Transfer pricing document	380	0
Tax advisory	600	0
Total fees paid to KPMG	6 533	7 769

Personnel costs

In 2012, the average number of staff at the Budapest Stock Exchange was 58 and in 2013, 53. The average statistical staff number and wage costs did not include those on maternity leave or on unpaid leave.

18. Personnel-type expenses (HUF '000)

Description	31.12.2012	31.12.2013
Wage costs for full-time employees	555 867	497 522
Honoraria for Board members	18 423	16 632
Honoraria for Supervisory Board members	4 926	4 857
Wage costs for off-payroll staff	3 529	4 131
Wages for sick leave	3 158	2 322
Other personnel-type expenses (contributions, fringe benefits, representation costs)	219 287	188 363
Total personnel costs	805 190	713 827

Honoraria to the officers of the Budapest Stock Exchange Private Company Limited by Shares

In accordance with resolution No. 11/2013 of the General Meeting held on 16 May 2013, the honoraria were as follows:

19. Honoraria of elected officers

- Board of Directors
 - Chairman HUF 246 500 /month
 - Deputy Chairman HUF 212 500 /month
 - Members HUF 170 000 /month

- Supervisory Board
 - Chairman HUF 170 000 /month
 - Deputy Chairmen HUF 127 500 /month
 - Members of the SB HUF 85 000 /month

20. Other expenses (HUF '000)

Description	31.12.2012	31.12.2013
Derecognition due to scrapping/Impairment/Lending losses	4 484	11 929
Book value of the sold tangibal assets	1 774	6 719
Provisions	22 371	1 511
Other	7 743	3 102
Tax obligation regarding the previous years	0	5 973
Late payment and self-revision penalty, tax penalty	151	7 641
Subsidies of certain team sports/performing arts organizations	30 000	30 000
Innovation contribution	6 511	6 353
Bank tax	179 263	179 263
Local taxes and local business tax	43 406	42 353
Supervisory Authority fee	1 500	1 518
Non-deductible VAT on fixed assets	6 181	5 785
Non-deductible VAT on costs	58 445	65 638
Total other expenses	361 829	367 785

TRANSACTIONS WITH RELATED PARTIES

Related party

Name: CEESEG Aktiengesellschaft
Registered office: 1014. WIEN WALLNERSTRASSE 8.
ÖSTERREICH
Tax number: EU Tax No: ATU43751-3-01
Company registration No.: FN 161826 f
Court of registration: Commercial Court of Vienna
Registered office of court of registration: Marxergasse 1a, 1030 Vienna
Ownership share: 50.45251%

Name: WIENER BÖRSE AG
Registered office: 1014. WIEN WALLNERSTRASSE 8.
ÖSTERREICH
Tax number: EU Tax No: ATU65295-2-45

21. Transactions with related parties

Description	Amount €
HelpDesk services	36 000,00 €
Revenues from Wiener Börse AG	36 000,00 €
Technical accession fee	82 095,88 €
Miss Values links	3 600,00 €
Xetra licence fee	128 000,00 €
WBAG CR02	22 000,00 €
Consultancy fee	18 000,00 €
Expenses related to services of Wiener Börse AG	253 695,88 €
Manager liability insurance (BSE master D&O insurance)	3 150,00 €
Expenses related to services of CEESEG AG	3 150,00 €

CORPORATE TAX

In accordance with the obligation to file a returns, we have adjusted the tax base as follows:

22. Calculation of corporate tax (HUF '000)

Description	31.12.2013
Items increasing pre-tax profits:	
Amount accounted for as depreciation in the tax year in accordance with the Act on Accounting	49 857
Impairment loss recognized for receivables in the tax year	9 891
Not recognized costs/Annex 3 (entertainment, business gifts, assets transferred free of charge)	910
Imposition of tax penalty, late payment penalty in final resolution	13 285
Total items increasing the tax base	73 943
Items decreasing pre-tax profits:	
Depreciation in accordance with tax law	56 050
Remission of a fine or the sanctions stipulated in the Act on the Rules of Taxation and the acts on social insurance	13 285
50% of revenues accounted among pre-tax results in the tax year based on the royalty received	45 520
Impairment loss reversed during the tax year in connection with a receivable furthermore, from the historical cost of a receivable, the part declared irrecoverable	1 983
Long-term donation provided to a public-benefit organization, 20% of the support	82
Total items decreasing the tax base	116 920
Corporate tax	
Profit/loss before taxation	594 861
Total items decreasing pre-tax profits	116 920
Items increasing pre-tax profits	73 943
Tax base	551 884
Corporate tax	
till HUF 500 million (10%)	50 000
from HUF 500 million (19%)	9 858
Calculated corporate tax	59 858
Tax benefit for the subsidy of certain team sports/performing arts organizations	30 000
Total corporate tax	29 858
Corporate tax prepayment in 2013	55 248

SECTION MEMBERSHIP

The number of section members at the Budapest Stock Exchange Ltd. totalled 37 as of 31 December 2013. At the end of 2013, 25 members in the equities section, 20 members in the debt securities section, and 20 members in the derivatives section (futures market - 20 members, options market - 14 members) and 6 members in the commodities section had trading rights.

At the end of the year there were 15 members in the BÉTa Market.

Granting Section Memberships in 2013

- To Széchenyi Kereskedelmi Bank Zrt. – Equities and Derivatives Sections (6 December, 2013)

Termination of section membership in 2013

- Hungarograin Tőzsdeügynöki Szolgáltató Zrt. – Equities Section and BÉTa Market (1 January, 2013)
- Jefferies International Limited – Debt Securities Section (21 November, 2013)
- The Royal Bank of Scotland plc – Debt Securities Section (28 November, 2013)
- Strategon Értékpapír Zrt. – Equities and Derivatives Sections (6 December, 2013.)

23. List of section members

Section member	Equities section	Debt Securities Section	Derivatives section		Commodity section	BÉTA market
			Futures	Options		
1 Agribroker Tőzsdeügynöki Kft.	-	-	-	-	X	-
2 Agrokont Brókerház Részvénytársaság	-	-	-	-	X	-
3 BNP Paribas S.A.	-	X	-	-	-	-
4 BUDA-CASH Brókerház Zártkörűen Működő Részvénytársaság	X	-	X	X	-	X
5 Citibank Europe plc Magyarországi Fióktelepe	-	F	-	-	-	-
6 CIB Bank Zrt.	X	X	X	F	-	X
7 CODEX Értéktár és Értékpapír Zártkörűen működő Részvénytársaság	X	-	-	X	-	X
8 CONCORDE Értékpapír ZRt.	X	X	X	X	-	-
9 DB Securities Spólka Akcyjna	X	-	-	-	-	-
10 Deutsche Bank AG Magyarországi Fióktelep	-	X	-	-	-	-
11 EQUILOR Befektetési Zártkörűen Működő Részvénytársaság	X	X	X	X	X	X
12 ERSTE Befektetési Zrt.	X	X	X	X	-	X
13 FHB Kereskedelmi Bank Zártkörűen Működő Részvénytársaság	X	X	-	-	-	-
14 Goldman Sachs International	-	F	-	-	-	-
15 Hungarograin Tőzsdeügynöki Szolgáltató Zrt.	-	-	X	X	X	-
16 HUNGÁRIA ÉRTÉKPAPIR Befektetési és Értékpapírkereskedelmi Zrt.	X	-	X	-	X	X
17 IKR-Broker Tőzsdeügynöki Kft.	-	-	-	-	X	-
18 ING Bank N.V. Magyarországi Fióktelepe	X	X	X	-	-	-
19 IPOPEMA Securities Spólka Akcyjna	X	-	-	-	-	-
20 J.P. Morgan Securities plc	-	F	-	-	-	-
21 KBC Securities Magyarországi Fióktelepe	X	X	X	-	-	X
22 Kereskedelmi és Hitelbank Zrt.	-	F	-	-	-	-
23 Magyar Takarékszövetkezeti Bank Zrt.	X	X	X	X	-	-
24 MKB Bank Zrt.	X	X	X	F	-	X
25 Nomura International Plc	-	F	-	-	-	-
26 OTP Bank Nyrt.	X	X	X	X	-	X
27 QUAESTOR Értékpapírkereskedelmi és Befektetési Nyrt.	X	-	X	X	-	X
28 Raiffeisen Centrobank AG	X	-	X	X	-	-
29 Random Capital Broker Zártkörűen Működő Részvénytársaság	X	-	X	-	-	X
30 RAIFFEISEN BANK Zrt.	X	X	X	X	-	X
31 REÁLSZISZTÉMA Értékpapír-forgalmazó és Befektető Zrt.	X	-	X	-	-	X
32 Széchenyi Bank Zrt.	X	-	X	-	-	-
33 Société Générale SA	-	F	-	-	-	-
34 Solar Capital Markets Értékpapír Kereskedelmi Zártkörűen Működő Rt.	X	-	X	-	-	X
35 SPB Befektetési zRt.	X	-	-	-	-	X
36 UniCredit Bank Hungary Zártkörűen Működő Részvénytársaság	X	X	X	X	-	-
37 WOOD & Company Financial Services a.s.	X	-	-	-	-	-

F: Suspended the right to trade

X: It has the right to trade

- :It has not the right to trade

©: It is a section member without the right to trade

24. Shareholders exceeding 5% stake

Serial No.	Shareholder	Ownership ratio	
		%	Nr of shares
1	CEESEG AG	50,45%	2 731 237
2	ÖSTERREICHISCHE Kontrollbank AG.	18,35%	993 106
3	Magyar Nemzeti Bank	6,95%	376 204
4	KBC Securities Mo. Fióktelepe	5,20%	281 667
5	Total	80,95%	4 382 214

25. Equity and profit per share (HUF '000)

Description	31.12.2012	31.12.2013
Shareholders' equity	5 464 879	5 466 880
Share capital	541 348	541 348
Capital reserve	2 576 356	2 576 356
Retained earnings	2 339 153	2 347 175
Net profit for the year	8 022	2 001
Profit after taxation	576 438	565 003
Number of issued shares	5 413 481	5 413 481
Nominal value of share (HUF/share)	100	100
Price per share at issue (HUF/share)	854	854
Capital resources per share (HUF/share)	1 009	1 010
Dividend (HUF/share)	105	104
EPS (net profit / number of shares) HUF	106,48	104,37
ROE (profit after tax / (average of opening and closing value of the shareholders' equity)	10,56%	10,34%

26. The financial, asset and income position

The following indices show the development of the financial, asset and income situation of the Stock Exchange.

Indices	31.12.2012		31.12.2013		Index
	HUF'000		HUF'000		
Income to equity <i>(retained earnings for the year / equity)</i>	$\frac{8\,022}{5\,464\,879}$	= 0,15%	$\frac{2\,001}{5\,466\,880}$	= 0,04%	-75,07%
Income to sales <i>(retained earnings for the year / revenues from exchange activities)</i>	$\frac{8\,022}{2\,397\,224}$	= 0,33%	$\frac{2\,001}{2\,281\,150}$	= 0,09%	-73,79%
Liquidity ratio <i>(current assets – inventories/ liabilities)</i>	$\frac{959\,498}{658\,275}$	= 145,76%	$\frac{1\,004\,943}{664\,075}$	= 151,33%	3,82%
Capital adequacy <i>Equity</i> <i>Balance sheet total</i>	$\frac{5\,464\,879}{6\,502\,080}$	= 84,05%	$\frac{5\,466\,880}{6\,589\,931}$	= 82,96%	-1,30%
Assets to income <i>(retained earnings for the year / balance sheet total)</i>	$\frac{8\,022}{6\,502\,080}$	= 0,12%	$\frac{2\,001}{6\,589\,931}$	= 0,03%	-75,39%
Ratio of tangible assets <i>Tangible assets</i> <i>Balance sheet total</i>	$\frac{79\,008}{6\,502\,080}$	= 1,22%	$\frac{67\,525}{6\,589\,931}$	= 1,02%	-15,67%
Ratio of current assets <i>Current assets</i> <i>Balance sheet total</i>	$\frac{972\,202}{6\,502\,080}$	= 14,95%	$\frac{1\,023\,742}{6\,589\,931}$	= 15,53%	3,90%
Ratio of equity and liabilities <i>Liabilities</i> <i>Equity</i>	$\frac{658\,275}{5\,464\,879}$	= 12,05%	$\frac{664\,075}{5\,466\,880}$	= 12,15%	0,84%

27. EBITDA statement HUF'000

Description	31.12.2012	31.12.2013
Operating revenues + transferred service	2 397 224	2 281 150
Other income	28 143	70 805
Extraordinary profit	0	0
Total revenue	2 425 367	2 351 955
Operating costs and expenses without depreciation	1 509 457	1 473 965
Earnings before interest and taxes	915 910	877 990
Depreciation	51 193	49 857
Subsidies of certain team sports/performing arts organizations	30 000	30 000
Income from financial activities	-2 956	18 344
Bank tax	179 263	179 263
Corporate tax	32 654	29 858
Local community business tax	43 406	42 353
PROFIT AFTER INCOME TAX	576 438	565 003
Dividend	568 416	563 002
NET PROFIT FOR THE YEAR	8 022	2 001

28. Development expenses (HUF '000)

No.	Description	31.12.2012	31.12.2013
1.	Trading system	26 006	38 225
1.1	Hardware	11 521	532
1.2	Software	1 095	0
1.3	Network connections	0	0
1.4	XETRA	13 390	37 693
2.	Security system basic investments	1 386	2 228
3.	Data sales	4 062	1 735
4.	BSE internal developments	3 707	9 369
5.	Non-IT investments	17 950	19 662
	TOTAL	53 111	71 219

Development expenses do not include VAT.

29. Cash flow (HUF '000)

No.	Description	31.12.2012	31.12.2013
I.	Cash flows from ordinary activities (<i>Operating cash flow, rows 1-15</i>)	-475 428	191 210
1	Profit/loss before taxation	609 092	594 861
2	Booked amortisation	51 193	49 857
3	Booked impairment and reversal	4 484	11 675
4	Difference between the allocation and use of provisions	22 370	-20 859
5	Income from the sales of fixed assets	-17	-147
6	Changes to trade payables	4 200	11 348
7	Changes to other current liabilities	-560 434	-5 548
8	Changes to accrued expenses and deferred income	40 664	100 909
9	Changes to trade debtors	-189 652	-11 634
10	Changes to current assets (excluding trade debtors, cash and securities)	44 219	99 853
11	Overdue written off receivables	0	0
12	Securities	0	0
13	Changes to prepaid expenses and accrued income	99 523	-46 245
14	Taxes paid and payable	-32 654	-29 858
15	Dividends approved	-568 416	-563 002
II.	Cash flows from investment activities (<i>rows 16-17</i>)	-51 320	-39 919
16	Acquisition of fixed assets	-53 111	-46 785
17	Sales of fixed assets	1 791	6 866
III.	Cash flows from financial activities (<i>rows 18-23</i>)	-1 818	1 373
18	Loans drawn	0	0
19	Cash received definitively	0	0
20	Bond repayment	0	0
21	Loan repayment	0	0
22	Cash transferred definitively	-4 561	0
23	Housing loan repayment	2 743	1 373
IV.	Changes to cash flows (rows +-,I. +-,II. +- III.)	-528 566	152 664
	Opening	1 043 378	514 812
	Closing	514 812	667 476
	Securities at the end of the year (in HUF)	0	0
	Cash at the end of the year (in HUF)	514 812 166	667 476 394
		514 812 166	667 476 394

Budapest, 27 May, 2014



Zsolt Katona
CEO



Tóth Attila
Deputy CEO



BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES

BUSINESS REPORT FOR THE YEAR 2013

Overview of 2013

Changes related to the Budapest Stock Exchange in 2013

In 2013, the Budapest Stock Exchange reached an important milestone when the Xetra trading system was successfully launched on 6 December. As a result, the trading of BSE's cash market products was integrated into one of Europe's most efficient and fastest electronic trading systems. In addition to the German market, Xetra serves securities trading on several stock exchanges of the world, including the other member exchanges of CEESEG (Central Eastern European Stock Exchange Group), such as Vienna, Ljubljana and Prague. Thanks to the new trading system, the products of the Hungarian spot market have become more easily accessible to foreign investors. Due to the potential appearance of new actors, BSE expects more activity and higher liquidity in the mid-term. Furthermore, by joining the Xetra world, the Hungarian capital market awaits the local investor base with a wider range of products and more up-to-date services.

In addition to the introduction of Xetra, another harmonisation step within CEESEG took place in 2013. A cooperation agreement was signed by CEESEG members, thanks to which the listing procedure for members applying for the right to trade on the CEESEG markets, including the Budapest Stock Exchange, became simpler.

Last year the BSE continued changing the segmentation of the stock market in order to make the market more transparent for investors. The Premium and Standard Categories were introduced, replacing the Share Categories "A" and "B" from 1 July 2013. The Share Category "T" remained unchanged (this latter category was introduced by the stock exchange in 2012, and is available to issuers who did not make a public transaction upon their stock exchange listing or afterwards). The new categorisation is also an important step in the harmonisation process which promotes the standardisation of the listing and continued trading rules of shares in the high-priority, so-called premium segment of the CEESEG member exchanges.

Regarding more special product categories, turnover in certificates slightly decreased in 2013; nevertheless, the dynamically increasing number of tradable certificates proves that these products are still popular among domestic private investors.

In 2013, companies were somewhat reluctant to be listed on the BSE: the market witnessed one initial public offering (IPO, that of Altera Plc.) and three secondary public offerings (SPOs, those of Business Telekom Plc., Nordtelekom Plc. and Plotinus Plc.) During the year, three companies left the BSE: AAA Auto Group N.V., Egis Pharmaceuticals Plc., and Quaestor Securities and Investment Plc.

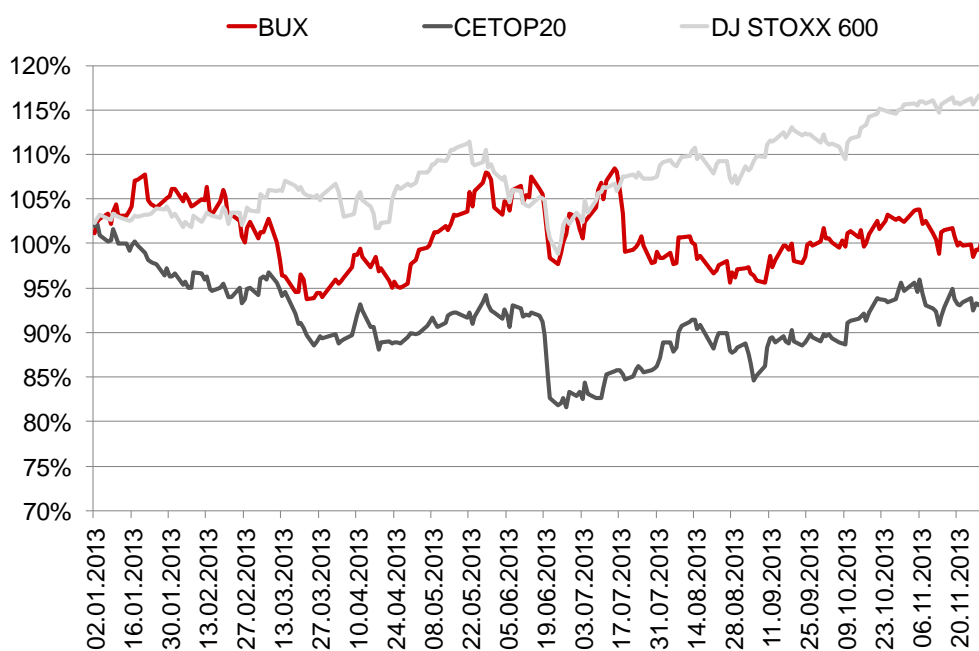
One new member, Széchenyi Bank joined the BSE's Equities and Debt Securities Sections as from 6 December 2013, while Strategon Értékpapír Zrt., Jefferies International Limited and The Royal Bank of Scotland Plc. terminated their activities on the BSE

Market tendencies

Throughout 2013, the BSE continued to operate as one of the region's most important exchanges. Share turnover velocity reached 54.9 per cent, one of the highest in all of Europe. In terms of turnover, similarly to some stock exchanges in the Central Eastern European region, the BSE faced some decline in 2013. Still, the BSE came in second behind Warsaw in the regional ranking¹.

Although economic prospects were improving in Europe, markets were still characterised by a lot of uncertainty, which also showed on BSE's markets: the BUX Index, which reflects the performance of the stock market, only increased by 2.2 per cent. Its highest end-of-day closing value stood at 19,744 points on 10 June 2013.

Chart 1: Relative performance of indices in 2013 (EUR)



Source: BSE, STOXX.com

¹ Central Eastern European region contains Budapest, Bucharest, Ljubljana, Bratislava és Prague

Table 1: Main indicators 2005-2013

	2006	2007	2008	2009	2010	2011	2012	2013
Average daily turnover of equities (EUR m)	97.7	141.3	83.5	73.6	78.8	54.5	34.3	32.0
Equity market capitalisation (EUR m)	31 687.0	32 521.3	13 421.3	21 093.4	20 864.9	14 730.8	15 805.9	14 371
Equity market capitalisation/ GDP (HUF based)	33.6%	32.4%	13.0%	21.9%	21.7%	17.1%	16.4%	15.2%*
Share turnover velocity**	81.3%	105.5%	148.7%	90.0%	95.0%	83.9%	52.7%	54.9%
Annual BUX index return	19.5%	5.6%	-53.3%	73.4%	0.5%	-20.4%	7.1%	2.2%

* Calculated with 2012 GDP data

** Calculation of share turnover velocity: Annual market turnover / market capitalization as at the end of the year

Source: BSE

Although the spot market closed 2013 with a slight decline in turnover, total liquidity improved. If we look at the Budapest Liquidity Measure (BLM) values of the five blue-chips, we can see that they did not change significantly compared to 2012; in fact, in some cases values became even better (the lower the BLM value, the better the liquidity).

Table 2: Bid-ask spread, BLM values (for transaction value of EUR 20,000), turnover of blue-chips and the BUX futures contract (maturity December) 2012-2013

	Bid-Ask Spread		BLM transaction value of EUR 20,000		Daily average turnover (EUR million)	
	2012	2013	2012	2013	2012	2013
OTP	0.09%	0.09%	0.16%	0.15%	21,33	17,59
RICHTER	0.22%	0.15%	0.43%	0.26%	3,13	5,52
MOL	0.17%	0.17%	0.33%	0.3%	5,06	4,45
MTELEKOM	0.25%	0.31%	0.41%	0.44%	2,53	2,40
EGIS	0.35%	0.32%	0.96%	0.75%	0,66	1,63
BUX futures (maturity December)	0.13%	0.12%	1.25%	1.33%	1,90	0,98

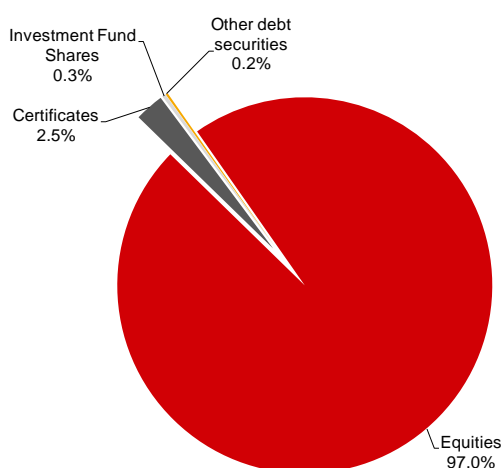
Source: BSE

Cash market

Cash market capitalisation amounted to EUR 59.7 billion by the end of 2013, of which the equities market accounted for EUR 14.4 billion.

Although European and global tendencies began to show some improvement in equities' turnover value in 2013, turnover on BSE's equities market fell by 3.4 per cent compared to the previous year (in HUF), while the same indicator increased by 5.8 per cent² in the CEE region. A daily average turnover of EUR 32.99 million amounted to a total annual turnover of EUR 7,892 million on BSE's equities market. Just like in previous years, the equities section accounted for almost the entire spot market turnover (99.8%). Trading in certificates was slightly less active than in earlier years, but they continued to be a popular product with their average daily turnover of EUR 0.82 million. There were 84 certificates tradable on the BSE at the end of last year (as opposed to 56 products at the end of 2012), some of them having introduced new underlyings such as Richter, EUR/USD, copper, ISE30, RDX and Commerzbank. Trading in BUX ETF increased by 8.2 per cent compared to the previous year.

Chart 2: Turnover on the spot market in 2013 (HUF based)



² Source: WFE, FESE

The number of transactions concluded on the spot market approached a monthly average of 140 thousand in 2013, with is a 9.1 percent drop on previous year.

As it can be seen on Chart 3, the vast majority of the equities market turnover is still concentrated in the five blue-chips, similarly to previous years. Richter’s weight rose significantly, while the proportion of OTP and MOL dropped compared to 2012.

Chart 3: Concentration of the equities turnover in 2013

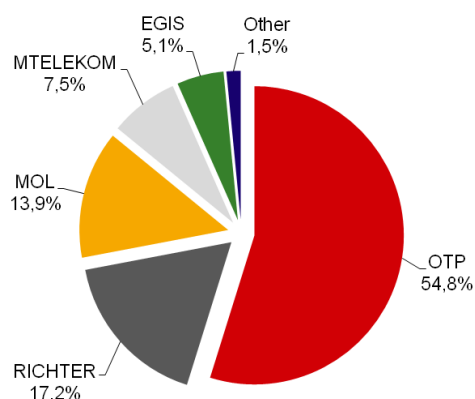
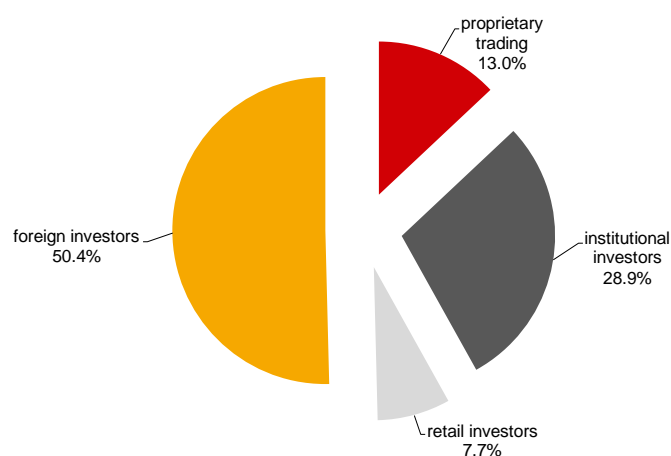


Chart 4: Turnover on the equities market broken down by investor groups Jan-Oct 2013



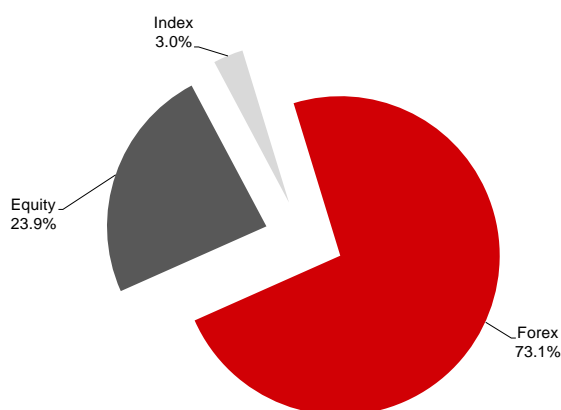
The investor structure of the equities market underwent no significant change compared to 2012. Based on the data of the first ten months of 2013, the share of foreign participants increased by a half percentage point, whereas that brokerage firms’ proprietary trading rose by one percentage point, reaching 13 per cent. The ratio of domestic institutional and private investors changed only very slightly (domestic private investors: 28.9 per cent, domestic institutional investors: 7.7 per cent, based on the data of the first ten months of 2013). Households continued to favour internet-based trading in the course of 2013.

Derivatives market

On the derivatives market tendencies were somewhat different from those on the spot market. Turnover at stock market value increased by 35.3 per cent compared to 2012, which was primarily due to an increase in the turnover of currency derivatives and options products, as there was a 49.4 per cent rise. At the same time, the turnover at value of currency based futures also increased, by 25 per cent. As regards the number of contracts traded, the derivatives market performed by a total of 29.5 per cent better than in 2012. This again was mainly due to the 46 per cent increase in the number of contracts of

currency products, while currency based futures contracts rose by 12.5 per cent. Turnover of futures indices fell to almost a half, both for stock market value and the number of contracts. Total turnover of the derivatives section amounted to EUR 8,484 million, almost half of which (51.2 per cent based on the first ten months) was generated by the domestic retail investor base.

Chart 5: Breakdown of derivatives market turnover at value by underlying products (2013)



Source: BSE

Commodities market

Commodity market turnover at market value dropped by 3.2 per cent; however, the number of contracts traded increased by 9.6 per cent compared to 2012.

BETa Market

On the BETa Market a total turnover of EUR 12.8 million was generated in 2013, which resulted in an average daily turnover of EUR 0.05 million. Of the 23 foreign shares, investors were still mostly interested in Commerzbank and Nokia, which accounted for 41.9 per cent of the turnover of the BETa Market.

New listings and products on BSE's markets

In the Equities Section, one domestic issuer entered the parquet. As from 2013, the shares of ALTERA Plc. can be traded on the BSE's Equities Standard Market. Unfortunately, the new listing was accompanied by three delistings in 2013. AAA Auto and QUAESTOR shares were delisted due to issuer decisions. In the case of EGIS, one of the BSE's blue-chips, a voluntary public purchase offer was launched followed by a squeeze-out procedure which has led to the delisting of EGIS shares.

On the investment notes market, the number of listings increased by nearly 62% compared to the previous year; during the year, the investment notes of 47 investment funds were listed of which 33 were closed-end and 14 were open-end funds. Due to the three and a half-year maturity that characterizes closed-end investment funds and the transformation of some funds, 25 funds expired or transformed and were delisted in 2013.

On the debt securities market, as regards government debt securities, the size of the securities series listed increased by nearly 14% while the number of listings remains unchanged. In the case of mortgage bonds, both the volume and the revenues decreased by nearly 9% due to the planned but unrealized listings of OTP Mortgage Bank Ltd. and also the maturity of some security series. The corporate bonds market remained dynamic in 2013, with the bond issuances of OTP Bank Plc. contributing significantly to this process. By continuing the previous years' tendency, ERSTE BANK Hungary Ltd. and BNP PARIBAS S.A. appeared as new bond issuers, furthermore PLOTINUS Plc. opted for the public issuance and listing of their corporate bonds.

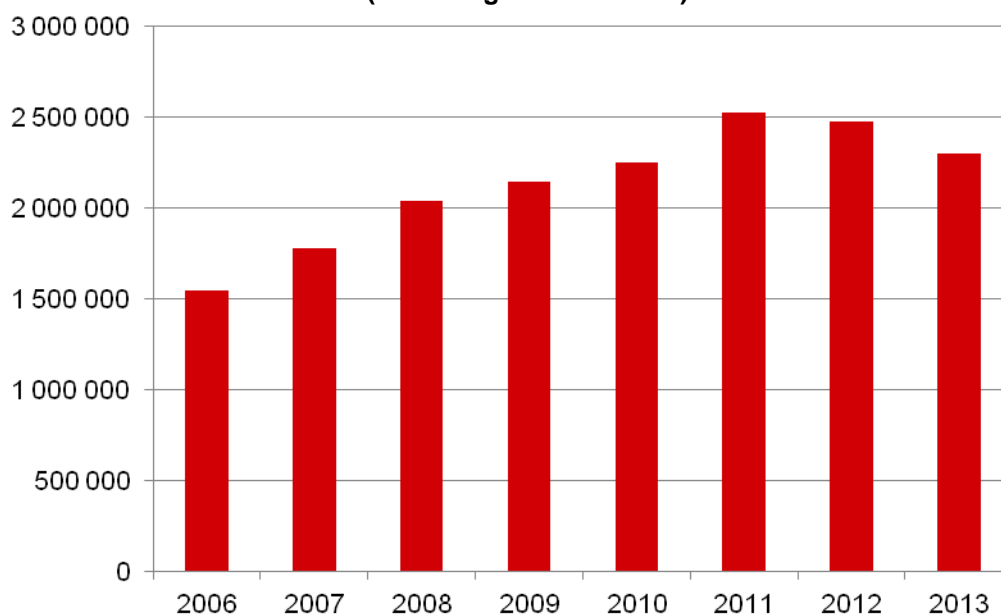
In 2013, the selection of underlying products of structured products issued by Erste AG widened, and the popularity of certificates and warrants increased as well. The number of listings has grown significantly: compared to 85 listings in 2012, 140 new structured products were introduced into trading in 2013. However, year-end data do not reflect the entire amount of products listed because of the irregular frequency of turbo certificate and warrant listings and delistings.

No new registration made on the BETa Market in 2013, henceforward the shares of 23 European large companies can be traded on this MTF platform operated by the Budapest Stock Exchange Ltd.

Information services

The Market Data revenue of the BSE decreased by 8% to EUR 2.39 million in 2013, while the number of contractual vendor partners increased by 8.

**Chart 6: Annual revenue 2006-2013 in EUR
(excluding audit revenue)**



The number of the non-professionals decreased by 19 %, while the number of professional subscribers dropped by 12 %. The decline rate of end-users has significantly decreased compared to the rate of 2012.

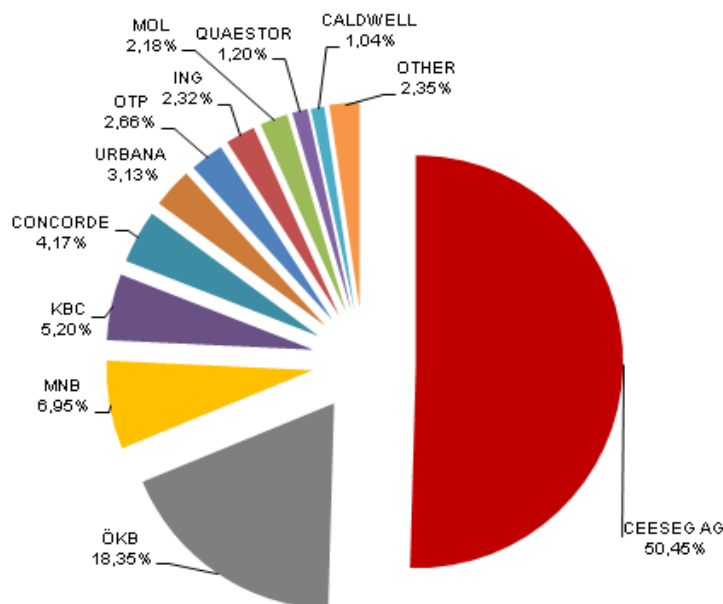
In December 2013 a total number of 9636 private investors and 6189 professional end users have been reported.

The executed audits during 2013 again contributed to the once-off revenue of the Exchange.

Organization

2012 was the fifth year of cooperation between the stock exchanges of Budapest, Ljubljana, Prague and Vienna which together form the CEE Stock Exchange Group. CESEEG is the largest group of exchanges in Central and Eastern Europe. The primary goal of the Group is to improve liquidity on the member stock exchanges by providing easier access to local markets and products. The holding company is responsible for the Group's strategic and financial management as well as for the administration of the subsidiaries.

Chart 7: Shareholder Structure of the BSE



In 2013 there were some significant personal changes: the deputy CEO responsible for IT, and 3 directors left the BSE. As a part of the rearrangement of the organization structure, the Business Development Division and the Trading Division were merged, while the position of the IT deputy CEO was repealed.

At the Budapest Stock Exchange, on December 31 2013, the number of staff was 52, having decreased from 56 in 2012. The number of active staff was 50, of which 46 persons were in full time and 4 persons worked 6 hours a day (one was on maternity leave). The number of full-time equivalents were 49. The number of employees leaving the company was 7 and the number of joining was 3.

Financial investments

In accordance with legal provisions, the BSE invests its free liquid assets to bank deposits and government securities. In the balance sheet, investments were capitalised on historic costs. The BSE does not have debt, the company's liquid assets are stable, and liquidity risks are not to be reckoned with.

The BSE's Financials in 2013

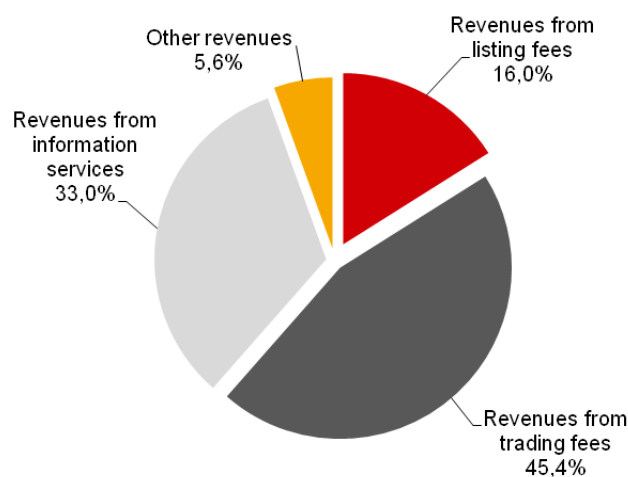
The revenues of the BSE amounted to HUF 2.3 billion forints, 3% lower than revenues of the previous year. EBITDA reached 0.9 billion forints, decreasing by 4% compared to 2012. Due to stricter cost management, operating expenses decreased by 2.4% compared to 2012. The net profit (0.6 billion

forints) was 2% less than that in 2012, a decrease that was primarily attributable to lower levels of trading revenues.

Table 3: Revenue and earnings of BSE, 2005-2013

('000 HUF)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total revenues	2 636 943	3 570 364	3 947 479	3 292 346	3 201 130	3 410 413	3 084 558	2 425 367	2 351 955
EBITDA	1 264 284	1 742 106	2 056 146	1 467 980	1 612 002	1 814 942	1 516 438	915 910	877 991
Net profit	2 364 113	2 400 491	2 586 054	2 276 106	1 390 772	1 320 630	1 124 747	576 438	565 003

Chart 8: Revenues breakdown, 2013



Release of the members of the Board from liability

The Board of Directors of BSE requests the AGM to release the members of the Board from liability in respect of the business year 2013 simultaneously with the approval of the financial report on the business year 2013.

Budapest, 27 May, 2014



Zsolt Katona
CEO



Tóth Attila
Deputy CEO

