

**BUDAPEST STOCK EXCHANGE LTD.**

**Financial Statements under IFRS as adopted by the EU and  
Independent Auditor's Report**

For the year ended 31 December 2011

## Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position as at 31 December 2011	2
Statement of Comprehensive Income for the year ended 31 December 2011	3
Statement of Changes in Shareholders' equity for the year ended 31 December 2011	4
Statement of Cash Flow for the year ended 31 December 2011	5
Notes to the Financial Statements	6 – 24



**KPMG Hungária Kft.**  
Váci út 99.  
H-1139 Budapest  
Hungary

Tel.: +36 (1) 887 71 00  
Fax: +36 (1) 887 71 01  
E-mail: info@kpmg.hu  
Internet: kpmg.hu

## **Independent Auditors' Report**

To the shareholders of Budapest Stock Exchange Ltd.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Budapest Stock Exchange Ltd. ("the Company"), which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the EU 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider 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*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Budapest, 3 April 2012

KPMG Hungária Kft.

Gábor Agócs  
Partner



Statement of financial position  
As at 31 December 2011  
(in million HUF)

**Statement of financial position**

	Notes	2011 HUF million	2010 HUF million
<b>ASSETS</b>			
Property, equipment and intangible assets	11	196	124
Long term loan		3	-
Investment in associated company	12	9 473	8 612
Non-current assets		9 672	8 736
Trade and other receivables	13	630	545
Cash at bank and in hand	14	1 043	1 575
Current assets		1 673	2 120
<b>TOTAL ASSETS</b>		<b>11 345</b>	<b>10 856</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	15	541	541
Reserves	16	2 576	2 576
Retained earnings		6 979	6 456
<b>Total shareholders' equity and liabilities</b>		<b>10 096</b>	<b>9 573</b>
Deferred tax liability ( <i>Non-current liabilities</i> )	10	828	665
Trade and other creditors ( <i>Current liabilities</i> )	17	421	618
<b>Total liabilities</b>		<b>1 249</b>	<b>1 283</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>11 345</b>	<b>10 856</b>

Budapest, 03 April, 2012

  
dr. Mohai György  
CEO



  
Tóth Attila  
Deputy CEO

The accompanying notes to the financial statements on pages 6 to 24  
form an integral part of these financial statements.

Statement of comprehensive income  
For the year ending 31 December 2011  
(in million HUF)

**Statement of comprehensive income**

	Notes	2011 HUF million	2010 HUF million
Revenues	6	3 074	3 397
Other income		11	13
Operating expenses	7	-1 868	-1 905
Financial income	9	118	126
Financial expense		-17	-8
Share of associated company profit	12	860	845
<b>Net profit before taxation</b>		<b>2 178</b>	<b>2 468</b>
Taxation	10	-356	-448
<b>Net profit for the year</b>		<b>1 822</b>	<b>2 020</b>
<b>Total comprehensive income for the year</b>		<b>1 822</b>	<b>2 020</b>

Budapest, 03 April, 2012

  
dr. Mohai György  
CEO



  
Tóth Attila  
Deputy CEO

The accompanying notes to the financial statements on pages 6 to 24 form an integral part of these financial statements.

Statement of changes in Shareholders' equity  
For the year ending 31 December 2011  
(in million HUF)

**Statement of changes in equity**

	Share capital	Capital reserve	Retained earnings	Total shareholder's equity
<b>Financial Year Ended 31 December 2010</b>				
<b>Balance at 1 January 2010</b>	<b>541</b>	<b>2 576</b>	<b>5 816</b>	<b>8 933</b>
Dividend paid from profit 2009			-1 380	-1 380
<i>Subtotal: Capital transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>-1 380</i>	<i>-1 380</i>
Profit for financial year 2010	0	0	2 020	2 020
<i>Subtotal: Total comprehensive income for the year</i>	<i>0</i>	<i>0</i>	<i>2 020</i>	<i>2 020</i>
<b>Balance at 31 December 2010</b>	<b>541</b>	<b>2 576</b>	<b>6 456</b>	<b>9 573</b>
<b>Financial Year Ended 31 December 2011</b>				
<b>Balance at 1 January 2011</b>	<b>541</b>	<b>2 576</b>	<b>6 456</b>	<b>9 573</b>
Dividend paid from profit 2010			-1 299	-1 299
<i>Subtotal: Capital transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>-1 299</i>	<i>-1 299</i>
Profit for financial year 2011			1 822	1 822
<i>Subtotal: Total comprehensive income for the year</i>	<i>0</i>	<i>0</i>	<i>1 822</i>	<i>1 822</i>
<b>Balance at 31 December 2011</b>	<b>541</b>	<b>2 576</b>	<b>6 979</b>	<b>10 096</b>

The accompanying notes to the financial statements on pages 6 to 24 form an integral part of these financial statements.

Statement of Cash Flows  
For the year ended 31 December 2011  
(in million HUF)

## Statement of Cash Flows

	Notes	2011 HUF million	2010 HUF million
<b>Cash flows from operating activities</b>			
<b>Net profit for the year</b>		<b>1 822</b>	<b>2 020</b>
Depreciation and amortisation	7	64	66
Share of associated companies profit before taxation		-860	-845
Other shares			-20
Interest income	9	-66	-91
Income tax expense	10	356	448
<b>Change in operating assets and liabilities</b>			
Net (increase)/decrease in trade and other receivables	13	-85	-94
Net increase/(decrease) in trade and other creditors	17	-197	111
Income tax paid		-193	-283
<b>Net Cash from Operating Activities</b>		<b>841</b>	<b>1 312</b>
<b>Cash flows from investing activities</b>			
Interest received	9	66	91
New acquisitions	12	0	0
Purchase of intangibles, property, plant and equipment	11	-136	-41
Proceeds from the sale of property, plant and equipment	11	13	11
Sale of intangible, property, plant and equipments	11	-13	-10
<b>Net cash flow from investing activities</b>		<b>-70</b>	<b>51</b>
<b>Cash flows from financing activities</b>			
Dividends paid		-1 299	-1 380
Long term loan		-4	
<b>Net cash flow from financing activities</b>		<b>-1 303</b>	<b>-1 380</b>
Net increase / (decrease) in cash and cash equivalents		<b>-532</b>	<b>-17</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	14	<b>1 575</b>	<b>1 592</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>14</b>	<b>1 043</b>	<b>1 575</b>

The accounting policies and explanatory notes on pages 6 to 24 form an integral part of the financial statements.

## 1. REPORTING ENTITY

Budapest Stock Exchange Ltd. (the "Company") was founded on 21 June 1990. The four main activities of the Company are listing services, trading services, dissemination of market information and product development. The Company is operating under the relevant Capital Market Act. The Company's registered office is located at Andrassy street 93, Budapest, Hungary. The ownership structure of the Company is presented in Note 15.

The Company's controlling shareholder is CEESEG Aktiengesellschaft (address: 1010. Wien WallnerStrasse 8. Österreich Vienna) from January 2010. The Company's financial statements are consolidated to the group financial statements of CEESEG AG.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These individual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as adopted by EU. These individual financial statements have been prepared for information purposes and are not intended to be filed with local Authorities.

The individual financial statements are approved by the Chief Executive Officer on the basis of the authorization of the Board of Directors on 03 April 2012.

### b) Basis of measurement

The individual financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in note 5.

### c) Functional and presentation currency

These individual financial statements are presented in Hungarian Forint ("HUF"), which is the Company's functional currency. All financial information presented in HUF has been rounded to the nearest million („MHUF”).



### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### **b) Basis of preparation**

Associates are those entities in which the Company has significant influence, but no control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Associate entities are accounted for using the equity method and are initially recognised at cost.

The Company's associate companies, Central Depository and Clearing House (Budapest) Ltd ("KELER") and KELER CCP Ltd. ("KELER CCP") are included in these financial statements using the equity method, whereby the investment was initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets. The income statement reflects the Company's share of the results of operations of the investee.

#### **c) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the

Notes to the Financial Statement  
For the year ended 31 December 2011  
(in million HUF)



retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d) Financial instruments

##### I. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### *Held-to-maturity investments*

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Available-for-sale financial assets*

The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

##### *Financial assets at fair value through profit or loss*

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

*Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### II. Derivative financial instruments

The Company does not hold any derivative financial instruments.

#### e) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The annual rates used for this purpose, which are consistent with those of the prior years, are:

Leasehold premises and related expenditure	6%
General electrical equipment	14.5% - 20%
Computer systems	33%
Office furniture, fittings and other equipment	14.5% - 20%
Motor vehicles	20%

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Residual values are considered to be nil. Depreciation is not charged on tangible fixed assets which have not yet been brought into use and on land. Depreciation methods, useful lives and residual values are reassessed at the reporting date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining other income.

#### f) Intangible assets

Software costs for the development and implementation of systems which enhance the services provided by the Company are capitalised and amortised straight line over their estimated useful lives, which is an average of three years.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### g) Impairment

##### I. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss, as other expense.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss, as other operating income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

##### II. Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss, as other expense.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **h) Employee benefits**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Wages and salaries include contributions to defined contribution schemes, on the basis of the decision of the employees. There are no defined benefit schemes.

#### **i) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **j) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. The following specific recognition criteria must also be met before revenue is recognised:

- Annual fees are recognised straight line over the 12 month period to which the fee relates.
- Admission fees are recognised at the time of admission to trading.
- Data, transaction, information and exchange charges are recognised in the month in which the data is provided or the transaction is effected.

Operating revenue comprises membership and other fees receivable from stockbrokers together with fees receivable in respect of the listing, clearing, registration and trading of quoted securities and related services.

**k) Finance income**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**l) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



**m) Events after the balance sheet date**

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. These events are adjusting and non-adjusting events according to IAS 10.

All adjusting events after balance sheet date have been taken into account in the preparation of the individual financial statements of the Company.

**4. FINANCIAL RISK MANAGEMENT**

**a) Overview**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further disclosures are included throughout these individual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the risk management policies, which describes the responsibilities for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consumer's receivables from customers and investment securities.

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any individual customer or financial institution other than the State. 95.5 % of the customers are risk free from the Company's point of view.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Cash and available for sale security portfolio held by the Company are considered to be sufficient for liquidity management purposes.

#### **4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

##### **d) Liquidity risk (continued)**

In accordance with legal provisions, Company invests its free liquid assets as a deposit in the case of a period of less than a month, for a period of over a month it invests them in government securities or time deposits. The company's liquid assets are stable, and the Company believes its liquidity risk is low.

##### **e) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company operates domestically only and is not exposed to significant foreign exchange risk. The Company prices are set by internal rules as authorized by the Board or by the Members. Financial assets are not exposed to interest rate risk with the exception of the investments as disclosed in Note 14.

##### **f) Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements, except for the minimal share capital that needs to be 500 MHUF.

## 5. PRESENTATION OF FINANCIAL INSTRUMENTS

### a) Interest rate sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables (if any) remain constant. The analysis is performed on the same basis for 2010.

Effect in HUF million	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2011</b>				
Variable rate instruments	3	3	3	3
<b>Interest rate sensitivity</b>	3	3	3	3
<b>31 December 2010</b>				
Variable rate instruments	3	3	3	3
<b>Interest rate sensitivity</b>	3	3	3	3

### b) Foreign exchange sensitivity

The Company operates domestically only and is not exposed to significant foreign exchange risk.

### c) Basis of determining fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments.

#### *Marketable securities available for sale*

The fair value of marketable securities available for sale is determined by reference to their quoted bid price at the reporting date.

*Other financial instruments*

The fair value of all other financial instruments is estimated to be equal to the carrying amount of these assets. These assets include cash, trade and other receivable and payables.

**6. REVENUES**

	2011 HUF million	2010 HUF million
Revenues from trading fees	1 498	1 994
Revenues from listing fees	638	625
Revenues from sale of information	824	711
Revenues from services purchased	114	67
<b>Total</b>	<b>3 074</b>	<b>3 397</b>

**7. OPERATING EXPENSES**

	Notes	2011 HUF million	2010 HUF million
Staff costs	8	879	913
Rental		132	148
Strategy development services		95	92
Depreciation of property, equipment and intangibles		64	66
Non-deductible VAT		83	85
Services utilised		114	67
Local community business tax		57	64
Banking tax		179	179
Licence fees		26	53
PR, marketing costs		23	46
Material costs		30	30
Communication expenses		36	33
Maintenance costs		25	24
Travelling expenses		11	13
Other administration expenses		114	92
<b>Total</b>		<b>1 868</b>	<b>1 905</b>

Other administration expenses include service expenses incurred in the normal course of the business.

From 2010 financial intermediaries have to pay a banking tax, levied at 5.6% of their 2009 adjusted net revenue. The tax shall be charged against the pre tax income.

## 8. EMPLOYEE INFORMATION

	2011 HUF million	2010 HUF million
Wages and salaries	647	669
Social security costs	199	213
Other personnel type expenses	33	31
<b>Total</b>	<b>879</b>	<b>913</b>

The average number of employees during the year was 57 (2010: 59).

## 9. FINANCIAL INCOME

	2011 HUF million	2010 HUF million
Interest income from banks	66	91
Foreign currency gains	38	4
Other financial income	14	31
<b>Total</b>	<b>118</b>	<b>126</b>

## 10. TAXATION

	2011 HUF million	2010 HUF million
<b><i>Current tax expense</i></b>		
Corporate tax	193	283
	193	283
<b><i>Deferred tax expense/reversal</i></b>		
Origination of temporary differences	163	165
	163	165
<b>Total income tax expense</b>	<b>356</b>	<b>448</b>

## 10. TAXATION (CONTINUED)

Tax rates are as follows: 10% corporate tax rate which applies to a tax base up to HUF 500 million, the 19% rate continuing to apply to a base exceeding this threshold. This is applicable to the Company from the 1 July, 2010.

The reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	2011		2010	
	%	HUF million	%	HUF million
<b>Net profit before taxation</b>		<b>2 178</b>		<b>2 468</b>
<b>Applicable tax rate</b>	<b>16,9%</b>	<b>368</b>	<b>18,1%</b>	<b>426</b>
Tax effect of				
- others	-8,0%	-175	-5,8%	-143
Deferred tax effect of equity accounting for associate Keler Group	7,5%	163	6,7%	165
<b>Total income tax expense / benefit</b>	<b>16,3%</b>	<b>356</b>	<b>18,1%</b>	<b>448</b>

The provision for deferred taxation (liability) for the year is analyzed as follows:

	2011	2010
	HUF million	HUF million
At beginning of the year	665	500
Debited/(Credited) in net profit	163	165
<b>At end of the year</b>	<b>828</b>	<b>665</b>

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a tax rate of 19%. The balance at 31 December 2011 mainly represents the untaxed gain of investments in associated companies.

There are no unrecognized tax assets or liabilities.



Notes to the Financial Statement  
For the year ended 31 December 2011  
(in million HUF)

## 11. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

year 2011	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
HUF million						
<b>Cost</b>						
1 January 2011	1 020	41	233	164	30	1 488
Additions	108		25	3		136
Disposals and charge offs			-12	-1		-13
<b>31 December 2011</b>	<b>1 128</b>	<b>41</b>	<b>246</b>	<b>166</b>	<b>30</b>	<b>1 611</b>
<b>Depreciation</b>						
1 January 2011	980	30	212	127	15	1 364
Charge for the year	23	8	12	16	5	64
Eliminated on disposals			-12	-1		-13
<b>31 december 2011</b>	<b>1 003</b>	<b>38</b>	<b>212</b>	<b>142</b>	<b>20</b>	<b>1 415</b>
<b>Net book value</b>						
1 January 2011	40	11	21	37	15	124
<b>31 December 2011</b>	<b>125</b>	<b>3</b>	<b>34</b>	<b>24</b>	<b>10</b>	<b>196</b>

year 2010	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
HUF million						
<b>Cost</b>						
1 January 2010	997	41	223	167	30	1 458
Additions	23		15	2	1	41
Disposals and charge offs			-5	-5	-1	-11
<b>31 December 2010</b>	<b>1 020</b>	<b>41</b>	<b>233</b>	<b>164</b>	<b>30</b>	<b>1 488</b>
<b>Depreciation charge</b>						
1 January 2010	963	23	200	112	10	1 308
Charge for the year	17	7	18	19	5	66
Eliminated on disposals			-6	-4		-10
<b>31 December 2010</b>	<b>980</b>	<b>30</b>	<b>212</b>	<b>127</b>	<b>15</b>	<b>1 364</b>
<b>Net book value</b>						
1 January 2010	34	18	23	55	20	150
<b>31 December 2010</b>	<b>40</b>	<b>11</b>	<b>21</b>	<b>37</b>	<b>15</b>	<b>124</b>

There are no restrictions on title, and no property, plant and equipment is pledged as security for liabilities.

## 12. INVESTMENT IN ASSOCIATED COMPANY

The Company holds an investment of 46.7% (2010: 46.7%) in KELER and an investment of 11.9% (2010: 11.9%) in KELER CCP. KELER CCP was established in 2008 for the purpose of providing risk management services on the market.

	2011 HUF million	2010 HUF million
<b>Opening balance</b>	<b>8 613</b>	<b>7 717</b>
Share of post acquisition reserves	860	845
<b>Closing balance</b>	<b>9 473</b>	<b>8 613</b>

The financial year for KELER is 31 December. The aggregated IFRS consolidated financial information of KELER is as follows:

	2011 HUF million	2010 HUF million
Assets	146 106	88 263
Liabilities	125 843	69 587
Total shareholders' equity	20 263	18 676
Revenues	10 464	8 138
Net profit for the year	1 587	1 897

## 13. TRADE AND OTHER RECEIVABLES

	2011 HUF million	2010 HUF million
Fees receivable	317	216
Prepayments and accrued income	294	321
Other assets	19	8
<b>Total</b>	<b>630</b>	<b>545</b>

## 14. CASH AT BANK AND IN HAND

	2011 HUF million	2010 HUF million
Deposit and current accounts	37	69
Short term bank deposits	1 006	1 506
<b>Total</b>	<b>1 043</b>	<b>1 575</b>

## 15. SHARE CAPITAL

The Company's authorised, issued, called up and fully paid share capital comprises 5,413,481 (2010: 5,413,481) ordinary shares with par value of HUF 100. All shares rank pari passu in the event of a winding up. The share capital represents shares held by the following shareholders:

	2011 %	2010 %
CEESEG AG.	50,5%	50,5%
ÖSTERREICHISCHE KONTROLLBANK AG.	18,3%	18,3%
Hungarian National Bank	6,9%	6,9%
CONCORDE Értékpapír Zrt.	4,2%	4,2%
KBC Securities Mo. Fióktelepe	5,2%	5,2%
URBANA Corporation	3,1%	3,1%
ING Bank Zrt.	2,3%	2,3%
OTP Bank Nyrt.	2,7%	2,7%
MOL	2,2%	2,2%
Others (all under 2% share individually)	4,6%	4,6%
<b>Total</b>	<b>100,0%</b>	<b>100,0%</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

## 16. RESERVES

### *Capital reserve:*

The balance on this reserve represents share premium and recognized mark to market valuation of certain assets at the transformation of the exchange in 2002.

### *Revaluation reserve:*

The balance on this reserve represents unrealised gains, net of losses, arising from the revaluation at fair value of financial assets classified as "available-for-sale", net of deferred taxation. The revaluation reserve amounted to nil (2010: nil).

## 17. TRADE AND OTHER CREDITORS

	2011 HUF million	2010 HUF million
Accruals, prepaid listing fees	172	246
Accrued salaries and bonuses	144	303
Taxes and social security payable	83	38
Trade and other creditors	22	31
<b>Total</b>	<b>421</b>	<b>618</b>

## 18. Related party information

	Management		Shareholders with significant influence	
	2011	2010	2011	2010
	HUF million			
<b>BALANCE SHEET</b>				
Assets				
Liabilities				
<b>INCOME STATEMENT</b>				
Income				
Expense	369	385	117	11

Management includes members of the Board of Directors and the members of the Supervisory Board. Shareholders with significant influence include CEESEG AG.

## 19. EVENTS AFTER BALANCE SHEET DAY

A dividend payment in the amount of 1,110 MHUF is recommended by the Board of Directors to the approval of the shareholders at the annual general meeting of the Company on 25 April 2012.

## 20. FORTHCOMING IFRS-s

Standards and interpretations issued but effective only for annual reporting periods beginning after 1 January 2011.

**Amendments to the IFRS 7 Disclosures - Transfer of Financial Assets** - Effective for annual periods beginning on or after 1 July 2011, to be applied prospectively. Earlier application is permitted.

The Group does not expect the amendments to IFRS 7 to have material impact on the financial statements, because of the nature of the Group's operations and the types of financial assets that it holds.