

**Independent Auditors' Report
issued on the 2012 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.



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This is an English translation of the Independent Auditors' Report on the 2012 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 2012 annual report of Budapesti Értéktőzsde Zrt. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2012, which shows total assets of THUF 6,502,080 and retained profit for the year of THUF 8,022, 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 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 2012, and of its financial performance for the year then ended in accordance with the provisions of the Act on Accounting.



Other Matters

We have issued an Auditor's Report dated 26 March 2013 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 568,416 for the year.

Report on the Business Report

We have audited the accompanying 2012 business report of Budapesti Értéktőzsde Zrt.

Management is responsible for the preparation of the business report in accordance with the provisions of the 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 2012 business report of Budapesti Értéktőzsde Zrt. is consistent with the data included in the 2012 annual report of Budapesti Értéktőzsde Zrt.

Budapest, 16 May 2013

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 2012**

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HUF '000

	Denomination	31.12.2011	31.12.2012
a	b	c	d
1	A. LONG-TERM ASSETS	5 314 019	5 336 094
2	I. Intangible assets	124 970	141 970
3	Capitalized value of formation, promotion and restructuring expenses	0	0
4	Capitalized value of research and development	0	0
5	Rights, representing assets	3 399	2 700
6	Intellectual products	121 571	114 836
7	Goodwill	0	0
8	Advances and prepayments on intangible assets	0	24 434
9	Value correction of intangible assets	0	0
10	II. Tangible assets	71 430	79 008
11	Buildings and related concessions and similar rights	4 992	1 705
12	Plant machinery	32 744	41 151
13	Other equipments and fittings, vehicles	33 694	36 152
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	5 117 619	5 115 116
18	Shares	5 115 022	5 115 022
19	Securities	0	0
20	Long term loan	2 597	94
21	Securities signifying a long-term creditor relationship	0	0
22	B. CURRENT ASSETS	1 379 769	972 202
23	I. Stocks	19 107	12 704
24	Raw materials and consumable goods	0	0
25	Work in progress	0	0
26	Finished goods	0	0
27	Merchandise	19 107	12 704
28	Prepayments made on stocks	0	0
29	II. Receivables	317 284	444 686
30	Trade debtors	142 429	307 647
31	Receivables from affiliated undertaking	0	0
32	Receivables from independent undertakings	0	0
33	Bills receivable	0	0
34	Other debtors	174 855	137 039
35	III. Securities	0	0
36	Participation in affiliated undertaking	0	0
37	Other participation	0	0
38	Own shares, own partnership shares, re-exchangable shares	0	0
39	Debt securities held for sale	0	0
40	IV. Cash and cash equivalents	1 043 378	514 812
41	Cash	130	165
42	Current account	1 043 248	514 647
43	C. ACCRUED INCOME AND PREPAYMENTS	293 470	193 784
44	Accrued income	280 459	178 454
45	Prepayments	13 011	15 330
46	Equity and accrued and deferred assets of deferred expenditures	0	0
47	TOTAL ASSETS	6 987 258	6 502 080

Budapest, 16 May, 2013


 Zsolt Katona
 CEO


 Tóth Attila
 Deputy CEO



HUF '000

	Denomination	31.12.2011	31.12.2012
a	b	c	d
48	D. SHAREHOLDERS' EQUITY	5 456 857	5 464 879
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	2 324 170	2 339 153
54	V. NON DISTRIBUTABLE RESERVES	0	0
55	VI. REVALUATION RESERVE	0	0
56	VII. Net profit for the year	14 983	8 022
57	E. PROVISIONS	0	22 370
58	Provisions for expected liabilities	0	22 370
59	Provisions for costs in the future	0	0
60	Other provisions	0	0
61	F. LIABILITIES	1 214 509	658 275
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 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	1 214 509	658 275
76	Short-term loans	0	0
77	thereof: convertible bonds	0	0
78	Prepayments received from customer		
79	Trade accounts payables	21 711	25 911
80	Bills payable	0	0
81	Short-term liabilities to affiliated undertaking	0	0
82	Dividends	1 109 764	568 416
83	Other short term liabilities	83 034	63 948
84	G. ACCRUED EXPENSES AND DEFERRED INCOME	315 892	356 556
85	Deferred income	89 064	263 215
86	Accrued expenses	226 828	93 341
87	Deffered revenues	0	0
88	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6 987 258	6 502 080

Budapest, 16 May, 2013


 Zsolt Katona
 CEO


 Tóth Attila
 Deputy CEO



HUF '000

	Denomination	31.12.2011	31.12.2012
a	b	c	d
1	Net domestic sale	2 095 304	1 545 268
2	Net external sale	978 862	851 956
I.	Revenues from stock exchange activities	3 074 166	2 397 224
3	Change in self-manufactured stocks	0	0
4	Own work capitalized	0	0
II	Own performance capitalized	0	0
III.	Other revenues	10 392	28 143
	thereof: write-back of loss in value	0	0
5	Cost of materials	29 920	31 866
6	Values of services utilized	422 637	434 378
7	Other costs	7 521	7 517
8	Cost of good sold	0	0
9	Sub-contracted services	113 576	121 346
IV.	Material-type costs	573 654	595 107
10	Wages and salaries	646 972	582 745
11	Other employee benefits	36 410	33 238
12	Contributions on wages and salaries	195 793	189 207
V.	Staff costs	879 175	805 190
VI.	Depreciation	63 952	51 193
VII.	Other expenses	411 258	361 829
	thereof: loss in value	1 830	4 484
A.	OPERATING PROFIT (LOSS)	1 156 519	612 048
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	66 603	32 847
	thereof: from affiliated undertakings	0	0
17	Other incomes from financial transactions	51 761	11 025
VIII	Income from financial operations	118 364	43 872
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	17 261	46 828
IX	Expenses of financial operations	17 261	46 828
B.	FINANCIAL RESULT	101 103	-2 956
C.	ORDINARY PROFIT (LOSS)	1 257 622	609 092
X	Extraordinary income	0	0
XI.	Extraordinary expenses	0	0
D.	EXTRAORDINARY PROFIT (LOSS)	0	0
E.	PROFIT BEFORE INCOME TAX	1 257 622	609 092
XII.	Income tax	132 875	32 654
F.	PROFIT (LOSS) AFTER INCOME TAX	1 124 747	576 438
22	Retained earnings for dividend	0	0
23	Approved dividend	1 109 764	568 416
G.	NET PROFIT FOR THE YEAR	14 983	8 022

Budapest, 16 May 2013



 Zsolt Katona
 CEO


 Tóth Attila
 Deputy CEO

BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES

NOTES TO THE 2012 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 2012 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 2013, 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 by the Supervisory Authority	Date
for Listing, Continued Trading and Disclosure	52/2012 63/2012	September 7, 2012 November 12, 2012	EN-III-1156/2012	January 1, 2013
on the Operations and Use of Remote Trading	33/2011	June 7, 2011	EN-III-888/2011	August 8, 2011
on the Code of Trading	55/2012	September 27, 2012	EN-III-1148/2012	December 20, 2012
on Section Membership	4/2011	February 22, 2011	EN-III-597/2011	June 6, 2011
on Exchange Regulation Procedures and on the Rules of Official Publications	34/2011	June 7, 2011	E-III-1008/2011	September 15, 2011
on the Rules of Conflict of Interest of Persons in Management Positions and Employees	34/2011	June 7, 2011	EN-III-1008/2011	September 15, 2011
on the Operational Risk Management	36/2010	September 15, 2010	EN-III-73/2010	October 28, 2010

Regulations of the Budapest Stock Exchange Ltd.	Nr. Reference no. of CEO resolution(s) to go into	Date	Effective date
Regulations on the Operation of BETa Market	2/BÉTa/2012	February 24, 2012	February 27, 2012
Regulations on the Use of BETa Remote Trading	1/BÉTa/2011	November 3, 2011	November 7, 2011

2. ORDERS

Orders of the Budapest Stock Exchange Ltd.	Nr. of the approval by the Board of Directors	Date	Nr. of approval by the Supervisory Authority	Date
regarding the Professional Representation	28/2011	June 7, 2011	-	16 June, 2011
regarding the Schedule of Fees Applied by the Exchange	75/2012	December 7, 2012	-	January 2, 2013
regarding the Operational and Organizational Rules	54/2012	September 27, 2012	-	October 18, 2012

The Hungarian Financial Supervisory Authority 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 2012 will be HUF 2 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: 11.9%

KELER CCP Ltd's after-tax profit for 2012 will be HUF -76 million.

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

Owners	Subscribed capital	Ownership share	Shareholders' capital
Budapest Stock Exchange Ltd.	2 380	11,90%	3 570
Hungarian National Bank	2 720	13,60%	4 080
Central Clearing House and Depository Ltd.	14 900	74,50%	22 350
Total	20 000	100,00%	30 000

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	1 128 222	10 022	0	0	1 138 244
I/1. Concessions and similar rights and assets	12 923	107			13 030
I/2. Intellectual products	1 115 299	9 915			1 125 214
I/2.1. WIP on intangible assets	0				0
II. Tangible assets	482 662	43 090	13 855	0	511 897
II/1. Real estates	43 534	290	0	0	43 824
II/1.1. Buildings					0
II/1.2. Buildings and related concessions and similar rights					0
II/1.3. CWIP on rented properties	43 534	290			43 824
II/2. Cables					0
II/3. Technical equipments, machinery	10 169	883			11 052
II/4. IT equipments	243 173	22 891	6 149		259 915
II/5. Telecommunication equipments	9 000	335			9 335
II/6 Other equipments and fittings	146 486	6 688	16		153 158
II/7. Securities	343				343
II/8. Vehicles	29 957	12 003	7 690		34 270
II/9. Capital Work in Progress (CWIP)					0
II/10. Advance payments on CWIP					0
I-II. Total	1 610 884	53 112	13 855	0	1 650 141

Changes to the depreciation of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	1 003 252	17 456	0	0	1 020 708
I/1. Concessions and similar rights and assets	9 524	806			10 330
I/2. Intellectual products	993 728	16 650			1 010 378
I/2.1.WIP on intangible assets					
II. Tangible assets	411 232	33 737	12 080	0	432 889
II/1. Real estates	38 542	3 577	0	0	42 119
II/1.1. Buildings					0
II/1.2. Buildings and related concessions and similar rights					0
II/1.3. CWIP on rented properties	38 542	3 577			42 119
II/2. Cables					0
II/3. Technical equipments, machinery	8 251	1 127			9 378
II/4. IT equipments	212 347	14 361	6 073		220 635
II/5. Telecommunication equipments	9 000	138			9 138
II/6 Other equipments and fittings	123 280	11 003	16		134 267
II/7. Securities					0
II/8. Vehicles	19 812	3 531	5 991		17 352
II/9. Capital Work in Progress (CWIP)					0
II/10. Advance payments on CWIP					0
I-II. Total	1 414 484	51 193	12 080	0	1 453 597

Changes to the net value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	124 970	-7 434	0	0	117 536
I/1. Concessions and similar rights and assets	3 399	-699			2 700
I/2. Intellectual products	121 571	-6 735			114 836
I/2.1. WIP on intangible assets					0
II. Tangible assets	71 430	9 353	1 775	0	79 008
II/1. Real estates	4 992	-3 287	0	0	1 705
II/1.1. Buildings					0
II/1.2. Buildings and related concessions and similar rights					0
II/1.3. CWIP on rented properties	4 992	-3 287			1 705
II/2. Cables					0
II/3. Technical equipments, machinery	1 918	-244			1 674
II/4. IT equipments	30 826	8 530	76		39 280
II/5. Telecommunication equipments		197			197
II/6 Other equipments and fittings	23 206	-4 315			18 891
II/7. Securities	343	0			343
II/8. Vehicles	10 145	8 472	1 699		16 918
II/9. Capital Work in Progress (CWIP)					0
II/10. Advance payments on CWIP					0
I-II. Total	196 400	1 919	1 775	0	196 544

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	2011	2012
PR material	3 122	2 734
Forms, other materials	2 227	2 166
Library books	1 052	1 057
Intermediated services	12 706	6 747
Total inventories	19 107	12 704

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. Inventories (HUF '000)

Description	2011	2012
Receivables from goods, delivery and services	142 429	307 647
Corporate tax	138 774	107 374
VAT	25 941	13 076
Local tax	7 779	13 316
Innovation contribution	0	565
Other receivables	2 361	2 708
Total receivables	317 284	444 686

9. Impairment accounted for receivables (HUF '000)

Description	Year of the accounting of impairment	Amount of impairment in %	31 December 2012 Amount of impairment
	2010	100%	501
	2011	100%	1 830
	2012	100%	4 484
Total impairment on receivables			6 815

Cash

Cash was recognised at the values of the last bank account statements of 2012 and the stocktaking of the cash desk.

10. Cash (HUF '000)

Description	2011	2012
Cash desk	130	165
HUF accounts	35 370	15 026
Fixed HUF deposits	723 860	115 000
EUR accounts	1 668	63 439
Fixed EUR deposits	282 350	321 182
Total cash	1 043 378	514 812

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	2011	2012
Interest on tied-up deposits and bank accounts due for the reporting period but not yet realised	10 475	244
Transaction fee for December, 2011/2012	91 804	46 695
Fee for continued trading for the 4th quarter, 2011/2012	118 663	79 102
Vendor fees for 2011/2012	51 450	41 941
Other income	8 067	10 472
Total accrued income	280 459	178 454
Insurance	1 034	984
Newspaper subscriptions	915	1 176
Annual membership dues for international organisations 2011/2012	611	655
IBM IFX maintenance fee for 2012	5 113	4 981
Other	5 338	7 534
Total prepayments	13 011	15 330
Total prepayments and accrued income	293 470	193 784

Equity

Equity is recognised at book value.

12. Changes to equity (HUF '000)

Denomination	2011	Additions	Disposals	2012
Share capital	541 348			541 348
Capital reserve	2 576 356			2 576 356
Retained earnings	2 324 170			2 339 153
Net profit for the year 2011	14 983			
Net profit for the year 2012		8 022		8 022
Total shareholder's equity	5 456 857	8 022	0	5 464 879

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. 9/2013 of the Annual General Meeting of the Budapest Stock Exchange Ltd. which was held on 16 May of 2013, AGM approved a payment in dividend in the amount of HUF 568 415 505 (HUF 105 /share) following the financial year 2012.

Provisions

Provision was recognized for severance payment obligations existing at the balance sheet date in an amount of HUF 22.4M.

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	2011	2012
Liabilities on delivery of goods and services	21 711	25 911
Taxes and contributions payable:		
Personal income tax	27 961	21 037
Rehabilitation contribution	699	720
Vocational contribution	3 518	1 367
Car tax	162	198
Innovation contribution	72	0
Social security contribution (to the Pension Insurance and Health Insurance funds)	48 513	38 529
Healthcare contribution	706	1 654
Pension funds	1 231	316
Health funds	164	124
Dividends paid from the 2011/2012 profit	1 109 764	568 416
Other	8	3
Total liabilities	1 214 501	658 275

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	2011	2012
2012/2013 minimum section fees invoiced in 2011/2012	89 000	88 700
Other income for 2012	64	0
Data vending fees for 2013	0	174 515
Total deferred income	89 064	263 215
Audit	3 619	3 820
MMTS licence fee	32 445	9 235
Other	46 653	39 853
Bonus accrued to the debit of the 2011/2012 profit (with contributions)	144 111	40 433
Total accrued expenses	226 828	93 341
Total accrued expenses and deferred income	315 892	356 556

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	2011	2012
Revenues from listing fees	637 845	392 229
Revenues from trading fees	1 498 368	1 070 015
Revenues from information services	824 377	813 634
Sub-contracted services	113 576	121 346
Total revenues from stock exchange activities	3 074 166	2 397 224

Description	2011	2012
Domestic revenue from exchange activities	2 095 304	1 545 268
Export		
USA	327 641	276 596
Switzerland	26 012	19 256
Japan	1 117	1 262
Guernsey	63	0
Hong Kong	600	946
Israel	1 003	1 262
Norway	8 866	9 736
Turkey	0	107
European Union	613 560	542 791
Export revenues from exchange activities	978 862	851 956
Total net sales from exchange activities	3 074 166	2 397 224

Description	2011	2012
Revenue from the sales of tangible assets	16	1 791
Income from training	2 063	1 578
Income from the sponsorship of certain events	0	15 299
Other income	6 728	7 558
Default interest	1 585	1 917
Total other income	10 392	28 143

Description	2011	2012
Interest on fixed deposits	65 767	32 199
Other interest	836	648
Exchange gains	51 761	11 025
Income from financial transactions	118 364	43 872
Exchange loss	17 261	46 828
Expenses of financial transactions	17 261	46 828
Profit/loss from financial activities	101 103	-2 956

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	2011	2012
Intermediated services	113 576	121 346
Material costs	29 920	31 866
Travel costs	11 300	13 108
Repair, maintenance costs	24 505	26 049
Communication and mail costs, newspapers	36 463	35 926
Other rentals	14 876	20 169
K2 licence fee	25 398	30 537
Trading system licence fee	25 956	7 272
Expert fees	94 924	98 570
Training costs	5 963	4 448
PR expenses	22 532	45 913
Membership fees in international organisations	891	1 073
Other services	29 028	27 974
Internet access	3 336	2 826
Deutsche Börse technical connection fees	10 106	10 347
Costs related to the rented Andrásy út property:		
Rental	92 207	84 322
Operating expenses	25 152	25 844
Insurance premiums, duties, banking fees	7 521	7 517
Total material-type expenses	573 654	595 107

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

Description	2011	2012
Audit of the HAL annual report	3 240	3 366
Audit of the IFRS financial statements	820	852
Audit of consolidated reports	765	795
Self-assessment report	520	540
Transfer pricing document	0	380
Tax advisory	400	600
Total fees paid to KPMG	5 745	6 533

Personnel costs

In 2011, the average number of staff at the Budapest Stock Exchange was 59 and in 2012, 58. 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	2011	2012
Wage costs for full-time employees	621 811	555 867
Honoraria for Board members	14 541	18 423
Honoraria for Supervisory Board members	5 295	4 926
Wage costs for off-payroll staff	5 325	3 529
Wages for sick leave	3 121	3 158
Other personnel-type expenses (contributions, fringe benefits, representation costs)	229 082	219 287
Total personnel costs	879 175	805 190

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

In accordance with resolution No. 10/2012 of the General Meeting held on 25 April 2012, the honoraria were as follows:

19. Honoraria of elected officers

- Board of Directors
 - Chairman HUF 290 000 /month
 - Deputy Chairman HUF 250 000 /month
 - Members HUF 200 000 /month

- Supervisory Board
 - Chairman HUF 200 000 /month
 - Deputy Chairmen HUF 150 000 /month
 - Members of the SB HUF 100 000 /month

20. Other expenses (HUF '000)

Description	2011	2012
Derecognition due to scrapping/Impairment/Lending losses	1 830	4 484
Book value of the sold tangibal assets		1 774
Provisions		22 371
Other	1 428	7 743
Tax obligation regarding the previous years	11 946	0
Late payment and self-revision penalty, tax penalty	7 342	151
Subsidies of certain team sports/performing arts organizations	59 982	30 000
Innovation contribution	8 508	6 511
Bank tax	179 263	179 263
Local taxes and local business tax	56 722	43 406
Supervisory Authority fee	1 597	1 500
Non-deductible VAT on fixed assets	22 544	6 181
Non-deductible VAT on costs	60 096	58 445
Total other expenses	411 258	361 829

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	12 000,00 €
Revenues from Wiener Börse AG	12 000,00 €
Technical accession fee after FIDESSA PLC	10 000,00 €
Technical accession fee after SIX Telekurs Ltd.	10 000,00 €
Technical accession fee after Sungard Financial System (France) SAS	10 000,00 €
Technical accession fee after Interactive Data (Europe) Ltd	10 000,00 €
Technical accession fee after NYSE Technologies SAS	10 000,00 €
Technical accession fee after VWD.	5 000,00 €
Miss Values links	3 600,00 €
Expenses related to services of Wiener Börse AG	58 600,00 €
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	2012
Items increasing pre-tax profits:	
Amount accounted for as depreciation in the tax year in accordance with the Act on Accounting	51 193
Impairment loss recognized for receivables in the tax year	4 484
Not recognized costs/Annex 3 (entertainment, business gifts, assets transferred free of charge)	4 661
Imposition of tax penalty, late payment penalty in final resolution	50
Amounts accounted for as expenses and assessed as a result of the self-revision, tax audit	188
Total items increasing the tax base	60 576
Items decreasing pre-tax profits:	
Depreciation in accordance with tax law	52 047
50% of revenues accounted among pre-tax results in the tax year based on the royalty received	50 936
Long-term donation provided to a public-benefit organization, 20% of the support	120
Total items decreasing the tax base	103 103
Corporate tax	
Profit/loss before taxation	609 092
Total items decreasing pre-tax profits	103 103
Items increasing pre-tax profits	60 576
Tax base	566 565
Corporate tax	
till HUF 500 million (10%)	50 000
from HUF 500 million (19%)	12 647
Calculated corporate tax	62 647
Tax benefit for the subsidy of certain team sports/performing arts organizations	30 000
Total corporate tax	32 647
Corporate tax prepayment in 2012	140 021

SECTION MEMBERSHIP

The number of section members at the Budapest Stock Exchange Ltd. totalled 39 as of 31 December 2012. At the end of 2012, 26 members in the equities section, 22 members in the debt securities section, and 21 members in the derivatives section (futures market - 21 members, options market - 13 members) and 6 members in the commodities section had trading rights.

At the end of the year there were 16 members in the BÉTa Market.

Granting Section Memberships in 2012

- To JP Morgan Securities plc. in the Debt Securities Section (2 May 2012)

Termination of section membership in 2012

- The termination of section membership of the iForex Befektetési Szolgáltató Zrt. in the Equities Section (1 January 2012)

23. List of section members

Section member	Equities section	Debt Securities	Derivatives section		Commodity section	BETA 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	-	X	-	-	-	-
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 Spółka 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	-	X	-	-	-	-
15 Hungarograin Tőzsdeügynöki Szolgáltató Zrt.	X	-	X	X	X	X
16 HUNGÁRIA ÉRTÉKPAPÍR Befektetési és Értékpapírkereskedelmi Zrt.	X	-	X	-	X	X
17 IKR-Broker Tőzsdeügynöki Kft.	-	-	-	-	X	-
18 ING Bank N.V. Magyarországi Fióktelepe	X	X	F	-	-	-
19 IPOPEMA Securities Spółka Akcyjna	X	-	-	-	-	-
20 J.P. Morgan Securities plc	-	X	-	-	-	-
21 Jefferies International Limited	-	X	-	-	-	-
22 KBC Securities Magyarországi Fióktelepe	X	X	X	-	-	X
23 Kereskedelmi és Hitelbank Zrt.	-	X	-	-	-	-
24 Magyar Takarékszövetkezeti Bank Zrt.	X	X	X	X	-	-
25 MKB Bank Zrt.	X	X	X	F	-	X
26 Nomura International Plc	-	X	-	-	-	-
27 OTP Bank Nyrt.	X	X	X	X	-	X
28 QUAESTOR Értékpapírkereskedelmi és Befektetési Nyrt.	X	-	X	X	-	X
29 RaiFFEISEN Centrobank AG	X	-	X	X	-	-
30 Random Capital Broker Zártkörűen Működő Részvénytársaság	X	-	X	-	-	X
31 RAIFFEISEN BANK Zrt.	X	X	X	X	-	X
32 REALSZISZTÉMA Értékpapír-forgalmazó és Befektető Zrt.	X	-	X	-	-	X
33 Société Générale SA	-	X	-	-	-	-
34 Solar Capital Markets Értékpapír Kereskedelmi Zártkörűen Működő Részvénytársaság	X	-	X	-	-	X
35 SPB Befektetési zrt.	X	-	-	-	-	X
36 STRATEGON Értékpapír Zártkörűen Működő Részvénytársaság	X	-	X	-	-	-
37 The Royal Bank of Scotland plc	-	X	-	-	-	-
38 UniCredit Bank Hungary Zártkörűen Működő Részvénytársaság	X	X	X	X	-	-
39 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

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	2011	2012
Shareholders' equity	5 456 857	5 464 879
Share capital	541 348	541 348
Capital reserve	2 576 356	2 576 356
Retained earnings	2 324 170	2 339 153
Net profit for the year	14 983	8 022
Profit after taxation	1 124 747	576 438
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)	1 008	1 009
Dividend (HUF/share)	205	105
EPS (net profit / number of shares) HUF	207,73	106,48
ROE (profit after tax / (average of opening and closing value of the shareholders' equity)	20,64%	10,56%

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	2011		2012		Index
	HUF'000		HUF'000		
Income to equity <i>(retained earnings for the year / equity)</i>	$\frac{14\,983}{5\,456\,857}$	= 0,27%	$\frac{8\,022}{5\,464\,879}$	= 0,15%	-46,54%
Income to sales <i>(retained earnings for the year / revenues from exchange activities)</i>	$\frac{14\,983}{3\,074\,166}$	= 0,49%	$\frac{8\,022}{2\,397\,224}$	= 0,33%	-31,34%
Liquidity ratio <i>(current assets – inventories/ liabilities)</i>	$\frac{1\,360\,662}{1\,214\,509}$	= 112,03%	$\frac{959\,498}{658\,275}$	= 145,76%	30,10%
Capital adequacy <i>Equity</i> <i>Balance sheet total</i>	$\frac{5\,456\,857}{6\,987\,258}$	= 78,10%	$\frac{5\,464\,879}{6\,502\,080}$	= 84,05%	7,62%
Assets to income <i>(retained earnings for the year / balance sheet total)</i>	$\frac{14\,983}{6\,987\,258}$	= 0,21%	$\frac{8\,022}{6\,502\,080}$	= 0,12%	-42,46%
Ratio of tangible assets <i>Tangible assets</i> <i>Balance sheet total</i>	$\frac{71\,430}{6\,987\,258}$	= 1,02%	$\frac{79\,008}{6\,502\,080}$	= 1,22%	18,86%
Ratio of current assets <i>Current assets</i> <i>Balance sheet total</i>	$\frac{1\,379\,769}{6\,987\,258}$	= 19,75%	$\frac{972\,202}{6\,502\,080}$	= 14,95%	-24,28%
Ratio of equity and liabilities <i>Liabilities</i> <i>Equity</i>	$\frac{1\,214\,509}{5\,456\,857}$	= 22,26%	$\frac{658\,275}{5\,464\,879}$	= 12,05%	-45,88%

27. EBITDA statement HUF'000

Denomination	2011	2012
Operating revenues + transferred service	3 074 166	2 397 224
Other income	10 392	28 143
Extraordinary profit	0	0
Total revenue	3 084 558	2 425 367
Operating costs and expenses without depreciation	1 568 120	1 509 457
Earnings before interest and taxes	1 516 438	915 910
Depreciation	63 952	51 193
Subsidies of certain team sports/performing arts organizations	59 982	30 000
Income from financial activities	101 103	-2 956
Bank tax	179 263	179 263
Corporate tax	132 875	32 654
Local community business tax	56 722	43 406
PROFIT AFTER INCOME TAX	1 124 747	576 438
Dividend	1 109 764	568 416
NET PROFIT FOR THE YEAR	14 983	8 022

28. Development expenses (HUF '000)

No.	Denomination	2011	2012
1.	Trading system	105 340	26 006
1.1	Hardware	4 268	11 521
1.2	Software	101 072	1 095
1.3	Network connections	0	0
1.4	XETRA	0	13 390
2.	Security system basic investments	18 076	1 386
3.	Data sales	1 024	4 062
4.	BSE internal developments	7 718	3 707
5.	Non-IT investments	4 191	17 950
	TOTAL	136 349	53 111

Development expenses do not include VAT.

29. Cash flow (HUF '000)

No.	Description	31.12.2011	31.12.2012
I.	Cash flows from ordinary activities (Operating cash flow, rows 1-15)	-391 281	-475 428
1	Profit/loss before taxation	1 257 622	609 092
2	Booked amortisation	63 952	51 193
3	Booked impairment and reversal	1 830	4 484
4	Difference between the allocation and use of provisions	0	22 370
5	Income from the sales of fixed assets	0	-17
6	Changes to trade payables	-9 724	4 200
7	Changes to other current liabilities	-144 001	-560 434
8	Changes to accrued expenses and deferred income	-233 484	40 664
9	Changes to trade debtors	55 901	-189 652
10	Changes to current assets (excluding trade debtors, cash and securities)	-167 772	44 219
11	Overdue written off receivables	0	0
12	Securities	0	0
13	Changes to prepaid expenses and accrued income	27 034	99 523
14	Taxes paid and payable	-132 875	-32 654
15	Dividends approved	-1 109 764	-568 416
II.	Cash flows from investment activities (rows 16-17)	-136 349	-51 320
16	Acquisition of fixed assets	-136 349	-53 111
17	Sales of fixed assets	0	1 791
III.	Cash flows from financial activities (rows 18-23)	-3 918	-1 818
18	Loans drawn	0	
19	Cash received definitively	0	
20	Bond repayment	0	
21	Loan repayment	0	
22	Cash transferred definitively	0	-4 561
23	Housing loan repayment	-3 918	2 743
IV.	Changes to cash flows (rows +,I. +,II. + III.)	-531 548	-528 566
	Opening	1 574 926	1 043 378
	Closing	1 043 378	514 812
	Securities at the end of the year (in HUF)	0	0
	Cash at the end of the year (in HUF)	1 043 378 071	514 812 166
		1 043 378 071	514 812 166

Budapest, 16 May, 2013



Zsolt Katona
CEO



Tóth Attila
Deputy CEO



BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES

BUSINESS REPORT FOR THE YEAR 2012

Overview of 2012

Changes related to the Budapest Stock Exchange in 2012

2012 brought a major milestone in the life of the Budapest Stock Exchange: on 25th April 2012 the BSE General Meeting decided on the replacement of the cash market trading system to the Xetra trading system. The Xetra trading system is expected to be introduced on the cash market in the second half of 2013. In order to further boost liquidity, a new market maker model is also planned to be introduced on the equity market along with the replacement of the trading system.

BSE introduced a new category (Category “T”) in 2012 for companies entering the market via technical listing in order to enhance the transparency of the market. The restructured category system makes the distinction of categories easier as regards risk; moreover, it enhances the prestige of Category “A” and “B”.

In 2012, the improving tendency regarding the number of new listings in the recent years, stopped. This was caused by the fact that several potential issuers postponed listing to a later date. In 2012, one technical listing was made (Business Telecom Plc., in Category „B”), and in May 2012 secondary public offering was made by Masterplast Plc. During the year, three companies left BSE: Székesfehérvári Hűtőipari Plc., FOTEX Holding SE, TvNetWork Plc.

Certificates are still popular among domestic retail investors, thus BSE welcomed the increase of product number in 2012 again: at the end of the year 56 certificates were available for trading including new underlying products.

Regarding market and product development a highlight of the year was the extension of the product supply of the BETa Market by launching 13 new foreign shares; furthermore, investors can now trade with futures contracts on foreign securities. A new market maker also joined trading, which provides more liquidity on the market.

Market tendencies

Even if the Budapest Stock Exchange remained one of the most significant stock exchanges in the region in 2012, which is also underpinned by the highest share turnover velocity figure (52.7%) in the regional comparison, the negative global capital market trends affected the domestic market as well.

The BUX index value increased by 7.1% compared to the previous year end, it reached its peak at 19,901 points on 6 February, 2012.

Chart 1: Relative performance of indices in 2012 (EUR)

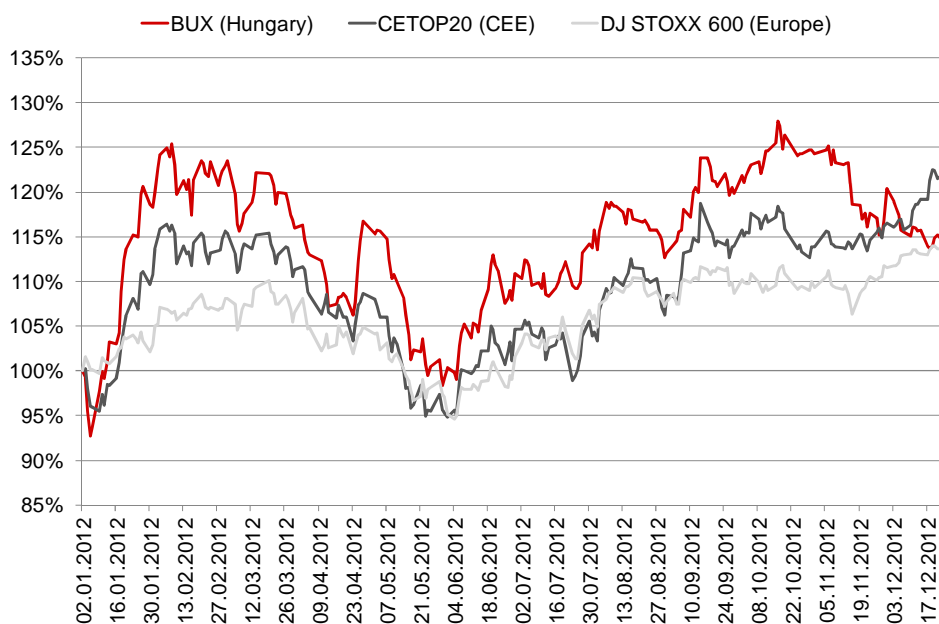


Table 1: Main indicators 2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012
Average daily turnover in equities (HUFbn)	19.1	25.8	35.5	21.1	20.5	21.7	15.2	9.9
Equity market capitalisation (HUFbn)	6 971.9	7 994.6	8 239.3	3 553.7	5 712.9	5 816.1	4 583.2	4 604.1
Equity market capitalisation/GDP	31.7%	33.6%	32.4%	13.0%	21.9%	21.7%	17.1%	16.5%*
Share turnover velocity**	69.3%	81.3%	105.5%	148.7%	90.0%	95.0%	83.9%	52.7%

*Calculated based on 2011 GDP data

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

Although turnover decreased both on the cash and on the derivatives markets, the Budapest Liquidity Measure (BLM) values reflect that the liquidity of the blue-chips did not deteriorate; moreover, in case of Egis some improvement was experienced. In case of BUX futures contracts with December maturity, however, liquidity measure changed negatively in accordance with turnover figures.

Table 2: Bid-ask spread, BLM values (for transaction value of EUR 20,000), turnover of blue-chips and BUX futures contract (maturity December) 2011-2012

	Bid-ask spread		BLM1 transaction value of EUR 20,000		Daily average turnover (HUF million)	
	2011	2012	2011	2012	2011	2012
OTP	0.10%	0.09%	0.17%	0.16%	9 098	6 334
MOL	0.15%	0.17%	0.26%	0.33%	3 284	1 502
MTELEKOM	0.22%	0.25%	0.38%	0.41%	1 204	752
RICHTER	0.22%	0.22%	0.41%	0.43%	1 080	930
EGIS	0.53%	0.35%	1.44%	0.96%	203	197
BUX futures (maturity December)	0.11%	0.13%	0.76%	1.25%	1 468	564

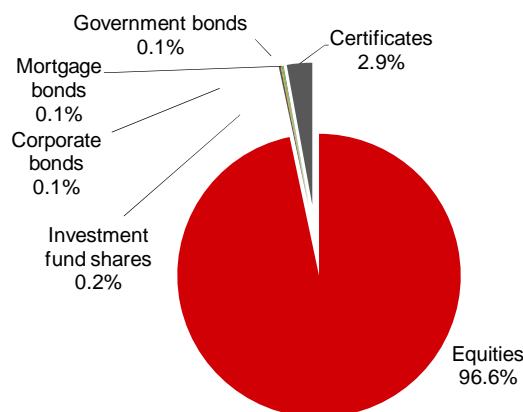
Cash market

The cash market's capitalisation amounted to HUF 16 791 billion by the end of 2012, of which the equities market was HUF 4 604 billion.

The Budapest Stock Exchange's equity market turnover dropped in 2012 in accordance with international tendencies: the market turnover decreased by 36.9% (in HUF), while there was a 24.9% drop on the European and 34.4% drop on the regional markets on average¹.

Cash market turnover amounted to HUF 2 509 billion (daily average: HUF 10.2 billion), of which equity market turnover represented HUF 2 426 billion (daily average: HUF 9.9 billion). Almost all (99.7%) of the cash market turnover was accounted for by the Equities Section. The lowest decrease was experienced in certificates' turnover, which is still quite popular among domestic retail investors.

Chart 2: Breakdown of the cash market turnover in 2012



A 29.2% decrease was seen for the number of transactions, in average 154 thousand transactions were concluded per month.

Regarding equity market concentration, still the top five blue-chips contributed 98% of the turnover.

¹ Source: FESE, (based on the first eleven months, in EUR)

Chart 3: Concentration in equity turnover in 2011

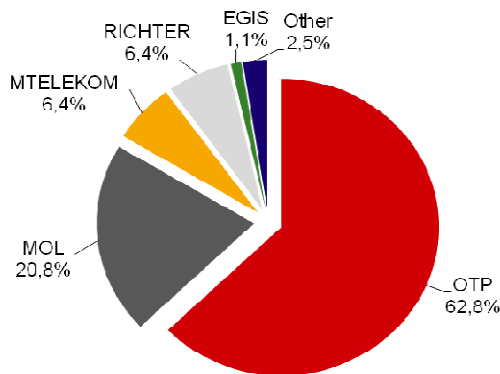
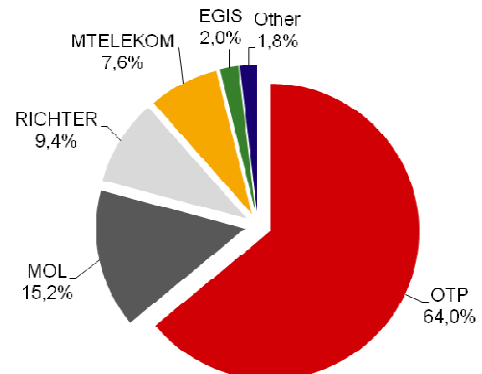


Chart 4: Concentration in equity turnover in 2012

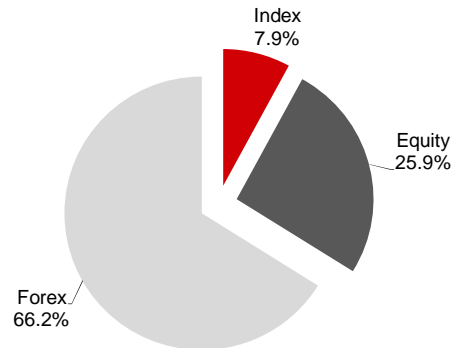


In the investor structure the proportion of foreign investors grew by 4 percentage points (48.1% on the basis of the first 10 months), while brokerage firms' proprietary trading decreased by the same percentage (12.0% on the basis of the first 10 months). The proportion of domestic retail investors and institutional investors did not change significantly (the proportion of domestic retail investors was 31.1%, the proportion of domestic institutional investors was 8.8% on the basis of the first 10 months). An average 45.4% of households' turnover was generated via internet based trading..

Derivatives market

The turnover on the BSE's derivatives market decreased to HUF 1,862 billion by 31.9% compared to 2011, showing a slightly smaller drop than the turnover of cash market. This drop can be explained by the decline in the turnover of futures products; the highest decrease was seen in the turnover of index and equity based futures contracts: by 61.7% and 40.2% respectively. Although there was a 20.6% decrease in currency futures turnover, the turnover of currency based options at value showed an increase of 65.5%. As regards the number of contracts turnover of index and currency based futures dropped similarly to that above (-57.5% and -27.2% respectively), however, the fall in the number of equity based contracts was smaller (-24.3%). In the breakdown of turnover the proportion of currency based futures contracts increased to 66.2% by 10 percentage points.

Chart 5: Breakdown of derivatives market turnover by underlying products in 2012



Commodities market

Commodity market turnover dropped by 9.3%, while the number of contracts fell by 15.6% on 2011.

BETa Market

On the BETa Market a total turnover of HUF 6,608 million was made with 9,125 transactions in 2012. Average daily turnover amounted to HUF 27 million. Of the 23 shares, investors were mostly interested in Commerzbank and Nokia, which accounted for 37.9% of the turnover of the BETa Market.

New listings and products on BSE's markets

There was one new listing on the BSE in 2012. As from 2012, the shares of BUSINESS TELECOM Plc. (telecommunications) can be traded on BSE's equity market. There were three delistings in 2012: FEVITA shares were delisted because of the decision of its General Meeting on delisting. In the case of FOTEX, a translisting procedure, and in that of TvNetWork, an obligatory takeover bid followed by a squeeze-out procedure resulted that they left the stock exchange.

On the investment notes market, the number of listings increased by nearly 52% compared to the last year; during the year, the investment notes of 29 investment funds were listed. Due to the three-year maturity that characterizes closed-end investment funds, 15 funds expired and were delisted in 2012.

On the debt securities market, as regards government debt securities, the size of the securities series listed increased while the number of listings remains unchanged. In the case of mortgage bonds the listing volume has off-set repurchases and delistings. The corporate bonds market became more active in 2012, the number of listings increased by nearly 32%, with the bond issuances of OTP Bank Plc. contributing significantly to this process. By continuing the previous years' tendency, several companies (not as financial institutions) opted for the public issuance and listing of their corporate bonds.

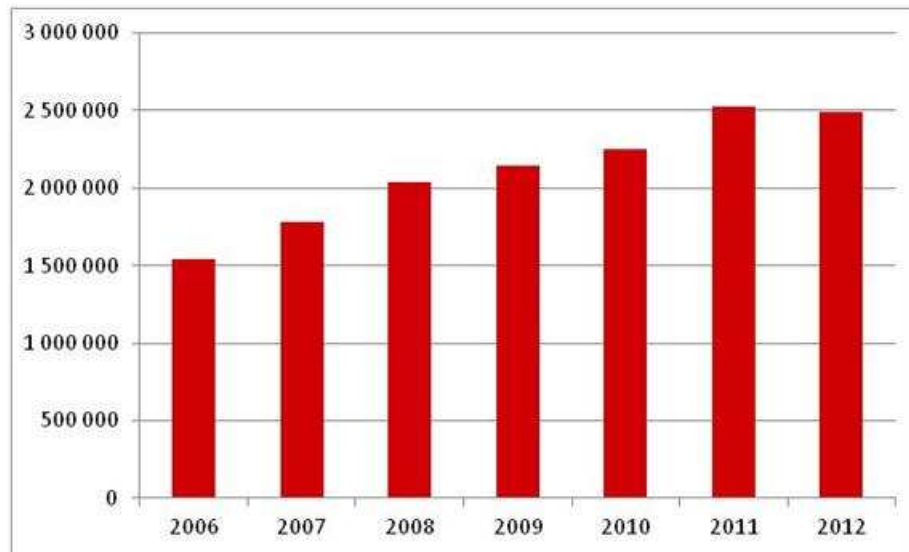
In 2012, the selection of underlying products of certificates issued by Erste AG widened, and the popularity of certificates increased as well. Although the number of listings decreased (compared to 116 listings in 2011, 85 new certificates were introduced into trading in 2012), year-end data do not reflect the entire amount of certificates listed because of the irregular frequency of turbo certificate listings and delistings.

The product range of BETa Market was further enlarged in 2012, so the shares of additional thirteen European large companies can also be traded on this MTF platform operated by the Budapest Stock Exchange Ltd.

Information services

The Market Data revenue of BSE decreased by 6.5% to 2.65M EUR in 2012 in line with the global market tendencies. The number of overall Market Data partners was 66.

**Chart 6: Annual revenue 2006-2012 in EUR
(excluding audit revenue)**



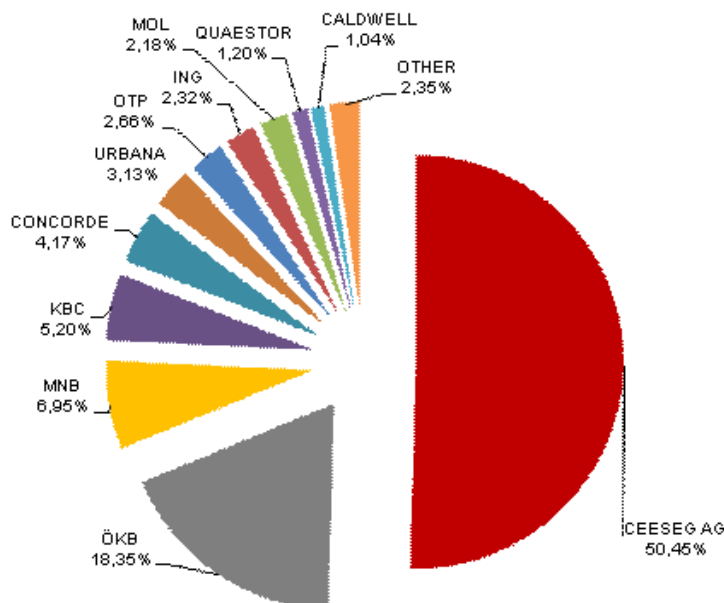
The number of end users declined by an average of 7.5%. The number of the non-professionals decreased by 6.5%, while the number of professional subscribers decreased by 9%.

The executed audits during 2012 contributed with HUF 48 million to the once-off revenue of the Exchange.

Organization

2012 was the fourth year of cooperation between the stock exchanges of Budapest, Ljubljana, Prague and Vienna which together form the CEE Stock Exchange Group. CEESEG 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 2012 there were some significant personal changes: dr. György Mohai, CEO of the BSE, resigned from office by mutual agreement as of May, 2012 and the Board of Directors appointed Zsolt Katona to be the new Chief Executive Officer of the Budapest Stock Exchange.

At the Budapest Stock Exchange on December 31, 2012 the number of staff was 56 decreasing from 58 in 2011. The number of active staff was 55, of which 51 persons are in full time and 4 persons work 6 hours a day (one is on maternity leave). The number of full-time equivalents were 54. The number of employees leaving the company was 7 and the number of joining was 5.

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.

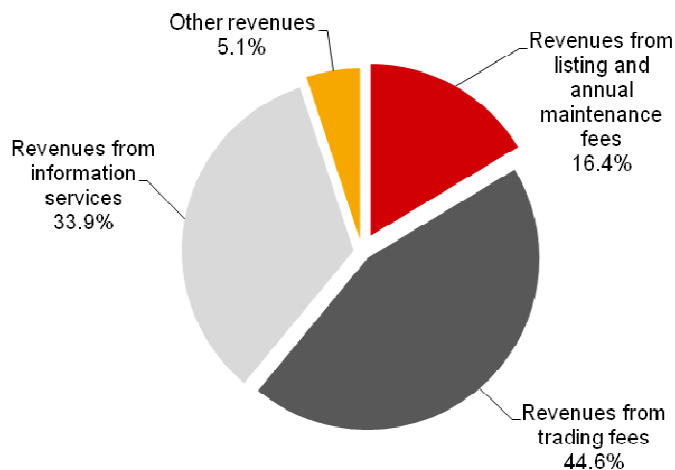
The BSE's Financials in 2012

The revenues of the BSE amounted to HUF 2.4 billion forints, 21.4% lower than revenues of the previous year. EBITDA reached 0.9 billion forints, falling by 39.6% compared to 2011. Due to stricter cost management the operating expenses decreased by 3.7% compared to 2011. The net profit (0.6 billion forints) is 48.7% less than that in 2011, a decrease that was primarily attributable to lower levels of trading revenues.

Table 3: Revenue and earnings of BSE, 2005-2012

('000 HUF)	2005	2006	2007	2008	2009	2010	2011	2012
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
EBITDA	1 264 284	1 742 106	2 056 146	1 467 980	1 612 002	1 814 942	1 516 438	915 910
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

Chart 8: Revenues breakdown, 2012



Budapest, 16 May, 2013



Zsolt Katona
CEO





Tóth Attila
Deputy CEO