



**Independent Auditors' Report  
issued on the 2010 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 2010 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 2010 annual report of Budapesti Értéktőzsde Zrt. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2010, which shows total assets of THUF 7,359,484 and retained profit for the year of THUF 21,395, 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 accounting principles generally accepted in Hungary, 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*

We have audited the annual report of Budapesti Értéktőzsde Zrt., its components and elements and their accounting and documentary support in accordance with Hungarian National Standards on Auditing and gained sufficient and appropriate evidence that the annual report has been prepared in accordance with the provisions of the Act on Accounting and accounting principles generally accepted in Hungary. In our opinion, the annual report gives a true and fair view of the financial position of Budapesti Értéktőzsde Zrt. as of 31 December 2010, and of its financial performance and of the result of its operations for the year then ended.

### *Other Matters*

We have issued an Auditor's Report dated 6 April 2011 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 1,299,235.

### **Report on the Business Report**

We have audited the accompanying 2010 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 and accounting principles generally accepted in Hungary. Our responsibility is to assess whether this business report is consistent with the 2010 annual report. 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 2010 business report of Budapesti Értéktőzsde Zrt. is consistent with the data included in the 2010 annual report of Budapesti Értéktőzsde Zrt.

Budapest, 29 April 2011

KPMG Hungária Kft.

Registration number: 000202

*Gábor Agócs*

*Partner, Registered auditor*

Registration number: 005600



Statistical Code 12853812-6611-114-01  
Company's Registration Number 01-10-044764

**FINANCIAL STATEMENTS OF THE  
BUDAPEST STOCK EXCHANGE FOR THE  
YEAR 2010**

Statistical Code 12853812-6611-114-01  
Company's Registration Number 01-10-044764

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HUF '000

	Denomination	31.12.2009	31.12.2010
a	b	c	d
<b>1</b>	<b>A. Long-term assets</b>	<b>5 265 116</b>	<b>5 239 425</b>
<b>2</b>	<b>I. Intangible assets</b>	<b>34 276</b>	<b>40 183</b>
3	Capitalized value of formation, promotion and restructuring expenses	0	0
4	Capitalized value of research and development	0	0
5	Rights, representing assets	1 376	1 164
6	Intellectual products	32 900	39 019
7	Goodwill	0	0
8	Advances and prepayments on intangible assets	0	0
9	Value correction of intangible assets	0	0
<b>10</b>	<b>II. Tangible assets</b>	<b>115 218</b>	<b>83 820</b>
11	Buildings and related concessions and similar rights	19 614	11 790
12	Plant machinery	24 800	20 700
13	Other equipments and fittings, vehicles	69 591	51 330
14	Assets in course of constructions	1 213	0
15	Prepayments made on fixed assets	0	0
16	Value correction of tangible assets	0	0
<b>17</b>	<b>III. Invested financial assets</b>	<b>5 115 622</b>	<b>5 115 422</b>
18	Shares	5 115 022	5 115 022
19	Securities	0	0
20	Long term loan	600	400
21	Securities signifying a long-term creditor relationship	0	0
<b>22</b>	<b>B. Current assets</b>	<b>1 722 096</b>	<b>1 799 447</b>
<b>23</b>	<b>I. Stocks</b>	<b>14 094</b>	<b>7 731</b>
24	Raw materials and consumable goods	0	0
25	Work in progress	0	0
26	Finished goods	0	0
27	Merchandise	14 094	7 731
28	Prepayments made on stocks	0	0
<b>29</b>	<b>II. Receivables</b>	<b>116 201</b>	<b>216 789</b>
30	Trade debtors	77 161	198 330
31	Receivables from affiliated undertaking	0	0
32	Receivables from independent undertakings	0	0
33	Bills receivable	0	0
34	Other debtors	39 040	18 459
<b>35</b>	<b>III. Securities</b>	<b>0</b>	<b>0</b>
36	Participation in affiliated undertaking	0	0
37	Other participation	0	0
38	exchangable shares	0	0
39	Debt securities held for sale	0	0
<b>40</b>	<b>IV. Cash and cash equivalents</b>	<b>1 591 801</b>	<b>1 574 927</b>
41	Cash	60	145
42	Current account	1 591 741	1 574 782
<b>43</b>	<b>C. Accrued income and prepayments</b>	<b>320 872</b>	<b>320 612</b>
44	Accrued income	295 437	292 985
45	Prepayments	25 435	27 627
46	deferred expenditures	0	0
<b>47</b>	<b>TOTAL ASSETS</b>	<b>7 308 084</b>	<b>7 359 484</b>

Budapest, April 29, 2011

  
 dr. Mohai György  
 CEO



  
 Tóth Attila  
 Deputy CEO

sorszám	Denomination	31.12.2009	31.12.2010
a	b	c	d
<b>48</b>	<b>D. Shareholders' equity</b>	<b>5 420 479</b>	<b>5 441 874</b>
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	2 292 442	2 302 775
54	V. NON DISTRIBUTABLE RESERVES	0	0
55	VI. REVALUATION RESERVE	0	0
56	VII. Net profit for the year	10 333	21 395
<b>57</b>	<b>E. Provisions</b>	<b>0</b>	<b>0</b>
58	Provisions for expected liabilities	0	0
59	Provisions for costs in the future	0	0
60	Other provisions	0	0
<b>61</b>	<b>F. Liabilities</b>	<b>1 538 439</b>	<b>1 368 234</b>
<b>62</b>	<b>I. SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>0</b>
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
<b>66</b>	<b>II. LONG-TERM LIABILITIES</b>	<b>0</b>	<b>0</b>
67	Long-term loans	0	0
68	Convertible bonds	0	0
69	Debts on the issue of of bonds	0	0
70	Investment and development credits	0	0
71	Other long-term credits	0	0
72	Long-term liabilities to affiliated undertaking	0	0
73	Long-term liabilities to independent undertaking	0	0
74	Other long-term liabilities	0	0
<b>75</b>	<b>III. Short term liabilities</b>	<b>1 538 439</b>	<b>1 368 234</b>
76	Short-term loans	0	0
77	thereof: convertible bonds	0	0
78	Prepayments received from customer	0	0
79	Trade accounts payables	35 482	31 435
80	Bills payable	0	0
81	Short-term liabilities to affiliated undertaking	0	0
82	Dividends	1 380 438	1 299 235
83	Other short term liabilities	122 519	37 564
<b>84</b>	<b>G. Accrued expenses and deferred income</b>	<b>349 166</b>	<b>549 376</b>
85	Deferred income	85 900	142 663
86	Accrued expenses	263 266	406 713
87	Deferred revenues	0	0
<b>88</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7 308 084</b>	<b>7 359 484</b>

Budapest, April 29, 2011

  
 dr. Mohai György  
 CEO





	Denomination	31.12.2009	31.12.2010
a	b	c	d
1	Net domestic sale	2 513 710	2 502 710
2	Net external sale	679 209	894 761
<b>I.</b>	<b>Revenues from stock exchange activities</b>	<b>3 192 919</b>	<b>3 397 471</b>
3	Change in self-manufactured stocks	0	0
4	Own work capitalized	0	0
<b>II.</b>	<b>Own performance capitalized</b>	<b>0</b>	<b>0</b>
<b>III.</b>	<b>Other revenues</b>	<b>8 211</b>	<b>12 942</b>
	thereof: write-back of loss in value	0	0
5	Cost of materials	31 907	29 561
6	Values of services utilized	465 548	477 484
7	Other costs	6 231	6 679
8	Cost of good sold	0	0
9	Sub-contracted services	74 956	67 572
<b>IV.</b>	<b>Material-type costs</b>	<b>578 642</b>	<b>581 296</b>
10	Wages and salaries	661 839	669 124
11	Other employee benefits	33 762	37 809
12	Contributions on wages and salaries	224 636	205 791
<b>V.</b>	<b>Staff costs</b>	<b>920 237</b>	<b>912 724</b>
<b>VI.</b>	<b>Depreciation</b>	<b>81 649</b>	<b>65 515</b>
<b>VII.</b>	<b>Other expenses</b>	<b>150 570</b>	<b>345 066</b>
	thereof: loss in value	113	1 903
<b>A.</b>	<b>OPERATING PROFIT (LOSS)</b>	<b>1 470 032</b>	<b>1 505 812</b>
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	165 827	91 892
	thereof: from affiliated undertakings	0	0
17	Other incomes from financial transactions	105 436	13 948
<b>VIII.</b>	<b>Income from financial operations</b>	<b>271 263</b>	<b>105 840</b>
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	21 254	8 104
<b>IX.</b>	<b>Expenses of financial operations</b>	<b>21 254</b>	<b>8 104</b>
<b>B.</b>	<b>FINANCIAL RESULT</b>	<b>250 009</b>	<b>97 736</b>
<b>C.</b>	<b>ORDINARY PROFIT (LOSS)</b>	<b>1 720 041</b>	<b>1 603 548</b>
<b>X.</b>	<b>Extraordinary income</b>	<b>0</b>	<b>0</b>
<b>XI.</b>	<b>Extraordinary expenses</b>	<b>0</b>	<b>0</b>
<b>D.</b>	<b>Extraordinary profit (loss)</b>	<b>0</b>	<b>0</b>
<b>E.</b>	<b>Profit before income tax</b>	<b>1 720 041</b>	<b>1 603 548</b>
<b>XII.</b>	<b>Income tax</b>	<b>329 270</b>	<b>282 918</b>
<b>F.</b>	<b>PROFIT (LOSS) AFTER INCOME TAX</b>	<b>1 390 771</b>	<b>1 320 630</b>
22	Retained earnings for dividend	0	0
23	Approved dividend	1 380 438	1 299 235
<b>G.</b>	<b>NET PROFIT FOR THE YEAR</b>	<b>10 333</b>	<b>21 395</b>

Budapest, April 29, 2011

  
 dr. Mohai György  
 CEO



**BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES**

# **NOTES TO THE 2010 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:

Cg. 01-10-044764 /117 Dr. György Mohai, CEO  
Address: H-1029 Budapest, Ábránd u. 10.

Cg. 01-10-044764 / 119 Attila Tóth, Deputy CEO  
Address: H-1094 Budapest, Bokréta u. 5. 1. em. 109.

Cg. 01-10-044764 /117 Sándor Ferenc Pittner, Deputy CEO  
Address: H-1161 Budapest, Rákosi út 49. I. em. 3.

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:

Gábor Agócs (*mother's maiden name: Piroska Kotogán*)

6825 Szeged, Vadkerti tér 8

Start date of engagement: 31 March 2008

End date of engagement: 29 May 2011

### 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 2010) 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 2011.

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 2010 annual balance sheet and income statement of the Budapest Stock Exchange Ltd. will be available on the BSE's website ([www.bet.hu](http://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](http://www.bet.hu)), under the Markets and products/Regulations menu item.

As of 15 February 2011, 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	47/2010	24 November, 2010	EN-III-81/2010	26 November, 2010
on the Operations and Use of Remote Trading	36/2009	July 16, 2009	EN-III/M-666/2009	August 19, 2009
on the Code of Trading	53/2009	October 15, 2009	EN-III/M-889/2009	December 1, 2009
on Section Membership	24/2010	May 20, 2010	E-III-51/2010	June 24, 2010
on Exchange Regulation Procedures and on the Rules of Official Publications	46/2008	June 19, 2008	E-III/1185/2008	December 20, 2008
on the Rules of Conflict of Interest of Persons in Management Positions and Employees	43/2010	November 24, 2010	E-III-18/2011	January 13, 2011
on the Operational Risk Management	36/2010	September 15, 2010	EN-III-73/2010	October 14, 2010

## 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 Operational and Organizational Rules	55/2008	August 26, 2008	-	-
regarding Advocacy Procedures	33/2008	May 13, 2008	-	-
regarding the Schedule of Fees Applied by the Exchange	10/2010	February 02, 2010	-	-
the Use of, the Registering and the Trading in the MMTS non-regulated Free Market System	29/2002	October 07, 2002	-	-

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 Bylaws 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 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 evaluation of 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.

**Upon the year-end revaluation of FX transactions, the threshold for significant amounts is HUF 3 million.** If at the end of the year the difference derived from the revaluation of all FX assets and liabilities exceeds HUF 3 million the revaluation must be performed. Otherwise, it is not necessary.

**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 10% 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 recognises its investments as follows:

### ■ Central Clearing House and Depository Ltd.

registered office: Budapest, VII. ker. Asbóth u. 9-11.  
ownership share: 46.67%

KELER Ltd's after-tax profit for 2010 will be HUF 2 billion.

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

Owners	Subscribed capital	Ownership share
Budapesti Értéktőzsde Zrt.	2 100 000	46,67%
MNB	2 400 000	53,33%
<b>Total:</b>	<b>4 500 000</b>	<b>100,00%</b>

### ■ KELER CCP LLC.

registered office: Budapest, VII. ker. Asbóth u. 9-11.  
ownership share: 11.9%

KELER KSZF Kft.'s after-tax profit for 2010 will be HUF 176 million.

### 4. Ownership structure of KELER Central Contracting Party Limited Liability Company (HUF '000)

Owners	Subscribed capital	Ownership share	Shareholders' capital
Budapesti Értéktőzsde Zrt.	2 380	11,90%	3 570
MNB	2 720	13,60%	4 080
Központi Elszámolóház és Értéktár (Budapest) Zrt.	14 900	74,50%	22 350
<b>Total</b>	<b>20 000</b>	<b>100,00%</b>	<b>30 000</b>



## Calculation of depreciation

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

The acquisition price of **rights and concessions** can be written off over a 5-year period or longer. Rights and concessions are written off over 50 years, with a **depreciation rate of 2% annually**, 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	Reclassification	Closing amount
<b>I. Intangible assets</b>	<b>997 292</b>	<b>23 386</b>	<b>0</b>	<b>0</b>	<b>1 020 678</b>
I/1. Concessions and similar rights and assets	10 679				10 679
I/2. Intellectual products	986 613	23 386			1 009 999
I/2.1.WIP on intangible assets	0				0
<b>II. Tangible assets</b>	<b>460 772</b>	<b>17 851</b>	<b>11 657</b>	<b>0</b>	<b>466 966</b>
II/1. Real estates	42 395	0	0	0	42 395
II/11. Buildings	0				0
II/12. Buildings and related concessions and similar rights	0				0
II/13. CWIP on rented properties	42 395				42 395
II/2. Cables	0				0
II/3. Technical equipments, machinery	10 527	392	1 201		9 718
II/4. IT equipments	221 895	14 548	5 988	-32	230 423
II/5. Telecommunication equipments	8 838	238	8	32	9 100
II/6 Other equipments and fittings	145 685	2 103	2 697		145 091
II/7. Securities	343		0		343
II/8. Vehicles	29 876	570	550		29 896
II/9. Capital Work in Progress (CWIP)	0				0
II/10. Advance payments on CWIP	1 213		1 213		0
<b>I-II. Total</b>	<b>1 458 064</b>	<b>41 237</b>	<b>11 657</b>	<b>0</b>	<b>1 487 644</b>

Changes to the depreciation of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclassification	Closing amount
<b>I. Intangible assets</b>	<b>963 016</b>	<b>17 479</b>	<b>0</b>	<b>0</b>	<b>980 495</b>
I/1. Concessions and similar rights and assets	9 303	212	0		9 515
I/2. Intellectual products	953 713	17 267			970 980
I/2.1.WIP on intangible assets					
<b>II. Tangible assets</b>	<b>345 554</b>	<b>48 036</b>	<b>10 444</b>	<b>0</b>	<b>383 146</b>
II/1. Real estates	22 781	7 824	0	0	30 605
II/11. Buildings	0				0
II/12. Buildings and related concessions and similar rights	0				0
II/13. CWIP on rented properties	22 781	7 824			30 605
II/2. Cables	0				0
II/3. Technical equipments, machinery	7 467	1 164	1 201		7 430
II/4. IT equipments	200 155	17 876	5 988	-32	212 011
II/5. Telecommunication equipments	8 638	399	8	32	9 061
II/6 Other equipments and fittings	95 924	15 648	2 697		108 875
II/7. Securities	0				0
II/8. Vehicles	10 589	5 125	550		15 164
II/9. Capital Work in Progress (CWIP)	0				0
II/10. Advance payments on CWIP	0				0
<b>I-II. Total</b>	<b>1 308 570</b>	<b>65 515</b>	<b>10 444</b>	<b>0</b>	<b>1 363 641</b>

Changes to the net value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclassification	Closing amount
<b>I. Intangible assets</b>	<b>34 276</b>	<b>5 907</b>	<b>0</b>	<b>0</b>	<b>40 183</b>
I/1. Concessions and similar rights and assets	1 376	-212	0		1 164
I/2. Intellectual products	32 900	6 119	0		39 019
I/2.1.WIP on intangible assets	0				0
<b>II. Tangible assets</b>	<b>115 218</b>	<b>-30 185</b>	<b>1 213</b>	<b>0</b>	<b>83 820</b>
II/1. Real estates	19 614	-7 824	0	0	11 790
II/11. Buildings	0				0
II/12. Buildings and related concessions and similar rights	0				0
II/13. CWIP on rented properties	19 614	-7 824	0		11 790
II/2. Cables	0	0	0		0
II/3. Technical equipments, machinery	3 060	-772	0		2 288
II/4. IT equipments	21 740	-3 328	0		18 412
II/5. Telecommunication equipments	200	-161	0		39
II/6 Other equipments and fittings	49 761	-13 545	0		36 216
II/7. Securities	343	0	0		343
II/8. Vehicles	19 287	-4 555	0		14 732
II/9. Capital Work in Progress (CWIP)	0	0	0		0
II/10. Advance payments on CWIP	1 213	0	1 213		0
<b>I-II. Total</b>	<b>149 494</b>	<b>-24 278</b>	<b>1 213</b>	<b>0</b>	<b>124 003</b>

## 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	2009	2010
PR material	3 439	2 147
Forms, other materials	1 353	1 467
Library books	799	1 008
Meal vouchers	8	5
Intermediated services	8 495	3 104
<b>Total inventories</b>	<b>14 094</b>	<b>7 731</b>

## 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	2009	2010
Receivables from goods delivery and services	77 161	198 330
Corporate tax	22 485	2 082
Special tax	6 332	0
VAT	8 336	12 946
Local tax	1 121	148
Receivables from employees	766	3 283
<b>Total receivables</b>	<b>116 201</b>	<b>216 789</b>

### 9. Impairment accounted for receivables (HUF '000)

Description	Year of the accounting of impairment	Amount of impairment in %	31 December 2010 Amount of impairment
Kormos Jánosné	2008	100%	12
ULLINK	2008	100%	20
ABN AMRO Bank N.V.	2010	100%	501
<b>Total impairment on receivables</b>			<b>533</b>

### Cash

**Cash** was recognised at the values of the last bank account statements of 2010 and the stocktaking of the cash desk.

### 10. Cash (HUF '000)

Description	2009	2010
Cash desk	60	145
HUF accounts	13 267	33 595
Fixed HUF deposits	1 424 778	1 328 791
EURO accounts	12 062	35 022
Fixed EUR deposits	141 634	177 374
<b>Total cash</b>	<b>1 591 801</b>	<b>1 574 927</b>

## 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	2009	2010
Interest on tied-up deposits and bank accounts due for the reporting period but not yet realised	49 108	28 623
Transaction fee for December, 2009/2010	105 049	85 737
Fee for continued trading for the 4th quarter, 2009/2010	83 206	120 601
Vendor fees for 2009/2010	50 986	51 046
Other income	7 088	6 978
<b>Total accrued income</b>	<b>295 437</b>	<b>292 985</b>
Accrued VAT on investments	296	25
Insurance	1 315	1 782
Newspaper subscriptions	1 234	1 309
Annual membership dues for international organisations 2010/2011	382	47
Registered office rental and operation fee for January 2010/2011	15 040	15 043
Other	7 168	9 421
<b>Total prepayments</b>	<b>25 435</b>	<b>27 627</b>
<b>Total prepayments and accrued income</b>	<b>320 872</b>	<b>320 612</b>

## Equity

Equity is recognised at book value.

### 12. Changes to equity (HUF '000)

Denomination	2009	Additions	Disposals	2010
Share capital	541 348			541 348
Capital reserve	2 576 356			2 576 356
Retained earnings	2 292 442			2 302 775
Net profit for the year 2009	10 333			
Net profit for the year 2010		21 395		21 395
<b>Total shareholder's equity</b>	<b>5 420 479</b>	<b>21 395</b>	<b>0</b>	<b>5 441 874</b>

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. 9/2011 of the Annual General Meeting of the Budapest Stock Exchange Ltd. which was held on 29nd April of 2011, AGM approved a payment in dividend in the amount of HUF 1 299 235 440 (HUF 240 /share) following the financial year 2010.

## 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	2009	2010
Liabilities on delivery of goods and services	35 482	31 435
Taxes and contributions payable:		
Personal income tax	51 501	16 301
Special tax for private individuals	3 293	0
Employer's contribution	4 030	0
Employee's contribution	2 066	0
Rehabilitation contribution	133	712
Vocational contribution	4 072	17
Car tax	149	146
Innovation contribution	3 938	776
Social security contribution (to the Pension Insurance and Health Insurance funds)	50 005	19 367
Healthcare contribution	551	91
Pension funds	2 720	0
Health funds	4	154
Wages	57	0
Dividends paid from the 2009/2010 profit	1 380 438	1 299 235
<b>Total liabilities</b>	<b>1 538 439</b>	<b>1 368 234</b>



## 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	2009	2010
2010/2011 minimum section fees invoiced in 2009/2010	85 900	92 500
Other income for 2011		50 163
<b>Total deferred income</b>	<b>85 900</b>	<b>142 663</b>
Audit	3 337	3 547
MMTS licence fee	55 718	65 885
Other	33 727	34 522
Bonus accrued to the debit of the 2009/2010 profit (with contributions)	170 484	302 759
<b>Total accrued expenses</b>	<b>263 266</b>	<b>406 713</b>
<b>Total accrued expenses and deferred income</b>	<b>349 166</b>	<b>549 376</b>

## 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	2009	2010
Revenues from listing fees	607 041	624 728
Revenues from trading fees	1 865 835	1 994 052
Revenues from information services	645 087	711 119
Sub-contracted services	74 956	67 572
<b>Total revenues from stock exchange activities</b>	<b>3 192 919</b>	<b>3 397 471</b>

Description	2009	2010
<b>Domestic revenue from exchange activities</b>	<b>2 513 710</b>	<b>2 502 710</b>
<b>Export</b>		
USA	222 123	261 166
Switzerland	13 998	12 119
Japan	1 155	1 043
Guernsey	535	1 724
European Union	441 398	618 709
<b>Export revenues from exchange activities</b>	<b>679 209</b>	<b>894 761</b>
<b>Total net sales from exchange activities</b>	<b>3 192 919</b>	<b>3 397 471</b>

Description	2009	2010
Revenue from the sales of tangible assets	18	18
Income from training	1 940	2 965
Other income	2 416	9 415
Default interest	3 837	544
<b>Total other income</b>	<b>8 211</b>	<b>12 942</b>

Description	2009	2010
Interest on securities	11 399	
Interest on fixed deposits	153 261	91 129
Other interest	1 168	763
Exchange gains	105 435	13 948
<b>Income from financial transactions</b>	<b>271 263</b>	<b>105 840</b>
Exchange loss	21 254	8 104
<b>Expenses of financial transactions</b>	<b>21 254</b>	<b>8 104</b>
<b>Profit/loss from financial activities</b>	<b>250 009</b>	<b>97 736</b>

## 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	2009	2010
Intermediated services	74 956	67 572
Material costs	31 907	29 561
Travel costs	9 510	13 209
Repair, maintenance costs	22 803	23 865
Communication and mail costs, newspapers	30 398	33 547
Other rentals	10 188	9 571
K2 licence fee	19 362	17 917
Trading system licence fee	44 575	52 708
Expert fees	93 769	91 700
Training costs	4 728	7 960
PR expenses	26 823	44 955
Membership fees in international organisations	13 259	784
Other services	27 593	24 008
Internet access	4 191	3 563
Deutsche Börse technical connection fees	10 160	9 978
Costs related to the rented Andrásy út property:		
Rental	122 761	120 981
Operating expenses	25 428	22 738
Insurance premiums, duties, banking fees	6 231	6 679
<b>Total material-type expenses</b>	<b>578 642</b>	<b>581 296</b>

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

Description	2009	2010
Audit of the HAL annual report	3 000	3 180
Audit of the IFRS financial statements	1 450	1 550
Audit of consolidated reports	700	
Self-assessment report	480	510
Valuation comfort letter		1 393
Tax advisory		400
<b>Total fees paid to KPMG</b>	<b>5 630</b>	<b>7 033</b>

## Personnel costs

In 2009, the average number of staff at the Budapest Stock Exchange was 61 and in 2010, 59. 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	2009	2010
Wage costs for full-time employees	631 355	639 545
Honoraria for Board members	17 244	16 080
Honoraria for Supervisory Board members	8 538	7 800
Wage costs for off-payroll staff	4 702	5 699
Wages for sick leave	2 998	3 115
Other personnel-type expenses (contributions, fringe benefits, representation costs)	255 400	240 485
<b>Total personnel costs</b>	<b>920 237</b>	<b>912 724</b>

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

In accordance with resolution No. 10/2010 of the General Meeting held on 2 April 2010, 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	2009	2010
Derecognition due to scrapping/Impairment/Lending losses	113	1 903
Other	3 347	3 386
Innovation contribution	9 048	9 646
Bank tax		179 263
Local taxes and local business tax	60 321	64 352
Supervisory Authority fee	1 662	1 672
Non-deductible VAT on fixed assets	4 251	7 572
Non-deductible VAT on costs	71 828	77 272
<b>Total other expenses</b>	<b>150 570</b>	<b>345 066</b>

## TRANSACTIONS WITH RELATED PARTIES

### Related party

Name:	CEESEG Aktiengesellschaft
Registered office:	1010. 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%

## 21. Transactions with related parties

Description	Amount	
	€	HUF '000
Technical accession fee after FIDESSA PLC	10 000,00 €	2 792
Technical accession fee after SIX GROUP AG.	10 000,00 €	2 792
Technical accession fee after Sungard SAS.	5 041,00 €	1 407
Technical accession fee after Interactive Data	5 480,00 €	1 530
Technical accession fee after VWD.	5 000,00 €	1 396
Manager liability insurance (BSE master D&O insurance)	4 275,16 €	1 141
<b>Expenses</b>	<b>39 796,16 €</b>	<b>11 058</b>

## 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	2010
<b>Items increasing pre-tax profits:</b>	
Amount accounted for as depreciation in the tax year in accordance with the Act on Accounting	65 515
Reversing accrued VAT on investments between 2002 and 2004	271
Impairment loss recognized for receivables in the tax year	1 903
Costs for the previous years	
Not recognized costs/Annex 3 (entertainment, business gifts, assets transferred free of charge)	41 412
Gross value of non-repayable funds granted and of assets transferred free of charge	2 000
Mentőív Gyermekekért 2002 alapítvány(közhasznú)	50
Segítő Kéz Alapítvány (Közhasznú)	50
Együtt könnyebben Alapítvány (közhasznú)	50
A Szív Hangja (közhasznú)	50
Virgonc Gyermeksegélyező Alapítvány (közhasznú)	50
ADRA-VITUM Esélyegyenlőség Alapítvány	50
Remény Gyermekekért (közhasznú)	50
Meseország Gyermek Alapítvány (közhasznú)	50
Gyermekélet	50
Reménytadó Alapítvány (közhasznú)	50
Gyermek Habilitációs Alapítvány (Kiemelkedően közhasznú)	50
Együtt az egészségünkért	50
Reménycsillag Gyermekekért Alapítvány (közhasznú)	50
Órangyal Európai Alapítvány (közhasznú)	50
Vésztői Sérült Gyermekekért Egyesület	475
Medicopter Alapítvány	50
Mosoly Alapítvány	200
Csodalámpa Alapítvány	100
Déméter Alapítvány	75
Magyar Kármentő Alapítvány	400
Assets and products transferred free of charge	
Amounts accounted for as expenses and assessed as a result of the self-revision	4
<b>Total items increasing the tax base</b>	<b>111 105</b>

Description	2010
<b>Items decreasing pre-tax profits:</b>	
Amount accounted for as income in the tax year due to the use of the provisions allocated for expected costs	0
Depreciation in accordance with tax law	62 647
Revenues accounted for as dividends received	
50% of revenues accounted among pre-tax results in the tax year based on the royalty received	42 545
Amount accounted for as revenues in the given year, established during a self-revision	
Donations to foundations	2 000
Mentőöv Gyermekekért 2002 alapítvány(közhasznú)	50
Segítő Kéz Alapítvány (Közhasznú)	50
Együtt könnyebblehet Alapítvány (közhasznú)	50
A Szív Hangja (közhasznú)	50
Virgonc Gyermeksegélyező Alapítvány (közhasznú)	50
ADRA-VITUM Esélyegyenlőség Alapítvány	50
Remény Gyermekekért (közhasznú)	50
Meseország Gyermek Alapítvány (közhasznú)	50
Gyermekélet	50
Reménytadó Alapítvány (közhasznú)	50
Gyermek Rehabilitációs Alapítvány (Kiemelkedően közhasznú)	50
Együtt az egészségünkért	50
Reménycsillag Gyermekekért Alapítvány (közhasznú)	50
Órangyal Európai Alapítvány (közhasznú)	50
Vésztői Sérült Gyermekekért Egyesület	475
Medicopter Alapítvány	50
Mosoly Alapítvány	200
Csodalámpa Alapítvány	100
Déméter Alapítvány	75
Magyar Kármentő Alapítvány	400
<b>Total items decreasing the tax base</b>	<b>107 192</b>
<b>Corporate tax</b>	
Profit/loss before taxation	1 603 548
Total items decreasing pre-tax profits	107 192
Items increasing pre-tax profits	111 105
Tax base	1 607 461
Tax base for a day	4 404
Tax base for the 1st half of the year	797 125
Tax base for the 2nd half of the year	810 337
Corporate tax (19 %) for the 1st half of the year	151 454
Corporate tax for the 2nd half of the year	131 464
till HUF 250 million (10%)	25 000
from HUF 250 million (19%)	106 464
<b>TOTAL Corporate tax</b>	<b>282 918</b>
Corporate tax deposit	285 000

## **SECTION MEMBERSHIP**

The number of section members at the Budapest Stock Exchange Ltd. totalled 38 as of 31 December 2010. At the end of 2010, 28 members in the equities section, 20 members in the debt securities section, and 22 members in the derivatives section (futures market - 22 members, options market - 14 members) and 7 members in the commodities section had trading rights.

### **Granting Section Memberships in 2010**

25 January 2010

To The Royal Bank of Scotland in the Debt Securities Section

25 January 2010

To the SOLAR Capital Markets Értékpapír Kereskedelmi Zrt. in the Equities and Derivatives Section

19 March 2010

To the HUNGAROGRAIN Tőzsdeügynöki Szolgáltató Zrt. in the Equities Securities Section

26 April 2010.

To the FHB Commercial Bank Ltd. in the Equities and Debt Securities Sections

1 June 2010

To the NOMURA International plc in the Debt Securities Section

14 June 2010

To the BNP Paribas in the Debt Securities Section

24 September 2010

To the Equilor Ltd. in the Debt Securities Section

25 November 2010

To the iFOREX Befektetési Szolgáltató Zrt. in the Equities Section

3 December 2010

To the Goldman Sachs International in the Debt Securities Section

31 December 2010

To the Cashline Securities Ltd. in the Debt Securities Section

### **Termination of section membership in 2010**

15 July 2010

The termination of section membership of the iFOREX Befektetési Szolgáltató Zrt. in the Commodities Section



27 July 2010

The termination of section membership of the iFOREX Befektetési Szolgáltató Zrt. in the Equities and Derivatives Sections

2 September 2010

The termination of section membership of the Glencore Grain Hungary Kereskedelmi és Szolgáltató Kftt. in the Commodities Section

30 November 2010

The termination of section membership of the Aldberg Investment Tőzsdeügynöki Kft. in the Commodities Section

**Name changes in 2010:**

18 January 2010

The name of the Hamilton Tőzsdeügynöki Zrt. changed to iFOREX Befektetési Szolgáltató Zrt.

11 August 2010

The name of the Határidős Tőzsdeipar Kft. changed to Stocktrade Szolgáltató és Kereskedelmi Kft.

### 23. List of section members

Section member	Equities section	Debt Securities Section	Derivatives section		Commodity section
			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	-
5 CASHLINE Értékpapír ZRt.	X	©	X	X	-
6 Citibank Europe plc Magyarországi Fióktelepe	-	X	-	-	-
7 CIB Bank Zrt.	X	X	X	X	-
8 CODEX Értéktár és Értékpapír Zártkörűen működő Részvénytársaság	X	-	X	-	-
9 CONCORDE Értékpapír ZRt.	X	X	X	X	-
10 DB Securities Spółka Akcyjna	X	-	-	-	-
11 Deutsche Bank ZRt.	-	X	-	-	-
12 EQUILOR Befektetési Zártkörűen Működő Részvénytársaság	X	X	X	X	X
13 ERSTE Befektetési Zrt.	X	X	X	X	-
14 FHB Kereskedelmi Bank Zártkörűen Működő Részvénytársaság	X	X	-	-	-
15 Goldman Sachs International	-	©	-	-	-
16 Hungarograin Tőzsdeügynöki Szolgáltató Zrt.	X	-	X	X	X
17 HUNGÁRIA ÉRTÉKPAPÍR Befektetési és Értékpapírkereskedelmi Zrt.	X	-	X	-	X
18 iFOREX Befektetési Szolgáltató Zrt.	©	-	-	-	-
19 IKR-Bróker Tőzsdeügynöki Kft.	-	-	-	-	X
20 ING Bank N.V. Magyarországi Fióktelepe	X	X	X	-	-
21 IPOPEMA Securities Spółka Akcyjna	X	-	-	-	-
22 KBC Securities Magyarországi Fióktelepe	X	X	X	-	-
23 Kereskedelmi és Hitelbank Zrt.	-	X	-	-	-
24 Magyar Külkereskedelmi Bank Zrt.	X	X	X	F	-
25 Magyar Takarékszövetkezeti Bank Zrt.	X	X	X	X	-
26 Nomura International Plc	-	X	-	-	-
27 OTP Bank Nyrt.	X	X	X	X	-
28 QUAESTOR Értékpapírkereskedelmi és Befektetési Nyrt.	X	-	X	X	-
29 Raiffeisen Centrobank AG	X	-	X	X	-
30 Random Capital Broker Zártkörűen Működő Részvénytársaság	X	-	X	-	-
31 RAIFFEISEN BANK Zrt.	X	X	X	X	-
32 REÁLSZISZTÉMA Értékpapír-forgalmazó és Befektető Zrt.	X	-	X	-	-
33 Solar Capital Markets Értékpapír Kereskedelmi Zártkörűen Működő Rt.	X	-	X	-	-
34 SPB Befektetési zRt.	X	-	-	-	-
35 STOCKTRADE Szolgáltató és Kereskedelmi Kft.	-	-	-	-	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

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

27	18	22	7
1	2		

#### 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	5,19%	281 003
5	<b>Összesen:</b>	<b>80,94%</b>	<b>4 381 550</b>

#### 25. Equity or profit per share (HUF '000)

Description	2009	2010
<b>Shareholders' equity</b>	<b>5 420 479</b>	<b>5 441 874</b>
Share capital	541 348	541 348
Capital reserve	2 576 356	2 576 356
Retained earnings	2 292 442	2 302 775
Net profit for the year	10 333	21 395
Profit after taxation	1 390 771	1 320 630
Number of issued shares	5 413 481	5 413 481
Nominal value of share HUF/share	100	100
Value of issuing HUF/share	854	854
Capital resources per share HUF/share	1 001	1 005
<b>Dividend HUF/share</b>	<b>255</b>	<b>0</b>
<b>EPS (net profit / number of shares)</b>	<b>256,91</b>	<b>243,95</b>
<b>ROE (Profit after taxation / (average of opening and closing portfolio )</b>	<b>25,68%</b>	<b>24,32%</b>

## 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	2009		2010		Index
	HUF'000		HUF'000		
<b>Income to equity</b> <i>(retained earnings for the year / equity)</i>	$\frac{10\,333}{5\,420\,479}$	= 0,19%	$\frac{21\,395}{5\,441\,874}$	= 0,39%	106,24%
<b>Income to sales</b> <i>(retained earnings for the year / revenues from exchange activities)</i>	$\frac{10\,333}{3\,192\,919}$	= 0,32%	$\frac{21\,395}{3\,397\,471}$	= 0,63%	94,59%
<b>Liquidity ratio</b> <i>(current assets – inventories/ liabilities)</i>	$\frac{1\,708\,002}{1\,538\,439}$	= 111,02%	$\frac{1\,791\,716}{1\,368\,234}$	= 130,95%	17,95%
<b>Capital adequacy</b> <i>Equity</i> <i>Balance sheet total</i>	$\frac{5\,420\,479}{7\,308\,084}$	= 74,17%	$\frac{5\,441\,874}{7\,359\,484}$	= 73,94%	-0,31%
<b>Assets to income</b> <i>(retained earnings for the year / balance sheet total)</i>	$\frac{10\,333}{7\,308\,084}$	= 0,14%	$\frac{21\,395}{7\,359\,484}$	= 0,29%	105,61%
<b>Ratio of tangible assets</b> <i>Tangible assets</i> <i>Balance sheet total</i>	$\frac{115\,218}{7\,308\,084}$	= 1,58%	$\frac{83\,820}{7\,359\,484}$	= 1,14%	-27,76%
<b>Ratio of current assets</b> <i>Current assets</i> <i>Balance sheet total</i>	$\frac{1\,722\,096}{7\,308\,084}$	= 23,56%	$\frac{1\,799\,447}{7\,359\,484}$	= 24,45%	3,76%
<b>Ratio of equity and liabilities</b> <i>Liabilities</i> <i>Equity</i>	$\frac{1\,538\,439}{5\,420\,479}$	= 28,38%	$\frac{1\,368\,234}{5\,441\,874}$	= 25,14%	-11,41%

## 27. EBITDA statement HUF'000

Denomination	2009	2010
Operating revenues + transferred service	3 192 919	3 397 471
Other income	8 211	12 942
Extraordinary profit	0	0
<b>Total revenue</b>	<b>3 201 130</b>	<b>3 410 413</b>
Operating costs and expenses without depreciation	1 589 128	1 595 471
<b>Earnings Before Interest and Taxes</b>	<b>1 612 002</b>	<b>1 814 942</b>
Depreciation	81 649	65 515
Income from financial activities	250 009	97 736
Solidarity tax	68 882	
Bank tax		179 263
Corporate tax	260 388	282 918
Local community business tax	60 321	64 352
<b>PROFIT AFTER INCOME TAX</b>	<b>1 390 771</b>	<b>1 320 630</b>
Dividend	1 380 438	1 299 235
<b>NET PROFIT FOR THE YEAR</b>	<b>10 333</b>	<b>21 395</b>

## 28. Development expenses (HUF '000)

No.	Denomination	2009	2010
1.	<b>Trading System</b>	<b>3 977</b>	<b>25 406</b>
1.1	Hardware	3 584	6 673
1.2	Software	393	18 733
2.	<b>Security system basic investments</b>	<b>1 766</b>	
3.	<b>Data sales</b>	<b>4 691</b>	<b>2 648</b>
4.	<b>Market and product development</b>	<b>1 469</b>	<b>0</b>
5.	<b>BSE internal developments</b>	<b>8 179</b>	<b>10 079</b>
6.	<b>Non-IT investments</b>	<b>4 972</b>	<b>3 105</b>
	<b>TOTAL</b>	<b>25 054</b>	<b>41 238</b>

Development expenses do not include VAT.

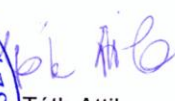
**29. Cash flow (HUF '000)**

No.	Description	31.12.2009	31.12.2010
<b>I.</b>	<b>Cash flows from ordinary activities</b> ( <i>Operating cash flow, rows 1-15</i> )	<b>-694 520</b>	<b>24 145</b>
1	Profit/loss before taxation	1 720 041	1 603 548
2	Booked amortisation	81 649	65 515
3	Booked impairment and reversal	113	1 903
4	Difference between the allocation and use of provisions	0	0
5	Income from the sales of fixed assets	0	0
6	Changes to trade payables	12 076	-4 047
7	Changes to other current liabilities	-880 173	-166 158
8	Changes to accrued expenses and deferred income	-93 265	200 022
9	Changes to trade debtors	145 708	-121 169
10	Changes to current assets (excluding trade debtors, cash and securities)	3 823	26 944
11	Overdue written off receivables		
12	Securities	0	0
13	Changes to prepaid expenses and accrued income	25 216	-260
14	Taxes paid and payable	-329 270	-282 918
15	Dividends approved	-1 380 438	-1 299 235
<b>II.</b>	<b>Cash flows from investment activities</b> ( <i>rows 16-17</i> )	<b>-18 236</b>	<b>-41 220</b>
16	Acquisition of fixed assets	-25 054	-41 238
17	Sales of fixed assets	6 818	18
<b>III.</b>	<b>Cash flows from financial activities</b> ( <i>rows 18-23</i> )	<b>200</b>	<b>200</b>
18	Loans drawn	0	0
19	Cash received definitively	0	0
20	Bond repayment	0	0
21	Loan repayment	0	0
22	Cash transferred definitively	0	0
23	Housing loan repayment	200	200
<b>IV.</b>	<b>Changes to cash flows (rows +-,I. +-,II. +- III.)</b>	<b>-712 556</b>	<b>-16 875</b>
	<b>Opening</b>	<b>2 304 357</b>	<b>1 591 801</b>
	<b>Closing</b>	<b>1 591 801</b>	<b>1 574 926</b>
	Securities at the end of the year (in HUF)	0	0
	Cash at the end of the year (in HUF)	1 591 800 130	1 574 926 260
		<b>1 591 800 130</b>	<b>1 574 926 260</b>

Budapest, April 29, 2011



dr. Mohai György  
CEO

Tóth Attila  
Deputy CEO

**BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES**

**BUSINESS REPORT FOR THE YEAR 2010**

## Overview of 2010

The Budapest Stock Exchange had a successful year from several aspects. 2010 proved to be the best performing year in the last decade regarding new listings, six new companies were listed - Appeninn Plc., HybridBox Plc., ALTEO Plc., CIG Pannónia Életbiztosító Plc., KREDITJOG Corporation Plc., Örmester Plc. – and two new corporate bond issues took place - MOL Plc., RFV Plc. Potential trading members showed higher interest as well, five new members acquired trading right and one acquired section membership, including four international investment banks having become primary dealers in the debt securities section. The popularity of certificates introduced in 2008 is undiminished, their average monthly turnover increased 1.5 times compared to 2009.

In 2010 the Hungarian equity market only showed minor fluctuations. At the beginning of the year an increasing trend characterised the market. Later on the performance of the Hungarian major index fell behind its peers, and by the end of the year it closed unchanged.

Investor structure changed in 2010 and became similar to the pre-crisis situation. The weight of domestic retail investors on the equity market decreased from 45.2% in 2009 to 30.6% in 2010, which still indicates a permanent increase in their activity compared to 2008. This reduction is also connected to the fact that foreign investors started to return to the Hungarian market, their proportion moved around the pre-crisis level, it was 39.9% on average.

Aiming to meet the market demand, to boost liquidity and to draw more attention to the Hungarian market, the BSE extended trading hours by 30 minutes as of 1 December 2010. Due to this change, it is possible to trade until 17.10 in the equities section.

In 2010 the BSE started to publish two new, monthly updated statistics: investor statistics about the investor structure in terms of turnover; Budapest Liquidity Measure (BLM), which gives information about the different products' liquidity. The Budapest Stock Exchange still puts high priority on the financial education and the strengthening of the domestic corporate culture.

**Table 1: Main indicators 2005-2010**

	2005	2006	2007	2008	2009	2010
Average daily turnover in equities (HUFbn)	19.1	25.8	35.5	21.1	20.7	22.0
Equity market capitalisation (HUFbn)	6 971.9	7 994.6	8 239.3	3 553.7	5 712.9	5 816.1
Equity market capitalisation/GDP*	31.7%	33.6%	32.4%	13.0%	21.0%	21.8%
Share turnover velocity*	69.3%	81.3%	105.5%	148.7%	90.0%	95.0%

\*Calculation of turnover velocity: Yearly market turnover / market capitalisation at year-end

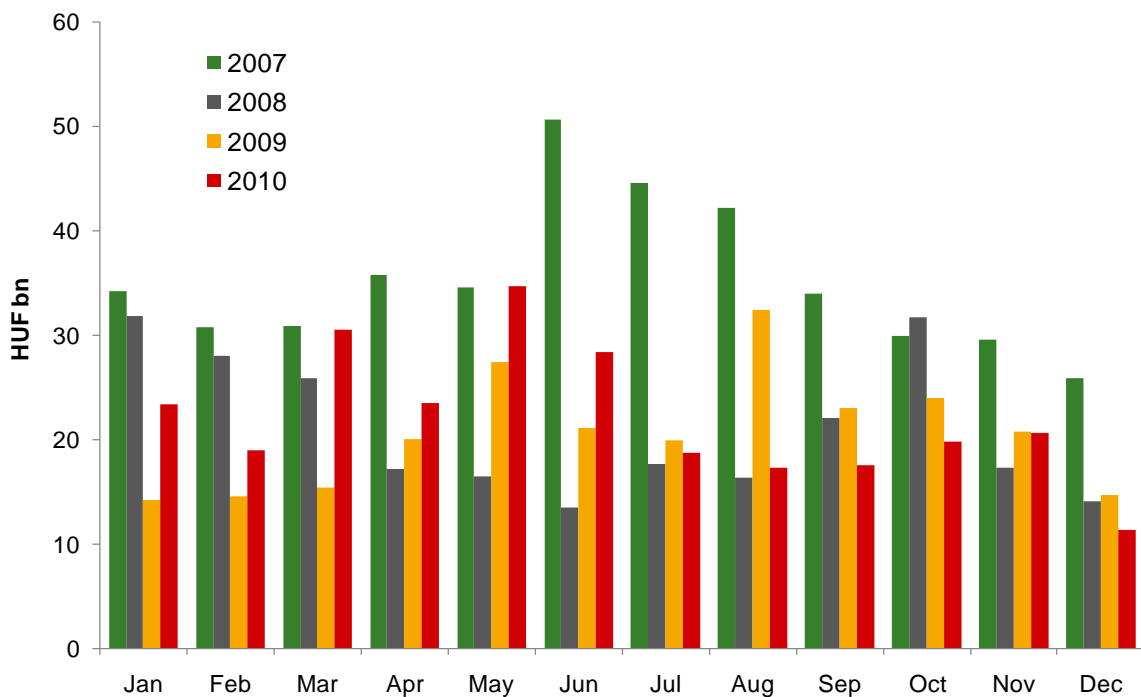


## Cash market

The market capitalisation of the BSE reached HUF 5 816 billion by the end of 2010, which is 1.8% higher than in 2009.

The cash market turnover of the Budapest Stock Exchange accounted for HUF 5 823 billion in 2010 – 59.4% of the total exchange turnover -, which is 6.2% higher compared to the previous year.

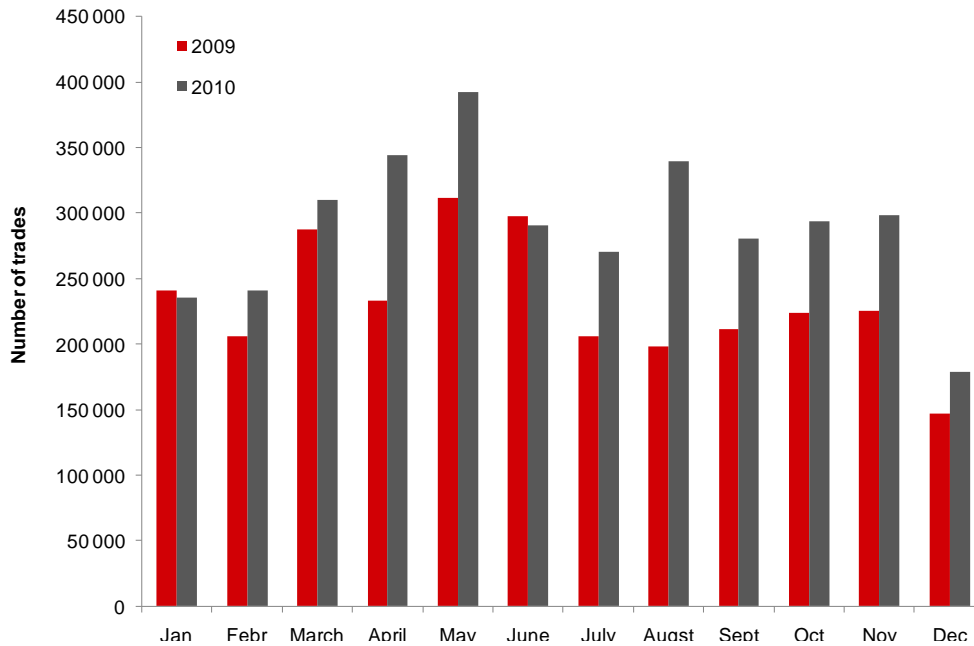
**Chart 1: Daily average equity turnover 2007-2010**



In 2010 the daily average equity market turnover was HUF 22 billion. The daily average turnover calculated on a monthly basis reached its peak value in May with HUF 34.7 billion, while in December there was a significant drop in the daily average turnover to HUF 11.3 billion. Compared to 2009 the velocity of equity turnover increased by 5 percentage point to 95.0%, which can be explained by the fact that the turnover and the market capitalisation changed by similar rates.

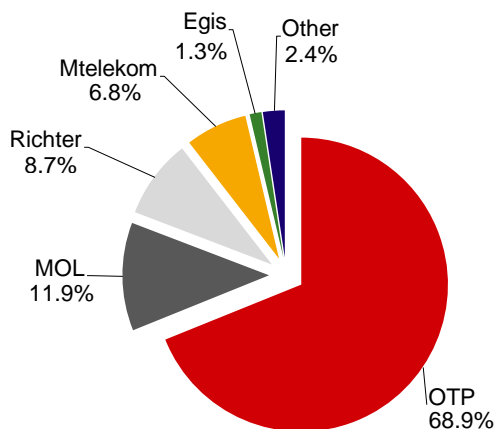
While the value of transactions increased, the monthly average number of trades dropped by 22.0%, which means that investors concluded less transactions on average.

**Chart 2: Equities market turnover (number of trades) 2009-2010**

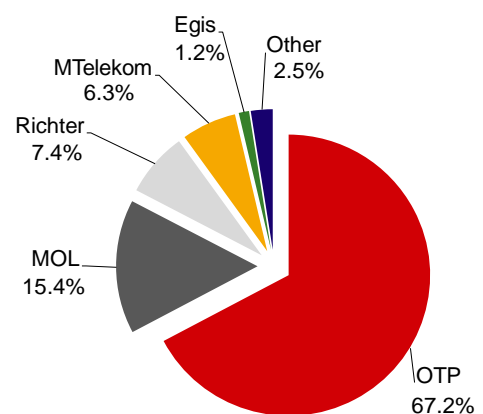


Concentration of the cash market increased slightly, by 1.4 percentage points – in 2010 approximately 96% of cash market turnover came from the equities section. 98.8% of turnover in the equities section was generated by share trading. The concentration of share trading did not change: OTP, MOL, Richter, Magyar Telekom and Egis shares gave 97.5% of the total equity market turnover. There was no substantial change in the composition; however, the proportion of MOL shares increased from 11.9 to 15.4 percent.

**Chart 3: Concentration in equity turnover in 2009**

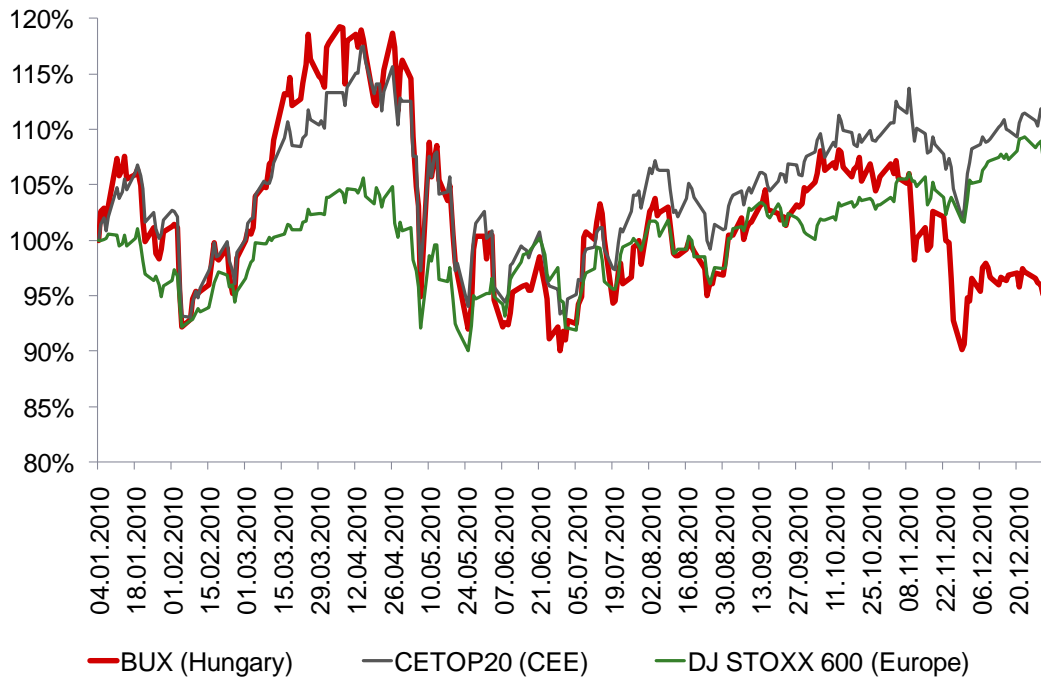


**Chart 4: Concentration in equity turnover in 2010**



The BUX index closed 0.5% higher compared to 31 December 2009, it reached its annual peak of 25 323 points on 6 April, 2010.

**Chart 5: Relative performance of indices in 2010**



### Derivatives market

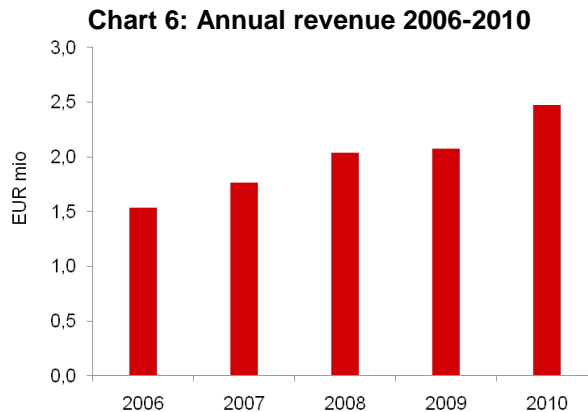
The turnover on the derivatives market of BSE increased to HUF 3 947 billion, by 8.1% compared to 2009, showing a slightly larger growth than the turnover of cash market. The composition of the turnover shifted from FX-based products toward index-based contracts, with the proportion of the former decreasing by 10 percentage points within the value of turnover, which can be explained primarily by the termination of tax benefits related to stock exchange transactions. As a consequence, index-based products gave 21.0%, while FX-based products gave 47.4% of the value of derivatives market turnover.

### Commodities market

Commodity market turnover decreased by 24.3%, while the number of contracts reduced by 31.4% from 2009 levels.

### Information services

The Market Data revenue of BSE increased by 10% to 2.5M EUR in 2010. The number of overall Market Data partners reached 50, including the 12 new partners contracted during the year.



The number of end users increased by average 10%. The increase of the non-professionals could not reach the previous year's level, however the increase on the professional end user number compensated on this occasion

Total number of eight audits has been executed during 2010, with long term impact on licensing and ongoing, i.e. end user revenues.

### **Number of staff**

At the Budapest Stock Exchange on December 31, 2010 the number of staff was 60. The number of active staff was 60, of which 56 persons are in full time and 4 persons work 6 hours a day. The number of full-time equivalents were 59. The number of employees leaving company was 2 and the number of joining was 1.

### **Organization**

BSE is subsidiary of CESEAG AG similarly to the Ljubljana, Prague and Vienna Stock Exchange.

### **Financial investments**

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

## The BSE in 2010

The revenues of the BSE amounted to HUF 3.4 billion forints, 6.4% higher than revenues last year. EBITDA reached 1.8 billion forints, exceeding the figure for 2009 by 13%, due to stricter cost management the operating expenses remained the same as in 2009. The net profit –1.3 billion forints – is 5% less than that figure in 2009, primarily attributable to lower levels of financial income.

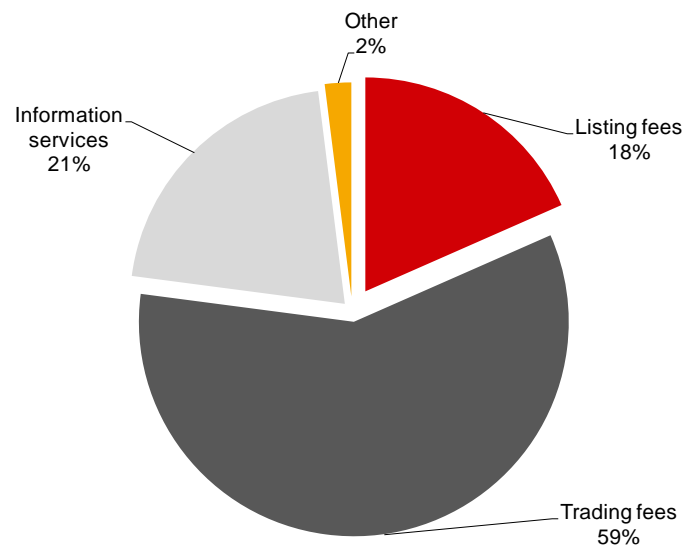
BSE has been posted to the list of the Hungarian Tax Authority as a qualified taxpayer from February 02, 2010.

In October the Hungarian Tax and Financial Control Administration made an investigation at BSE for the year 2007-2008. The resolution of the investigation has not come into force by the closing of the financial year.

**Table 2: Revenue and earnings of BSE, 2005-2010**

('000 HUF)	2005	2006	2007	2008	2009	2010
Revenues	2 636 943	3 570 364	3 947 479	3 292 346	3 201 130	3 410 413
EBITDA	1 264 284	1 742 106	2 056 146	1 467 980	1 612 002	1 814 942
Net profit	2 364 113	2 400 491	2 586 054	2 276 106	1 390 772	1 320 630

**Chart 8: Revenues breakdown, 2010**



## Business relations

On the occasion of the 20th anniversary of the 146-year old Budapest Stock Exchange's reopening the company held a reception and organized a jubilee concert for its partners on 21 June 2010. In order to strengthen the international partnerships the BSE organized the 17th Central and Eastern European Capital Markets Sports Tournament with about 350 attendants in Budapest between 3-5 September 2010.

The 'Club of Quotables' conference organized by the Budapest Stock Exchange drew a large audience on 24 September 2010. The aim of the event was to strengthen the relationship with current and potential issuers. This event was primarily intended to provide information to the ever-increasing numbers of companies planning to be listed on the Exchange. It was an ideal occasion for the leaders of aspiring companies to gain a deeper knowledge of the process of becoming listed on the exchange, and to get better acquainted with the institutions and services providers cooperating in this process.

In 2010, the BSE continued its series of free courses that offer current and potential investors the chance to learn first-hand from experts of the exchange about the basic principles and operation of the exchange. Some of the free courses held on Budapest, Eger, Gyöngyös, Miskolc and Szolnok were carried out jointly with partner corporations. These educational programs were attended by nearly 2000 participants.

On 15 April 2010, a professional day was held at the Budapest Stock Exchange which included leaders of the economics faculties of Hungarian universities and colleges. Eleven institutions were represented at the event. The meeting aimed to provide an overview of the options for closer cooperation between universities, colleges and players on the stock exchange.

In the 2009-2010 academic year, the Exchange announced its Kochmeister Prize, which ended with an awards ceremony held on 16 June 2010. Altogether, 18 contestants submitted papers covering six different topics which were rated by external consultants working with experts from the Exchange

Budapest, April 29, 2011



dr. Mohai György  
CEO



Tóth Attila  
Deputy CEO