



**Independent Auditors' Report
issued on the 2015
Financial Statements under IFRS
as adopted by the EU
of BUDAPEST STOCK EXCHANGE Ltd.**





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Independent Auditors' Report

To the shareholders of Budapesti Értéktőzsde Zrt.

We have audited the accompanying financial statements of Budapesti Értéktőzsde Zrt. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Budapest, 20 May 2016

KPMG Hungária Kft.

A handwritten signature in blue ink, appearing to be 'Gábor Agócs', written over a faint, illegible stamp.

Gábor Agócs
Partner





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

For the year ended 31 December 2015

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Statement of comprehensive income
For the year ending 31 December 2015
(in million HUF)

Statement of Profit or Loss and other comprehensive income

	Notes	2015 HUF million	2014 HUF million
Revenues	6	2 139	2 071
Other income		24	37
Operating expenses	7	-1 534	-1 544
Provisions	18	-39	0
Impairment		-19	-10
Financial income	9	17	36
Financial expense		-15	-6
Share of profit from associate	12	633	1 137
Net profit before taxation		1 206	1 721
Taxation	10	-185	-281
Net profit for the year		1 021	1 440
Total comprehensive income for the year		1 021	1 440

Budapest, 20 May, 2016





Richard Végh
CEO
 János Auguszt
Financial Director

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

Statement of changes in Shareholders' equity
For the year ending 31 December 2015
(in million HUF)

Statement of changes in equity

	Share capital	Capital reserve	Retained earnings	Total shareholder's equity
Financial Year Ended 31 December 2014				
Balance at 1 January 2014	541	2 576	8 597	11 714
Dividend paid from profit 2013			-563	-563
<i>Subtotal: Capital transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>-563</i>	<i>-563</i>
Profit for financial year 2014	0	0	1 440	1 440
<i>Subtotal: Total comprehensive income for the year</i>	<i>0</i>	<i>0</i>	<i>1 440</i>	<i>1 440</i>
Balance at 31 December 2014	541	2 576	9 474	12 591
Financial Year Ended 31 December 2015				
Balance at 1 January 2015	541	2 576	9 474	12 591
Dividend paid from profit 2014			-514	-514
<i>Subtotal: Capital transactions with shareholders</i>	<i>0</i>	<i>0</i>	<i>-514</i>	<i>-514</i>
Profit for financial year 2015			1 021	1 021
<i>Subtotal: Total comprehensive income for the year</i>	<i>0</i>	<i>0</i>	<i>1 021</i>	<i>1 021</i>
Balance at 31 December 2015	541	2 576	9 981	13 098

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

Statement of Cash Flows
For the year ended 31 December 2015
(in million HUF)

Statement of Cash Flows

	Notes	2015 HUF million	2014 HUF million
Cash flows from operating activities			
Net profit for the year		1 021	1 440
Depreciation and amortisation	7	72	68
Share of associated companies profit before taxation		-633	-1 137
Interest income	9	-9	-14
Income tax expense	10	185	281
Change in operating assets and liabilities			
Net (increase)/decrease in trade and other receivables	13	112	223
Net increase/(decrease) in trade and other creditors	17	-8	-294
Income tax paid		-73	-65
Net Cash from Operating Activities		667	502
Cash flows from investing activities			
Interest received	9	9	14
Purchase of intangibles, property, plant and equipment	11	-59	-37
Proceeds from the sale of property, plant and equipment	11	202	28
Sale of intangible, property, plant and equipments	11	-196	-26
Net cash flow from investing activities		-44	-21
Cash flows from financing activities			
Dividends paid		-514	-563
Long term loan			
Net cash flow from financing activities		-514	-563
Net increase / (decrease) in cash and cash equivalents		109	-82
Cash and Cash Equivalents at Beginning of Year	14	585	667
Cash and Cash Equivalents at End of Year	14	694	585

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

1. REPORTING ENTITY

Budapest Stock Exchange Ltd. (the "Company") was founded on 21 June 1990. The four main activities of the Company are listing services, trading services, dissemination of market information and product development. The Company is operating under the relevant Capital Market Act. The Company's registered office is located at Szabadság square 7, Budapest, Hungary. The ownership structure of the Company is presented in Note 15.

The Company's controlling shareholder is National Bank of Hungary (address:1054 Budapest, Szabadság tér 9.). At the end of November National Bank of Hungary performed a buyout on CEESEG AG and Österreichische Kontrollbank AG, the two Austrian owners held a stake of 68.8% of the Budapest Stock Exchange, to gain a total 75.75% ownership. Upon approval by the competent authorities, the transaction was completed on 9 December 2015.

2. BASIS OF PREPARATION

a) Statement of compliance

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

These individual financial statements - on the basis of the authorization of the Board of Directors - were approved by the Chief Executive Officer on 20 May 2016.

b) Basis of measurement

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

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

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

c) Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates and judgements

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

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

b) Basis of preparation

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

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

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments

I. Non-derivative financial instruments

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

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial assets at fair value through profit or loss

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other

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

II. Derivative financial instruments

The Company does not hold any derivative financial instruments.

e) Property, plant and equipment

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Intangible assets

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

g) Impairment

I. Financial assets

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

II. Non-financial assets

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

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

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

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

h) Employee benefits

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

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

i) Provisions

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Revenue

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

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

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

k) Finance income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Income tax

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

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

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

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

m) Events after the balance sheet date

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

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

4. FINANCIAL RISK MANAGEMENT

a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

b) Credit risk

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

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

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

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

d) Market risk

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

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

e) Capital management

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

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

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

5. PRESENTATION OF FINANCIAL INSTRUMENTS

a) Interest rate sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables (if any) remain constant. The analysis is performed on the same basis for 2014.

Effect in THUF	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2015				
Variable rate instruments	1 218	1 274	1 218	1 274
Interest rate sensitivity	1 218	1 274	1 218	1 274
31 December 2014				
Variable rate instruments	1000	1000	1000	1000
Interest rate sensitivity	1000	1000	1000	1000

b) Foreign exchange sensitivity

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

c) Basis of determining fair value

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

Marketable securities available for sale

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

Other financial instruments

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

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

6. REVENUES

	2015 HUF million	2014 HUF million
Revenues from trading fees	928	854
Revenues from listing fees	387	369
Revenues from sale of information	764	756
Revenues from other services	60	92
Total	2 139	2 071

7. OPERATING EXPENSES

	Notes	2015 HUF million	2014 HUF million
Staff costs	8	646	604
Banking tax		179	179
Rental		91	119
Services utilised		60	93
Strategy development services		102	111
Non-deductible VAT		66	66
Depreciation of property, plant and equipment, intangibles	11	72	68
PR, marketing costs		32	41
Local community business tax		41	40
Communication expenses		7	13
Material costs		7	22
Maintenance costs		19	23
Travelling expenses		6	7
Licence fees		97	78
Other administration expenses		109	80
Total		1 534	1 544

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

From 2010 financial intermediaries are obliged to pay a banking tax, levied at 5.6% of their 2009 adjusted net revenue. The tax shall be recognized as operating expenses.

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

8. EMPLOYEE INFORMATION

	2015 HUF million	2014 HUF million
Wages and salaries	467	434
Social security costs	150	142
Other personnel type expenses	29	28
Total	646	604

The average number of employees during the year was 45 (2012: 53).

9. FINANCIAL INCOME

	2015 HUF million	2014 HUF million
Interest income from banks	9	14
Foreign currency gains	5	11
Other financial income	3	11
Total	17	36

10. TAXATION

	2015 HUF million	2014 HUF million
<i>Current tax expense</i>		
Corporate income tax	73	65
	73	65
<i>Deferred tax expense/reversal</i>		
Origination of temporary differences	112	216
	112	216
Total income tax expense	185	281

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

10. TAXATION (CONTINUED)

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

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

	2015		2014	
	%	HUF million	%	HUF million
Net profit before taxation		1 206		1 721
Applicable tax rate	15,3%	184	16,4%	282
Tax effect of				
- miscellaneous items	0,1%	1	-0,1%	-1
Total income tax expense / benefit	15,3%	185	16,3%	281

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

	2015 HUF million	2014 HUF million
At beginning of the year	1 549	1 333
Debited/(Credited) in net profit	128	216
At end of the year	1 677	1 549

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a tax rate of 19%. The balance at 31 December 2015 mainly represents the untaxed gain of investments in associated companies.

There are no unrecognized tax assets or liabilities.

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

11. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS

2015	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
HUF million						
Cost						
1 January 2015	1 189	38	265	164	19	1 675
Additions	1	27	5	26		59
Disposals and charge offs	-24	-38	-27	-101	-12	-202
31 December 2015	1 166	27	243	89	7	1 532
Depreciation						
1 January 2015	1 070	38	225	156	7	1 496
Charge for the year	33	5	21	10	3	72
Eliminated on disposals	-24	-38	-27	-100	-7	-196
31 December 2015	1 079	5	219	66	3	1 372
Net book value						
1 January 2015	119	0	40	8	12	179
31 December 2015	87	22	24	23	4	160

2014	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
HUF million						
Cost						
1 January 2014	1 178	41	257	171	19	1 666
Additions	11		24	2		37
Disposals and charge offs		-3	-16	-9		-28
31 December 2014	1 189	38	265	164	19	1 675
Depreciation charge						
1 January 2014	1 035	40	217	158	4	1 454
Charge for the year	35	1	24	5	3	68
Eliminated on disposals		-3	-16	-7		-26
31 December 2014	1 070	38	225	156	7	1 496
Net book value						
1 January 2014	143	1	40	13	15	212
31 December 2014	119	0	40	8	12	179

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

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

12. INVESTMENTS IN ASSOCIATED COMPANY

The Company holds an investment of 46.67% (2014: 46.67%) in KELER and an investment of 0.13% (2014: 0.13%) in KELER CCP. KELER CCP is 99,72% owned by KELER.

	2015 HUF million	2014 HUF million
Opening balance	13 267	12 131
Share of profit for the year	633	1 137
Dividend received	0	0
Closing balance	13 900	13 267

The aggregated IFRS consolidated financial information of KELER as at 31 December is as follows:

	2015 HUF million	2014 HUF million
Assets	180 332	232 247
Liabilities	150 561	203 832
Total shareholders' equity	29 771	28 415
Revenues	9 202	9 945
Net profit for the year	1 316	2 367

13. TRADE AND OTHER RECEIVABLES

	2015 HUF million	2014 HUF million
Fees receivable	91	141
Prepayments and accrued income	203	224
Total	294	365

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

14. CASH AND CASH EQUIVALENTS

	2015 HUF million	2014 HUF million
Deposit and current accounts	344	72
Short term bank deposits	350	513
Total	694	585

15. SHARE CAPITAL

The Company's authorised, issued, called up and fully paid share capital comprises 5,413,481 (2013: 5,413,481) ordinary shares with par value of HUF 100. All shares rank pari passu in the event of a winding up. The share capital represents shares held by the following shareholders:

	2015 %	2014 %
CEESEG AG.	0,0%	50,5%
ÖSTERREICHISCHE KONTROLLBANK AG.	0,0%	18,3%
Hungarian National Bank	75,8%	6,9%
CONCORDE Értékpapír Zrt.	4,2%	4,2%
KBC Securities Mo. Fióktelepe	5,2%	5,2%
URBANA Corporation	3,1%	3,1%
ING Bank Zrt.	2,3%	2,3%
OTP Bank Nyrt.	2,7%	2,7%
MOL	2,2%	2,2%
Others (all under 2% share individually)	4,6%	4,6%
Total	100,0%	100,0%

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

At the end of November National Bank of Hungary performed a buyout on CEESEG AG and OeKB AG, the two Austrian owners held a stake of 68.8% of the Budapest Stock Exchange, to gain a total 75.75% ownership. Upon approval by the competent authorities, the transaction was completed by the end of 2015

16. RESERVES

Capital reserve:

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

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

17. TRADE AND OTHER CREDITORS

	2015 HUF million	2014 HUF million
Accruals, prepaid listing fees	135	121
Accrued salaries and bonuses	28	43
Taxes and social security payable	75	49
Trade and other creditors	18	51
Total	256	264

18. Provisions

Provision was recognized for severance payment obligations in an amount of HUF 39M.

	2015 HUF million	2014 HUF million
Opening balance	0	0
Additions	39	0
Amounts charged against provisions	0	0
Closing balance	39	0

19. Related party information

	Management		Shareholders with significant influence	
	2015	2014	2015	2014
	HUF million			
BALANCE SHEET				
Assets	0	0	0	0
Liabilities	0	0	0	0
INCOME STATEMENT				
Income - before the buyout	0	0	0	0
Expense - before the buyout	351	431	118	104
Income - after the buyout	0	-	0	-
Expense - after the buyout	24	-	1	-

Management includes members of the Board of Directors and the members of the Supervisory Board. As of the Extraordinary General Meeting held on 16 December, 2015 new members were elected to the Board of Directors and to the Supervisory Board and a new honoraria system of the elected members was approved.

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

Members of the Board of Directors – **before** the buyout

Buhl, Michael
Koblic, Petr
Kucera, David
Zinner, Georg
dr. Bacsa György
Barlai Róbert
Széchenyi Bálint
Katona Zsolt
Kuti Zsolt

Members of the Supervisory Board – **before** the buyout

D'Hertoge, Eddy
Mag. Unterlerchner, Michael
Hercku György
Dezső Attila

Members of the Board of Directors – **after** the buyout

Nagy Márton
Végh Richárd
Selmeczi-Kovács Zsolt
Barlai Róbert
dr. Bacsa György

Members of the Supervisory Board – **after** the buyout

Gerhardt Ferenc
Kuthi Zsolt
Bartha Lajos
Régely Károly
Hercku György

Shareholders with significant influence included CEESEG AG before 9 December, 2015. After the transaction shareholders with significant influence include:

KELER and KELER CCP
Magyar Pénzverő Zrt.
Pénzjegynyomda Zrt.
MARK Magyar Reorganizációs és Követeléskezelő Zrt.
GIRO Zrt.
MNB-Biztonsági Szolgáltatások Zrt.
MNB-Jóléti Humán Szolgáltató és Üzemeltető Kft.
MKB Bank Zrt.
Pénzügyi Stabilitási és Felszámoló Nonprofit Kft.

20. EVENTS AFTER BALANCE SHEET DAY

There were no material events after the reporting date which would influence the 2015 year. In accordance with the proposal of Board of Director no dividend is planned to be paid out for the business year 2015.

21. FORTHCOMING IFRS-s

Standards and interpretations issued but effective only for annual reporting periods beginning after 1 January 2016.

Amendments to IAS 1

(Effective for annual periods beginning on or after 1 January 2016. Early application is permitted.)

The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that:

- Immaterial information can detract from useful information.
- Materiality applies to the whole of the financial statements.
- Materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) have been amended, to:

- Remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements.
- Clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

Amendments to IAS 16 Property Plant and Equipment and IAS 41 Agriculture

(Effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.)

These amendments result in bearer plants being in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture, to reflect the fact that their operation is similar to that of manufacturing.

Notes to the Financial Statement
For the year ended 31 December 2015
(in million HUF)

Amendments to IAS 16 and IAS 38:
Clarification of Acceptable Methods
of Depreciation and Amortisation

(Effective for annual periods
beginning on or after 1 January
2016; to be applied prospectively.
Early application is permitted.)

Amendments to IAS 27: Equity
method in the separate financial
statements*

(Effective for annual periods
beginning on or after 1 January
2016 and apply retrospectively.
Early application is permitted.)

Revenue-based depreciation banned for property, plant
and equipment

The amendments explicitly state that revenue-based
methods of depreciation cannot be used for property, plant
and equipment.

New restrictive test for intangible assets

The amendments introduce a rebuttable presumption that
the use of revenue-based amortisation methods for
intangible assets is inappropriate. This presumption can be
overcome only when revenue and the consumption of the
economic benefits of the intangible asset are 'highly
correlated', or when the intangible asset is expressed as a
measure of revenue.

The amendments to IAS 27 allow an entity to use the
equity method in its separate financial statements to
account for investments in subsidiaries, associates and
joint ventures.