CONCORDE

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CONCORDE SECURITIES LTD.

ANNUAL REPORT

CONCORDE

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ANNUAL REPORT

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COMPANY DESCRIPTION

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Concorde Securities Ltd. is Hungary's leading independent investment banking firm, offering integrated financial services in the areas of securities trading, research and analysis, corporate finance, capital market transactions, asset management and investment advice. The chief executive officer is responsible for the operation of the company on a day to day basis, and the owner managers – who control one-third of the company through their shares and options – are responsible for strategic direction. Concorde is a member of the Budapest Stock Exchange, Frankfurt Stock Exchange, Warsaw Stock Exchange and the Association of Securities Dealers.

Concorde's activities and strategy are based on the following business philosophy:

Concorde conducts its business activity within a clearly defined set of financial services, and thus its strategy is influenced by the development and growth of these markets. In line with its profile as an integrated service provider, Concorde's goal is to develop its business as an organic whole, with its various activities complementing and reinforcing one another. By the same token, it avoids entering into areas that do not fit with its core activities, regardless of the potential returns.

In terms of its turnover, Concorde – particularly when compared to traditional industrial, trading or service companies – is a relatively large concern. As such, it needs to have well-designed processes and mechanisms in place to ensure the security, efficiency and profitability of its operation. At the same time, we understand that our customers would prefer not to deal with impersonal corporate processes, but rather with people – and for this reason, we continue to operate as a "small shop" consisting of a modest number of highly skilled and dedicated "artisans".

Besides the Company's managers, Concorde's owners consist of Hungarian financial investors who do not take part in the actual running of the Company. This means that we do not enjoy the support of a multinational, or even a national financial group. However, on the principle that a solitary sapling will, if properly nurtured, grow into a sturdy oak, we were determined from early on to turn this apparent handicap into a strength. Realising that we had nothing but ourselves to fall back on, we strove from the start to create a company that was self-reliant and strong in its own right – and one that attracts customers and does business with other market participants purely on the strength of its products and services. We are well aware that to function as a large company without losing touch with one's clients, as well as to succeed as an independent company, present challenges that only an exceptionally motivated and dedicated team can meet. In order to achieve this level of commitment, Concorde is, itself, completely committed to its employees, providing them with every opportunity to develop their skills and knowledge, and thereby to realise their personal ambitions. While maintaining the utmost respect for the freedom of the individual, the ultimate aim is to maximise the performance of the team, since it is not only accomplished soloists that we need, but an orchestra playing in perfect harmony – a whole that is greater than the sum of its parts.

Another indication of Concorde's maturity is the fact that, whereas in the first decade the various social and cultural, welfare and healthcare programs that we regarded as worthy causes were supported not from the company's own money but from the private resources of the owners, in the last few years, in addition to the private support given by the owners, Concorde has also acted as a significant corporate patron and sponsor. Our philosophy is that we should always provide, first and foremost, support to the causes that are most in need of our help, but that we should at the same time establish connections, points of contact between the various programs we sponsor, and consequently we also set considerable store by the emergence of long-term collaborative relationships with the civil organisations operating in the supported areas.

CONDENSED FINANCIAL INFORMATION

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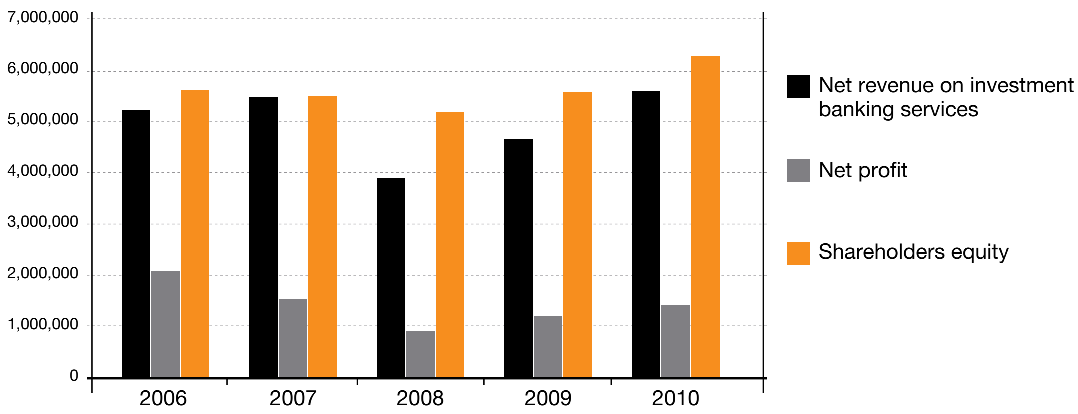
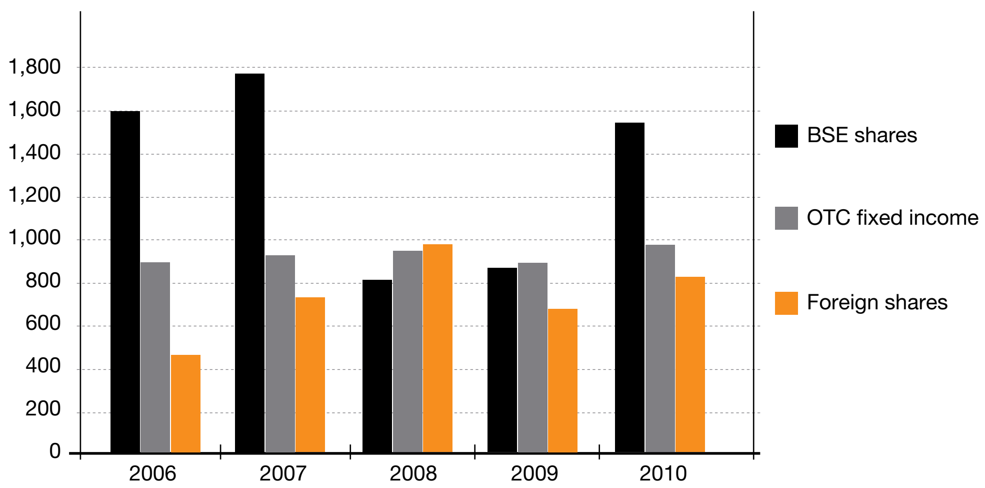
(HUF thousand)	2006 IFRS consolidated	2007 IFRS consolidated	2008 IFRS consolidated	2009 IFRS consolidated	2010 IFRS consolidated
Total assets	14,451,075	12,969,743	11,713,884	16,729,597	18,634,678
Shareholders equity	5,616,396	5,476,264	5,174,474	5,586,505	6,293,042
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net revenue on investment banking services	5,206,518	5,465,185	3,904,190	4,640,772	5,608,865
Net profit	2,071,113	1,552,845	920,821	1,185,586	1,420,589
Turnover (HUF million)	2,842,093	3,296,025	2,681,066	2,346,009	3,249,548
Number of employees	118	135	143	128	133
Return on equity	44%	28%	17%	23%	24%

Note: IFRS - International Financial Reporting Standards

Financial figures (HUF thousand)



Turnover (HUF billion)



MANAGEMENT REPORT

MANAGEMENT REPORT

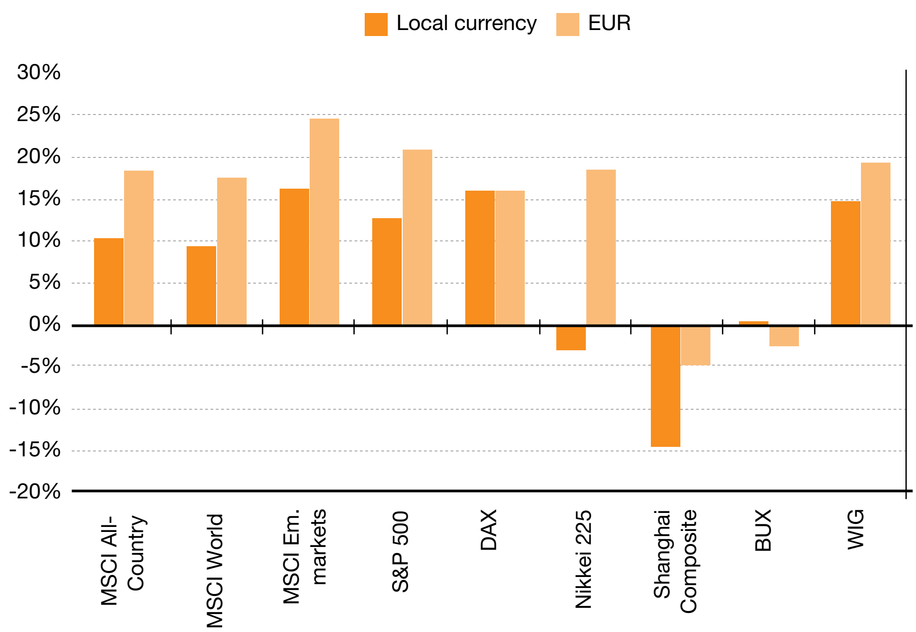
Improving performance in a worsening environment

In 2010, its seventeenth full year of business, Concorde Securities Ltd. achieved total investment services revenue of HUF 7,043 million (in 2009: HUF 6,619 million), with a securities trading volume of HUF 3,249 billion (in 2009: HUF 2,346 billion). The company's pre-tax profit resulted in HUF 1,986 million (in 2009: HUF 1,750 million) and after deducting income tax expenses, the net profit for the year was HUF 1,421 million (compare to HUF 1,186 million in 2009).

Crisis? What crisis?

Looking at the global economic and capital market trends of the year 2010, one could be forgiven for thinking that the economic and financial crisis of 2008-2009 was just a figment of our imagination, the Lehman bankruptcy, plummeting stockmarket and economic indicators and banking system meltdown just a bad dream; in reality the world's economy is growing robustly, and this is quite rightly being followed (upwards) by the main stock indices.

Although the 3.8% growth displayed by the global economy in 2010 fell short of the highest pre-crisis rate, of 5.2% in 2007, the levels of output, investments and, sure enough, many exchange-traded products (equities, entire markets, commodity products) nevertheless reached new heights in spite of all the factors that should clearly be exerting a downward force. What are those factors? And in the light of them is the picture really as rosy as it appears at first glance?



First and foremost, an important lesson to be learned from history is that not only is it natural for crises to develop, they also inevitably come to an end sooner or later; so in itself there is nothing surprising in the fact that that after bottoming out in 2009 both economic activity and stock-exchange prices surged upwards with immense vitality, like a ball that has been dropped from a great height and first bounces quickly, then increasingly slowly off the ground. We should, therefore, take this as a given.

What is less self-evident, however, is exactly what kind of factors determine when, at what pace and in which sectors growth will resume, and in particular to what extent the crisis serves to cleanse the economy – ridding it of its bad structures, outsized capacities and high gearing ratios. This question brings us to the weak points of the current upturn, as it is plain to see that this particular ball is rising not only in response to the laws of physics, but also as the result of considerable human intervention. Specifically, the world's governments (i.e. the world's taxpayers) have resorted to major budgetary stimulus measures, and the world's central banks to rarely seen monetary intervention (read: the printing of money, either with or without coverage) to help the crisis pass (more) quickly. Without this boost, it is questionable not only whether last year's growth could have been achieved, but whether any growth would have occurred at all.

So what are the consequences of this unprecedented budgetary and monetary "relaxation"? Well, it brings to mind the joke about the fox who asks some eagles, perched on the edge of a precipice, what they are doing, to which they reply that they are relaxing. The fox asks if he can join them. The eagles nod and then, gracefully pushing away from the cliff face, plummet downwards, followed by the fox. The eagles ask him if he can fly. The fox replies that he can't, at which the eagles, nodding in admiration, say: now that's what I call relaxed!

We too watched the relaxation of budgetary and monety policies by the world's governments and central banks with a mixture of admiration and horror, and wondered how much more in control of the situation they were than the fox. The state debt of the USA and the eurozone now stands at around 80%, and notwithstanding any rumours to the contrary, continues to grow; Japan's debt ratio is 200%, and it is only close-to-zero interest rates and the high level of domestic savings that have staved off any danger of insolvency. Several European countries also have a state debt/GDP ratio of over 100, and in these countries the interest is certainly not close to zero, as their state bonds change hands at a considerable premium over the yield on German government bonds, which are also far from being interest-free. The real problem for the EU, however, is represented by the following catch-22 situation.

Besides the state debt, for certain countries the ratio of total borrowing to GDP is similarly worrying, and, taking Ireland as a particular example, so is the size of the bank sector and the scale of a potential new crisis affecting it, and the budgetary implications this would have. Furthermore, in these same countries, not only is the public finance deficit high, but so is both the expenditure and revenue side of the state budget; in other words, there is not much chance of increasing revenues, while any obvious reduction in costs would further restrain Europe's already weak economic activity. The critically indebted peripheral countries, since they are unable to adapt through the exchange rate (having no currency of their own they cannot devalue it, and it cannot depreciate naturally), face the prospect of deflation through real wage corrections, and at best economic stagnation or at worst a downturn over the years to come.

Added to this, demographic trends are starting to act strongly against public finance consolidation precisely at a time when the need to reduce indebtedness is at its greatest. This makes it clear that now, in the developed countries and regions making up more than half of the world economy, the question is not whether today's promises to bond holders, taxpayers and the recipients of state care will be kept, but who will be short-changed and how, which will be more or less decided along the lines of political preferences.

In practice this means that as little as possible will be explicitly taken away from the most important groups of voters, and what cuts are made will tend to be implicit, e.g. by continuously raising the retirement age and making exaggerated promises regarding the eventual payouts. At the same time, the mostly foreign creditors are in a far worse position since in their case we can talk about tangible losses, and not just in the future tense, since they are already a reality for the early buyers of Greek, Irish and Portuguese bonds, which are now changing hands for 10, 20 and 30% below their nominal value.

A few analysts that refused to get carried away celebrating the end of the crisis, including our own company, warned of all these dangers, but right until the increasingly unavoidable facts regarding the Greek debt crisis came to the surface, and ever since, the market has acted as if the problem will solve itself. At the same time the debt problem, like an infectious disease, has attacked a growing number of increasingly large countries, leaving no doubt as to the fact that, besides extremely sober economic policies on the part of the countries involved, remedying the crisis will take a Europe-wide display of solidarity, with substantial sacrifices being made by the better-off states.

The band plays on

Concorde's year in 2010, a little like the last moments before the outbreak of the debt crisis described above, might actually warrant a degree of celebration, as the firm continued to "outgrow" the crisis. At the same time, our deeply ingrained risk-management reflexes compel us to rule out any possibility that these celebratory sounds are simply the strains of a waltz played by the band on the Titanic, so we continue to scrutinise even the wildest-seeming scenarios, although in the event of a serious problem the Hungarian economic environment doesn't leave us with too many risk management options. Nevertheless, feeling the weight of our responsibility for not only our shareholders' assets, but also for our clients' investments, with regard to their savings too, we are always seeking solutions to be deployed in the event of a new crisis. But let us return briefly to the subject of last year.

With regard to the company's organisation, those processes of healthy renewal got under way that we, the three founders of the company, had initiated by adopting a less hands-on approach, and entrusting the company's operative management to the new chief executive officer. As a part of this, many senior employees had the opportunity to fill positions that entailed greater responsibility and more duties, as well as a higher level of prestige and financial recognition. At the same time, we were better able to immerse ourselves in the strategic questions that had long been unsatisfactorily dealt with, and, either proactively or in response to external factors, to take the appropriate steps and draw up development programs.

All our divisions performed very strongly and closed the year with good results, while we carried out further cost cutting, especially with regard to the expenses related to transactions, while retaining all jobs at the company. The trading divisions, with commissions from both institutional and private clients, increased their market share, returning Concorde to second place in the ranking, by volume, of traders on the Budapest Stock Exchange, a position that reflects the company's sound fundamentals. The corporate finance division carried out another highly successful company sale, in the form of the sale of the online insurance broker Netrisk, with this and its other mandates contributing to yet another successful year. The wealth management division surpassed even the very strong performance of 2009 to achieve a record profit.

The company group's profit, at consolidated level and stripped of the additional burden of the special bank tax, was almost on a par with the best pre-crisis year. However, in reality the approximately one quarter of a billion forints in "bank tax" levied at group level cannot be disregarded, as we have paid it, and continue to pay it, with all that this entails. As a result, the effective rate of tax levied on our 2009 profit serving as the base for calculating the bank tax rose to around 50%, while the companies with which we compete in both the international, and unfortunately our own domestic market, operate under a significantly lower tax burden. The announced reduction in personal income tax and corporate tax are only sufficient to bring these particular taxes to the levels that prevail in competing countries.

Nevertheless, we are happy to pay taxes on our profits, especially if we know that the Hungarian state is putting the money to good use; but regrettably this is not the case. Firstly, over the past decade the Hungarian state, squandering a historic opportunity, has spent approximately half of Hungary's gross domestic product every year (based on an examination of the expenditure side of public finance) on the maintenance of inefficient systems, unfair social policies and unsuccessful economic development projects. The other problem is that current events, and especially the winding up of the private pension fund sector and the nationalisation of its assets, are placing the group under even more pressure, while our company is still obliged to pay the bank tax whether or not it has the funds to do so.

But there will be time to address this in next year's report, so until then we'd like to conclude the business part of this report by stating that apart from the good financial results we see last year's greatest achievements as being the successful restructuring of the company, enabling the three of us to take a less hands-on approach, and the fruition of those processes for which we have all worked so hard over the past years, and which we expect to give the company a new lease of life and set it on a new path.

Just how well this readies us for an environment that is once again increasingly fraught with risks is still hard to say, but we remain confident that what hurts us could be potentially fatal to our competitors. While we naturally do not wish this either on them or on ourselves, it does nevertheless represent security of a sort. The main question is when will the Hungarian state, and whatever government happens to be in power, finally recognise that the economic and social policy of the past ten years, and in many respects the past two decades, is leading us all down a cul-de-sac in which even companies as successful as Concorde could eventually become unviable.

Corporate social responsibility

In the context of its corporate social responsibility the Concorde Group focuses on two main areas: participation in supporting welfare and healthcare programs, as well as social, cultural, academic and educational initiatives. We primarily seek to assist in the work of foundations, organisations, artists, educational institutions and their students who or which have already proven, with their own resources, that they are viable and have made the most of the opportunities available to them, but with our help are capable of moving forward, developing and growing further.

Besides financing individual projects, the company has also actively helped to manage the operations and assist in the work of various foundations for more than ten years now. The Concorde Group's key objectives include shaping attitudes in order to improve the circumstances of people with special needs, resulting in a form of social cohesion that enables the forging of closer relationships between people with special needs and those of us who are capable of unassisted living.

In 2010 we handed out the ELTECON scholarships supported by Concorde, according to our cooperation with the Applied Economics Department of the Eötvös Lóránd University. Three of the four scholarships focus on finance and one is given by the commitee concerning the applicant's social circumstances. Besides, our collegaues also very activeley take part in higher economics training.

In 2010 we also supported the Falk Art Forum and we made possible for many young artists to introduce themselves in foreign countries. We exhibited a work of the artist Antal Lakner next to our customer service in our office building. Moreover, an exhibition called "Related Spaces"was created in Ernst Museum thanks to our support.

As usual, significant part of our support focused on the social area this year. In our unique charity auction – as a sequel of our ”Fogadj be” project – we sold out 100 art works by 18 artists living with autism. We collected more than 26 million Forints and we distributed it between residential homes for autistic people.

We provided support for a regatta organized by SOS-Children's Village for the second time and we have been taking part in events organized by "Bátor Tábor" for 10 years. We also aid The Hungarian Foundation for Paediatric Emergency Care and The Salva Vita Foundation.

Best Brokerage House in Hungary

The excellence of Concorde's work is reflected not just in the company's financial results, but in the considerable acclaim and recognition it has received in the past years. Particularly worthy of note in this regard is that, based on a survey of several hundred international investment institutions, Euromoney names Concorde Best Brokerage House in Hungary in 1996, 1997, 1998, and 2000, as did the financial journal Emerging Markets Investor in 1997.

Perhaps more important than international recognition, however, is that fact that the members of the Budapest Stock Exchange, its own financial community, awarded Concorde the title of Best Brokerage House every year from 1998 through 2002. This view was supported by the Budapest Business Journal, which is based on an annual survey conducted among it's readers, awarded our company the title of Best Brokerage House in 2003 and again in 2004. After an interval of two years, the professional community of the Budapest Stock Exchange once again awarded us the title of Best Investment Service Provider in 2005.

In recognition of the accuracy of his forecasts, our firm's senior economist and macroeconomic analyst, János Samu, won the title of Best Macroeconomic Analyst in 2005 and 2006, and again in 2009, awarded by the Hungarian financial daily Napi Gazdaság, while the Budapest Stock Exchange awarded the title of Stock Market Best-of-the-Best of 2005 to our analyst Attila Vágó and Mónika Tabányi.

The 2009 edition of the Austria and Central Europe Yearbook of the London-based AQ Research compared the recommendation of brokerage firms and individual analysts with the EPS average derived from all analysts' recommendations, as well as with actual earnings per share. In Hungary, Concorde's team of analysts was ranked third, While Attila Gyurcsik came in first among individual analysts. Based on the fifth, 2010 edition of AQ Research, Concorde's chief analyst Attila Vágó was awarded a similar position.

Among the new awards launched by Mastercard in Hungary in 2006, the title of "Investment Fund Manager of the Year 2006" went to Concorde Fund Management based on the votes of 72-members judging panel.

György Jaksity received the “Ernst & Young Enterpreneur of the Year 2007” award, which is generally regarded as the ultimate accolade in the business community. The reason cited for the awarding him the title included not only his considerable business and financial achievements, but also the type of responsibility that he has displayed towards his broader economic and social environment. This encompasses his professional work and social initiatives, and efforts to raise the general level of financial awareness among the public in Hungary, as well as the social, healthcare and other projects that have been launched through the various foundations established and funded by him and his business associates.

The fact that for years now we, the three most senior executives of Concorde, have personally undertaken an active role in the work of the stock exchange, as well as in educational, cultural and humanitarian initiative, give us at least as much satisfaction as receiving recognition for our management work. Furthermore, while we continue to be motivated by the conviction that our clients make the right decision in choosing the services in Concorde, we never forget that without their continued trust and confidence Concorde would not be able to achieve its own objectives. We would therefore like to take this opportunity to thank those who have contributed hard work and commitment to the fulfillment of these aims.

Gábor Borda	György Jaksity	Norbert Streitmann

REPORTS OF THE DIVISIONS

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Equity trading

The volume of shares traded on the Budapest Stock Exchange rose by 7.5% in 2010, while the volume traded by Concorde Securities Ltd. grew at the considerably higher rate of 80%. The company move up significantly on the turnover list, and with a 13.44% market share was the second largest player in the market. In addition to our equity trading on the Budapest Stock Exchange, our turnover in foreign shares, which are increasingly in the focus of attention, also grew by 23% in 2010.

Market share and ranking based on BSE trading volume

	2006	2007	2008	2009	2010
BSE equity turnover (HUF mln)	13,000,952	17,383,639	10,568,527	10,276,332	11,045,065
Concorde turnover (HUF mln)	1,532,623	1,704,403	773,104	824,101	1,484,224
Market share (%)	11,79%	9,80%	7,31%	8,02%	13,44%
Ranking	3	4	5	4	2

The above-mentioned increase in trading volume was accompanied by a 22% rise in sales revenue from our commission-based activities, a figure that also reflects the decline in commission rates due to the fierce competition. More than 97% of our BSE turnover came from equities, while the remaining 3% was from corporate bonds (mortgage notes) and other securities.

Turnover transacted on the Budapest Stock Exchange (HUF thousand)

	2006	2007	2008	2009	2010
Equities	1,532,623,432	1,704,402,627	773,104,902	824,101,000	1,484,224,184
Government securities	-	-	38,060,812	595,512	-
Corporate bonds	7,503,935	1,501,958	14,822,184	21,763,675	27,685,446
Other securities	1,236,091	2,922,615	3,454,841	3,007,698	6,377,999
Total	**1,541,363,458**	**1,708,827,201**	**829,442,739**	**849,467,885**	**1,518,287,629**

A substantial proportion of Concorde's commission revenue was derived from commission-based trading on foreign stock exchanges. The 23% increase in the volume of trading on foreign bourses brought with it a 24% rise in commission revenue from this segment.

Foreign securities trading volume (HUF thousand)

	2006	2007	2008	2009	2010
Equities	397,846,340	664,984,281	906,226,724	627,773,142	791,072,935
Government securities	39,171,906	31,580,669	16,156,974	3,829,651	-
Other securities	3,371,214	5,061,772	15,335,137	12,721,054	2,025,922
Total	**440,389,460**	**701,626,722**	**937,718,835**	**644,323,847**	**793,098,857**

Retail customers

In the retail division the year 2010 was characterised by two distinct periods. In the first half of the year the division's revenue was still on the rise, while in the second half the slump in trading volumes in Hungary's stock market resulted in a substantial drop in revenue. Overall, in 2010 the division sustained a 9% decrease in sales revenue.

The decline in share trading commissions was counterbalanced by an increase in revenue from two other areas: one was foreign-currency bond distribution, while the other was the sale of our own derivative investment funds. The lion's share of our foreign currency bond turnover consisted of debt securities issued by domestic corporations (MOL, OTP), while the leading product among the derivative funds was the Concorde-Vakmajom (Blind Monkey) Investment Fund.

The number of new clients opening accounts with us in 2010 was on a par with previous years.

Fixed-income business and treasury operations

In the government securities market the year 2010 was far more peaceful and less volatile than 2009, in terms of both yields and traded volume. Yields declined gradually until April, then right up until November they fluctuated within an approximately one-percentage-point band, remaining between 6.5% and 7.5%. Due to the uncertainties surrounding the restructuring of the pension system we observed a slight fall in prices at the end of the year, as the yield on papers with a maturity of over one year rose above 8%. There was no panic selling in the course of the year; the government securities market operated continuously and without any hitches. By the end of the year Hungary's CDS premium had risen to just over 300 basis points.

In the currency market the forint was relatively strong throughout the year, although the various bouts of capital-market turbulence could have warranted a much weaker exchange rate on several occasions. Granted, in May and July the EUR/HUF exchange rate briefly rose above 290, but by the end of the year it had settled at round 275.

As a non-primary dealer, the main objective of our fixed-income division in 2010 continued to be to serve, to a high standard, both the company's (mainly domestic) institutional and retail clients, and to conclude the currency deals related to international securities trading and other capital market transactions. In the year 2010 we traded a total of HUF 800 billion-worth of fixed-income products, mainly Hungarian government securities, which was 4.2% more than in 2009. The volume of our FX trading amounted to HUF 370 billion.

Derivatives division

The volume of futures traded on the BSE effectively stagnated in 2010, and thus Concorde's stock futures turnover also remained essentially unchanged in comparison to 2009. Our currency futures turnover, however, grew by 18%, and our turnover in BUX futures also increased by 15% year on year.

Since May 2010 we have concluded hedge transactions on our own account, so our clients no longer need to make use of an external company to open stock futures positions, and thus all the commission from the transaction is realised by us.

The main task of the derivatives division in 2010 continued to be to provide the best possible service to our clients who trade on the Hungarian futures market, while complying with the exceptionally strict supervisory regulations. Besides this, an important objective in 2010 was to establish the settlement system related to own-account hedge transactions, and after its introduction to ensure its accurate and precise application.

Research

In 2010 we worked in a capital-market environment that was fundamentally optimistic, but by no means free of turbulence. With regard to global economic trends, a clear improvement was seen in real output; however, as the European debt crisis entered its acute phase the volatility of market instruments grew considerably, and there was a divergence in equity and bond prices between the centre and periphery of Europe, a process that in the case of Hungarian instruments was only aggravated by political developments. The major issues faced by the global economy, such as how to manage the problems surrounding the growing debt mountains seen in most developed countries, have not been resolved, but only postponed. The increase in raw materials prices, which is partly due to the accelerating pace of global economic growth and partly to the ultra-lax central-bank monetary policies, has substantially raised the risk of inflation, and developing countries were already beginning to respond to this at the end of the year, with increases in benchmark interest rates. These issues, including the debt problem, the global imbalances and the Chinese lending bubble, as well as the inflationary pressure from the developing world, will continue to shape market processes in 2011, so we expect a volatile year ahead.

The work of our research team last year centred on ensuring a quicker response to market developments. Our regional model portfolio performed better than the market benchmarks, against a backdrop of lower volatility. In line with client demand, the regional focus of the research strengthened further, as we began to monitor Erste Bank, Hrvatski Telecom and Poland's PKN Orlen.

In 2011 we will continue to provide services and forecasts to a number of international news agencies and companies that collate and publish market research. Among our important corporate partners are Bloomberg, Morgan Stanley Capital International, I/B/E/S, JCF, Multex, Dow Jones Newswires, Capital IQ and Reuters.

Concorde Asset Management Ltd.

The assets managed by Concorde Fund Management Ltd. grew by 19.4%, from HUF 211 billion at the end of 2009 to HUF 252 billion at the end of 2010, making 2010 the fund manager's strongest year to date. The growth was particularly strong in the institutional asset management segment and the private wealth management segment, but in contrast to the tendency of previous years, outstanding growth was also experienced in the investment fund portfolio in 2010. In terms of growth in sales of the individual investment funds, with the Concorde-Vakmajom Fund we secured fourth place in the market, with only one real estate fund and two derivative funds coming before us.

The world's equity and bond markets, overall, had a good year. The portfolios managed by the Fund Manager continued to profit from the fact that we had raised risk levels between autumn 2008 and spring 2009, and thus, similarly to 2009, good results were achieved (and success fees realised) by all portfolios.

All the portfolios that were linked to the institutional reference yield succeeded in outperforming the benchmark. As a result of this, we further strengthened our position in the independent pension fund market, which we regard as an important achievement. We should not forget, however, that the fate of the HUF 43.5 billion in private pension fund assets is now effectively sealed, so we should take it as read that this segment will effectively cease to exist in 2011.

The risk exposure of absolute-return portfolios fluctuated within a narrow band during the year. In view of the good market environment, we placed a greater emphasis on the management of risks. At the same time, our clients achieved substantial real returns of several hundred basis points.

In private wealth management, over the past thirteen years, besides institutional asset management we have succeeded in developing a structure that has earned an excellent reputation in the private banking and private asset management market, and which has been proven to perform extremely well both in times of crisis and under normal market conditions. As a result of this the number of our clients has grown, despite the high entry threshold. Our aim is to further strengthen our operations in this area, since for the time being we are filling a gap in the Hungarian market by providing a service for which, in our judgement, there is a growing demand.

Selling investment funds in the Hungarian market continues to be a tough task. The year 2010, however, has shown that with a good product it is nevertheless possible to increase sales from one period to the next. Certainly, the Concorde-Vakmajom Investment Fund has shown this to be the case. We are, with restrained optimism, preparing for a more profound change in this area. In 2011 Concorde Fund Management plans to take on a greater role in the sale of the funds. We maintain our goal of assuring our clients of good yields over the medium and long term while managing the attendant risks, and we are regarded as being among the best-performing companies in terms of managing portfolios. With an eye on preparing for the coming decade, the number of staff of the Fund Manager has also grown, and the total number of the company's employees was 26 at the end of the year.

Concorde Corporate Finance Ltd.

In 2010 the mergers and acquisitions market came out of the previous year's state of hibernation and picked up slightly, as a few transactions were successfully closed. At the same time, the market environment remains full of challenges: the corporate sector generally faces a shortage of credit, restrained domestic consumption and limited growth, while potential buyers and investors sense considerable macroeconomic and currency risks.

For Concorde Corporate Finance Ltd. the most important deal of the year was the sale of the majority stake in Hungary's leading online internet brokerage firm netrisk.hu for HUF 6.4 billion, in which we acted as advisors to the sellers. In the course of the transaction, attracting a high number of prospective buyers from various backgrounds, we successfully conducted an efficient, competitive process. The eventual buyer, Enterprise Investors, not only paid our clients a handsome price, but is also an ideal partner to assist them in taking the company to the next stage of its development.

Besides the corporate sales, we remain active in the field of financial consulting related to capital market transactions. As a part of this, in 2010 we supported Alteo Nyrt. in its flotation on the Budapest Stock Exchange. We hope to be able to continue this cooperation in any future fundraising transactions.

In our view, in 2011 the market will be restrained, similarly to the previous year – so we are working to ensure that, through the conclusion of transactions for our clients, the year ahead is as successful as it can be.

Concorde Financial Consulting Ltd.

As in 2009, the volume of film subsidies disbursed by Concorde Financial Consulting (CFC) again exceeded HUF 2 billion in 2010. Although the protracted global economic crisis severely limited the options available to several of our sponsoring clients, we succeeded in finding new sponsors, and thus maintained both the subsidy volume of 2009 and CFC's leading position in the market.

In 2010 we intermediated sponsorship for more than 70 films, the combined budgets of which amounted to over HUF 10 billion. These included feature films, TV serials, documentaries and animated films, some of which were solely Hungarian productions and some international co-productions, while others were filmed in Hungary under outsourcing arrangements. The films sponsored by us won numerous awards, receiving outstanding acclaim at the Hungarian Film Festival, the Venice Film Festival and the Holland Animation Film Festival.

In the fierce competition between companies in intermediating film sponsorship, we were forced to reduce the fees charged to sponsors; however, we succeeded in maintaining the level of our commissions from film production companies. Thus, by keeping our costs under control, CFC closed a year that was also successful in financial terms.

In 2010 – initially on a small scale – CFC also began to intermediate sponsorship for performing artists: we brokered subsidies for three theatres and a symphonic orchestra. We expect this new line of business to continue to grow in importance in 2011.

As the first to react to the act on sports sponsorship passed in the summer, amid a great deal of interest, in October we held Hungary's first sports sponsorship conference. We expect sports sponsorship to become an important form of sponsorship with tax benefits in 2011.

FINANCIAL STATEMENTS

Deloitte.

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Registered by the Capital Court of Registration
Company Registration Number: 01-09-071057

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Concorde Securities Ltd.

We have audited the accompanying consolidated financial statements of Concorde Securities Ltd. (the "Company") for the year 2010, which financial statements comprise the consolidated statement of financial position as at December 31, 2010 - which shows total assets of 18,634,678 thHUF, - the related consolidated statement of comprehensive income – which shows net comprehensive income of 1,420,589 thHUF -, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 Company'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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit clause (opinion).

Clause (Opinion)

We have audited the consolidated financial statements of Concorde Securities Ltd., including its sections and items and the supporting accounting records and certificates thereof, in accordance with the applicable National Standards on Auditing and have obtained reasonable assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards as adopted by the European Union. In our opinion, the consolidated financial statements give a true and fair view of the financial position of Concorde Securities Ltd. as at December 31, 2010, in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, May 25, 2011

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Jack Bell
Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C
000083

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2010

(All amounts in thousands of HUF unless otherwise stated)

	Notes	December 31, 2010	December 31, 2009
Assets			
Current Assets:			
Cash and cash equivalents	4	12,034,597	8,740,850
Receivables from brokers, dealers and customers	5	1,372,020	2,215,812
Financial assets measured at fair value through profit or loss	6	3,336,304	2,809,821
Other receivables and accruals	7	844,325	2,079,208
Total current assets		17,587,246	15,845,691
Non-current Assets:			
Goodwill		70,400	70,400
Equity investments	8	275,618	275,918
Loans to employees		122,998	10,000
Tangible and intangible fixed assets	9	548,028	519,203
Deferred tax assets	19	30,388	8,385
Total non-current assets		1,047,432	883,906
Total assets		18,634,678	16,729,597
Liabilities and Shareholders' Equity			
Current Liabilities:			
Liabilities to brokers, dealers and customers	10	11,114,063	10,080,193
Short term borrowings		232,650	379,864
Financial liabilities at fair value through profit or loss	11	321,738	266,240
Other liabilities	12	673,185	416,794
Total current liabilities		12,341,636	11,143,092
Shareholders' Equity:			
Share capital	13	1,000,000	1,000,000
Statutory reserves	13	-	-
Retained earnings		4,899,410	4,281,809
Treasury shares	14	(27,988)	(27,988)
Total shareholders' equity attributable to equity holders		5,871,422	5,253,821
Non-controlling interest		421,620	332,684
Total shareholder's equity		6,293,042	5,586,505
Total liabilities and shareholders' equity		18,634,678	16,729,597

The accompanying notes to consolidated financial statements on pages 30 to 54 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010

(All amounts in thousands of HUF unless otherwise stated)	Notes	December 31, 2010	December 31, 2009
Revenue			
Commissions		3,301,524	2,796,714
Gains on securities traded on proprietary account	15	1,287,438	1,701,080
Corporate finance activities		244,660	43,089
Custodianship, safe-keeping and portfolio management activities		1,650,505	1,377,583
Interest and dividend income from securities		408,047	464,014
Other income	18	151,001	236,592
Total revenue		7,043,175	6,619,072
Expenses			
Commission expenses		(278,755)	(494,447)
Losses on securities traded on proprietary account	15	(606,859)	(772,378)
Wages and salaries	16	(1,539,958)	(1,548,614)
Brokerage, clearing and exchange fees		(503,091)	(376,039)
Communication costs		(35,729)	(269,496)
General and administration expenses	17	(1,287,998)	(986,628)
Interest paid		(154,907)	(117,532)
Other expenses	18	(649,495)	(302,952)
Total expenses		(5,056,792)	(4,868,085)
Profit before tax		1,986,383	1,750,987
Income tax expense	19	(115,159)	(193,868)
Profit for the year		1,871,224	1,557,119
Attributable to:			
Equity holders of parents		1,420,589	1,185,586
Non-controlling interest		450,635	371,532
		1,871,224	1,557,119
Weighted average number of shares outstanding during the year		992,500	993,486
Consolidated diluted earning per share in thousand of HUF		1,885	1,567

NET PROFIT FOR THE YEAR	1,420,589	1,185,586
NET COMPREHENSIVE INCOME	1,420,589	1,185,586

The accompanying notes to consolidated financial statements on pages 30 to 54 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY FOR THE YEAR ENDED DECEMBER 31, 2010

(All amounts in thousands of HUF unless otherwise stated)

	Share Capital	Treasury shares	Statutory reserve	Retained Earnings and Reserves	Total Share-holders’ Equity	Non-controlling Interest	Total Shareholders’ Equity & Non-controlling interest
Balance as at January 1, 2009	1,000,000	(8,212)	791,870	3,309,217	5,092,875	81,599	5,174,474
Net comprehensive income for the year	-	-	-	1,185,587	1,185,587	371,532	1,557,119
Dividends paid	-	-	-	(1,004,864)	(1,004,864)	(120,447)	(1,125,311)
Repurchase of treasury shares	-	(19,776)	-	-	(19,776)	-	(19,776)
Release of statutory reserve(*)	-	-	(791,870)	791,870	-	-	-
Balance as of December 31, 2009	1,000,000	(27,988)	-	4,281,810	5,253,822	332,684	5,586,506
Net comprehensive income for the year	-	-	-	1,420,589	1,420,589	450,635	1,871,224
Dividends paid	-	-	-	(802,988)	(802,988)	(361,699)	(1,164,687)
Balance as of December 31, 2010	1,000,000	(27,988)	-	4,899,410	5,871,422	421,620	6,293,042

* See Note 13

The accompanying notes to consolidated financial statements on pages 30 to 54 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

(All amounts in thousands of HUF unless otherwise stated)

	Year ended December 31, 2010	Year ended December 31, 2009
Cash flows from operating activities:		
Profit before tax	1,986,383	1,750,987
Adjustments for:		
Losses on proprietary account	606,859	772,378
Depreciation and amortisation	185,038	190,811
(Gain)/loss on sale of investments	4,708	-
Interest expense	154,907	117,532
Interest income	(328,271)	(369,128)
Operating profit before working capital changes	2,002,776	1,690,202
Increase in securities held for trade and derivatives	(1,133,342)	(1,025,428)
Decrease/(Increase) in accounts receivable from settlement	843,792	(448,017)
Decrease/(Increase) in accounts receivable and other current assets	1,234,881	(1,683,650)
(Decrease)/Increase in accounts payable from settlement	(2,203,633)	1,700,676
Increase/(Decrease) in accounts payable and accruals	256,391	(15,315)
Increase in financial liabilities at fair value through profit and loss	55,498	196,884
Cash generated from operations	1,663,211	1,187,730
Interest paid	(154,907)	(117,352)
Interest received	184,225	351,543
Income taxes paid	(137,160)	(193,868)
Net cash flow provided by operating activities	1,555,368	1,228,053
Cash flows from investing activities:		
Purchase of property, plant and equipment	(194,710)	(132,381)
Proceeds on sale of property, plant and equipment	5,452	28,994
Proceeds on sale of investments	2,035	356
Net cash flow generated by investing activities	(187,223)	(103,031)
Cash flows from financing activities:		
Net decrease of short term loans	(147,214)	(212,622)
Dividends paid to equity holders of parent	(802,988)	(1,004,864)
Dividends paid to non-controlling interest	(361,699)	(120,447)
Treasury shares acquired	-	(19,776)
Net cash flow used in financing activities	(1,311,901)	(1,357,709)
Increase/in cash and cash equivalents	56,244	(232,687)
Cash and cash equivalents at beginning of year	876,662	1,109,349
Cash and cash equivalents at end of year	932,906	876,662

The accompanying notes to consolidated financial statements on pages 30 to 54 form an integral part of these consolidated financial statements.

	Year ended December 31, 2010	Year ended December 31, 2009
Increase in total cash and cash equivalents	3,293,747	2,701,371
Total Cash and cash equivalents at beginning of year	8,740,850	6,039,479
Total Cash and cash equivalents at end of year	12,034,597	8,740,850
From this		
- Client accounts		
Increase in cash and cash equivalents	3,237,503	2,934,058
Cash and cash equivalents at beginning of year	7,864,188	4,930,130
Cash and cash equivalents at end of year -client	11,101,691	7,864,188
-Own accounts		
Increase/(Decrease) in cash and cash equivalents	56,244	(232,687)
Cash and cash equivalents at beginning of year	876,662	1,109,349
Cash and cash equivalents at end of year - own	932,906	876,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANISATION AND BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

General information

Concorde Securities Ltd. (the "Company") is a company limited by shares incorporated under the laws of the Republic of Hungary. The Company is primarily engaged in stock-broking, fixed income and derivatives trading, corporate finance, investment and financial advisory services, asset management and private equity business. The registered office of the Company is located in Hungary (H-1123), at Alkotás utca 50, Budapest, and now the Company and its controlled subsidiaries (Concorde Corporate Finance Ltd. and Concorde Investment Management Ltd.) are referred to collectively as the "Group".

	2010	2009
Domestic and foreign private and institutional investors	99.25%	99.25%
Treasury shares	0.75%	0.75%
Total	100%	100%

Accounting

The Entities of the Group maintain their accounting records and prepare its statutory accounts in accordance with regulations prevailing in Hungary.

The Group's functional currency is the Hungarian Forint ("HUF").

Certain adjustments have been made to the entities' statutory accounts in order to present the consolidated financial position and results of operations of the Company in accordance with all standards and interpretations approved by the International Accounting Standards Board ("IASB"), which are referred to as International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union (the "EU"). IFRS as adopted by the EU do not currently differ from IFRS as issued by the IASB, except for portfolio hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") which has not been approved by the EU. As the Group does not apply portfolio hedge accounting under IAS 39, there would be no impact on these consolidated financial statements, had it been approved by the EU at the end of the reporting period.

The effect of adopting new and revised International Financial Reporting Standards (IFRSs) effective from 1 January 2010

The following amendments to the existing standards issued by the IASB, interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and adopted by the EU are effective for the current period:

- IAS 27 (Amendment) "Consolidated and Separate Financial Statements" adopted by the EU on 3 June 2009 (effective for annual periods beginning on or after 1 July 2009),
- IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" - Eligible hedged items, adopted by the EU on 15 September 2009 (effective for annual periods beginning on or after 1 July 2009),
- IFRS 1 (Revised) "First-time Adoption of IFRS" adopted by the EU on 25 November 2009 (effective for annual periods beginning on or after 1 January 2010),
- IFRS 3 (Revised) "Business Combinations" adopted by the EU on 3 June 2009 (effective for annual periods beginning on or after 1 July 2009),
- IFRS 1 (Amendment) "First-time Adoption of IFRS"- Additional Exemptions for First-time Adopters, adopted by the EU on 23 June 2010 (effective for annual periods beginning on or after 1 January 2010),
- IFRS 2 (Amendment) "Share-based Payment" - Group cash-settled share-based payment transactions adopted by the EU on 23 March 2010 (effective for annual periods beginning on or after 1 January 2010),
- "Improvements to IFRSs (2009)" (Amendment) resulting from the annual improvement project of IFRS published on 16 April 2009, adopted by the EU on 23 March 2010 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 23 March 2010 (effective for annual periods beginning on or after 1 January 2010),
- IFRIC 12 "Service Concession Arrangements" adopted by the EU on 25 March 2009 (effective for annual periods beginning on or after 30 March 2009),
- IFRIC 15 "Agreements for the Construction of Real Estate" adopted by the EU on 22 July 2009 (effective for annual periods beginning on or after 1 January 2010),
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" adopted by the EU on 4 June 2009 (effective for annual periods beginning on or after 1 July 2009),
- IFRIC 17 "Distributions of Non-Cash Assets to Owners" adopted by the EU on 26 November
- IFRIC 18 "Transfers of Assets from Customers" adopted by the EU on 27 November 2009 (effective for annual periods beginning on or after 1 November 2009).

The adoption of the above presented Amendments and new Standards and Interpretations had no significant impact on the Consolidated Financial Statements of the Group.

Amendments to IFRSs effective on or after 1 January 2011, not yet adopted

At the end of the reporting period of these financial statements, the following Standards and Interpretations were issued but not yet effective

- IAS 12 "Income Taxes" (Amendment) - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)1
- IAS 24 (Amendment) "Related Party Disclosures" - Simplifying the disclosure require-

ments for government-related entities and clarifying the definition of a related party, adoptedbytheEUon19July2010(effectiveforannualperiodsbeginningonorafter1January 2011),

- IAS 32 (Amendment) "Financial Instruments: Presentation" – Accounting for rights issues, adopted by the EU on 23 December 2009 (effective for annual periods beginning on or after 1 February 2010),
- IFRS 1 (Amendment) "First-time Adoption of IFRS"- Limited Exemption from Com parative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on 30 June 2010 (effective for annual periods beginning on or after 1 July 2010),
- IFRS 1 "First-time Adoption of IFRS" (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 20111
- IFRS 7 "Financial Instruments: Disclosures" (Amendment) - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011), 1
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013), 1
- "Improvements to IFRSs (2010)" (Amendment) resulting from the annual improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be applied for annual periods beginning on or after 1 January 2011).
- IFRIC 14 "IAS 19 (Amendment) — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction" - Prepayments of a Minimum Funding Requirement, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011),
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments", adopted by the EU on 23 July 2010 (effective for annual periods beginning on or after 1 July 2010).

[1]Not yet endorsed by the EU.

The adoption of the above presented Amendments and new Standards and Interpretations will have no significant impact on the Consolidated Financial Statements of the Group. The Group is still analysing the impact of adopting IFRS 9 "Financial instruments" which will replace IAS 39 "Financial instruments: Recognition and measurement". IFRS 9 is not published in its entirety by IASB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preperetion of the accompanying consolidated financial statements are summarized below:

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The presentation of Consolidated Financial Statements in conformity with IFRS requires the management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future changes in economic conditions, business strategies, regulatory requirements, accounting rules and other factors could result in a change in estimates that could have a material impact on future financial statements.

The Financial Statements were authorised for issue on May 25, 2011.

According to the management the future application of the new and modified standards and interpretations will not have a material impact on the Group's financial statements.

Foreign currencies

In preparing the financial statements of each individual entity of the Group, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Considering the fact, that the functional currency is HUF in aspect of all of entities of the Group, transactions arising in foreign currencies are translated into HUF at the rate of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into HUF at the year-end rates of exchange. The resulting foreign currency exchange gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

Basis of consolidation and business combinations

Included in these Consolidated Financial Statements are the accounts of those subsidiaries in which the Company holds a controlling interest. Certain subsidiaries in which the Company holds a controlling interest have not been consolidated because the effect of consolidating such companies is not material to the Consolidated Financial Statements as a whole.

As the ultimate parent, the Company is preparing consolidated financial statement of the Group.

Subsidiaries are accounted for purchase method of accounting. Any goodwill arising on acquisition is recognized in the Consolidated Statement of Financial Position and accounted for as indicated below.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The Group has applied IFRS 3 Business Combinations Standard since 31 March 2004 for acquisitions after that date. Goodwill, which represents the residual cost of the acquisition after recognizing the acquirer's significant influence in the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is held as an intangible asset and recorded at cost less any accumulated impairment losses.

If the Group loses control of a subsidiary, derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost and recognizes any difference as a gain or loss on the sale attributable to the parent in Statement of Comprehensive Income.

Goodwill acquired in a business combination is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

The Group calculates the value in use a discounted cash-flow model. The 5 year period explicit cash-flow model serves as a basis for the impairment test by which the Group defines the impairment need on goodwill based on the strategic factors and financial data of its cash-generating units.

Negative goodwill, when the interest of the acquirer in the net fair value of the acquired identifiable net assets exceeds the cost of the business combination, is recognized immediately in the Consolidated Statement of Comprehensive Income as Other Income.

Entities involved to consolidation

The Consolidated Financial Statements comprise the financial statements of Concorde Securities Ltd. and two of its controlled subsidiaries as of December 31, 2010 and December 31, 2009. Control is presumed to exist where the Group holds, directly or indirectly, more than 50% of the registered capital. The effects of all material intragroup balances and transactions are eliminated.

Details of consolidated subsidiary undertakings are provided below. All consolidated companies are incorporated in Hungary.

As at December 31, 2010

Group	Group Ownership	Brief description of activities
Concorde Corporate Finance Ltd.	75.00%	Corporate finance
Concorde Investment Management Ltd.	75.00%	Fund management

As at December 31, 2009

Group	Group Ownership	Brief description of activities
Concorde Corporate Finance Ltd.	80.00%	Corporate finance
Concorde Investment Management Ltd.	75.00%	Fund management

Entities not involved to consolidation

As of December 31, 2010 and December 31, 2009 there are some subsidiaries in which the Group holds, directly or indirectly, more than 50% of the registered capital have not been consolidated as the impact on the consolidated financial statements would not be material as the companies had no significant activity during 2010 and 2009.

As at December 31, 2010

Group	Group Ownership	Brief description of activities
Concorde Financial Consulting Ltd.	75.00%	facility management
Eclipse Investment Ltd.	100.00%	property management
SMÁK Project Management Ltd.	-	project management

As at December 31, 2009

	Group Ownership	Brief description of activities
Concorde Financial Consulting Ltd.	75.00%	facility management
Eclipse Investment Ltd.	100.00%	property management
SMÁK Project Management Ltd.	50.00%	project management

SMÁK Project Management Ltd. was incorporated on November 27, 2007. During 2010 this investment has been sold.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.
Specifically, the revenue recognition follows the following rules:

- Commissions from security trading as an agent are recognised at trade date.
- Income from fund management and portfolio management are recognised on an accrual basis and when the service is delivered.
- Revenue from investment lending and deferred payment service is recognised on an effective interest rate basis, while the receivables are measured at amortized cost.
- Gains and losses on securities trading are recognised on basis of ‘trade date accounting’.
- Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic

benefits will flow to the Group and the amount of income can be measured reliably).

- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Tangible and intangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation and amortisation. Depreciation and amortisation is provided using the straight-line method in order to write off the cost of the asset over its expected economic useful life, as follows:

Property rights	6 years
Acquired clients	15 years
Leasehold improvements	33 years
Software	3 years
Machinery and equipment	3-7 years
Vehicles	5 years

Impairment of tangible and intangible assets other than goodwill

The carrying amounts of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. For intangible assets that are not yet available for use, the recoverable amount is estimated at least at the end of each reporting period.

In assessing value in use, the expected 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 whenever the carrying amount exceeds the recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Group classifies its securities into the following categories: financial assets at fair value through pofit or loss, held-to-maturity and available-for-sale. Trading securities that are acquired principally for the purpose of generating profit from short-term fluctuations in price are classified as FVTPL investments and included in current assets. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

Trading securities consist of debt securities and other securities. Debt securities include Hungarian Government Bonds, Treasury Bills, Mortgage Bonds and Corporate Bonds. Other securities include shares of companies traded on the Budapest Stock Exchange or on the Hungarian OTC market.

The securities traded on the Budapest Stock Exchange (shares, government bonds, treasury bills and corporate bonds) are stated at market value at the end of the reporting period. Government securities are stated at their estimated fair value, which include the accumulated interest at the end of the reporting period. Any gain or loss resulting from revaluation is recognised in the profit or loss.

The fair value at the end of the reporting period is determined for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the asking price on the last trading day of the reporting period.

OTC shares are measured at fair value. If the OTC shares do not have a quoted market price in an active market and the fair value cannot be reliably measured, those assets are measured at purchase cost, less an allowance for impairment, if appropriate.

Gains and losses on the sale of trading securities are calculated on a FIFO basis.

Interest income from interest bearing securities and dividends from shares is shown in net revenue on securities traded on proprietary account.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Where debt or equity securities are sold under a commitment to repurchase them at a predetermined price, they remain on Statement of Financial Position and the consideration received is recorded in Other Liabilities. Conversely, debt or equity securities purchased under a commitment to resell are not recognized in the Statement of Financial Position and the consideration paid is recorded in Other receivables and accruals. Interest is accrued evenly over the life of the repurchase agreement.

In the case of security lending transactions the Group does not recognise or derecognise the securities because believes that the transferor retains substantially all the risks and rewards of the ownership of the securities. Only a financial liability or financial receivable is recognised for the consideration amount.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the Consolidated Statement of Comprehensive Income.

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments, including foreign exchange forward and swap contracts.

Derivatives are initially recognised at the fair value on the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group does not have hedging deals during 2010 and 2009.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts with original maturities of 90 days or less and cash in transit. Included within cash and current accounts of client funds for which a corresponding liability is shown in “Settlement with brokers, dealers and customers”.

Equity investments

Investments include insignificant unconsolidated subsidiaries and associated Group. Investments are recorded at cost less any provision for impairment.

Leased Assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised. The present value of the related lease obligations is included in long and short-term liabilities as appropriate. The interest element of the lease obligations is charged to the income statement so as to produce a constant periodic rate of charge.

Assets held under capital leases are carried at the lower of the present value of the lease obligation and a fair value of the leased property and are depreciated over their expected useful lives on the same basis as owned assets, or over the periods of the leases where these are shorter.

Receivables from settlement with brokers, dealers and customers

Receivables from services provided represent fees charged for investment services and other customer related activities performed on commission.

The amount of receivables arising from own-account (non-commission) spot or closed futures transactions carried out on the exchange and existing at balance sheet date are recorded as receivables from the settlement of Budapest Stock Exchange transactions.

The amount of receivables arising from own-account (non-commission) over-the-counter spot or futures transactions existing at the balance sheet date is recorded as receivables from the settlement of over-the-counter transactions.

Receivables from clearing-house represent cash amounts transferred to clearing-houses and are recorded as receivables from clearing-houses within exchange cash account receivables.

Payables from settlement with brokers, dealers and customers

Payables to customers include funds due to customers on the basis of investment service activities performed on commission and liabilities arising from other business activities, including amounts due to the funds arising from asset management conducted for pension funds.

The amount of liabilities arising from own-account (non-commission) transactions carried out on the exchange and existing at the balance sheet accounting date are recorded as liabilities arising from the settlement of Budapest Stock Exchange transactions.

Payables to clearing house include the amount of funds transferred to the exchange cash account of the investment enterprise by clearing houses under the title of price differences related to futures transactions carried out on the exchange.

Securities sold but not yet purchased

The Group sells securities that it does not currently own and therefore is obligated to purchase such securities at a future date. These purchase obligations are recorded in the financial statements at the fair value of the related securities at the end of the reporting period.

Futures contracts

The Group trades futures contracts on Budapest Stock Exchange. These futures contracts are executed on the Budapest Stock Exchange and cash settlement is made on a daily basis for market value movements. At year-end open futures are recorded at their fair value based on the year-end market rates.

Treasury shares

Treasury shares are shares which are purchased on the stock exchange and the over-the-counter market by the Group and its subsidiaries and are presented in the Consolidated Statement of Financial Position at acquisition cost as a deduction from Consolidated Shareholders' Equity.

Gains and losses on the sale of treasury shares are credited or charged directly to consolidated retained earnings and reserves within Consolidated Share holders' Equity.

Interest income and interest expense

The interest income and expense are recognized in the Consolidated Statement of Recognized Income on an accrual basis based on the IAS 18 Revenue Standard and IAS 39.

Fees and Commissions

Fees and commissions are recognized in the Consolidated Statements of Comprehensive Income on an accrual basis based on IAS 18 Standard and IAS 39. Fees and Commissions are recognized using the effective interest method.

Trade and settlement date accounting

Own securities transactions are recognised on the trade date. Gains and losses arising from own securities transactions are recorded on a trade date basis. Customers' securities transactions are reported on a settlement date basis with related commission income reported on a trade date basis.

Consolidated Statement of Cash Flows

For the purposes of reporting Consolidated Statement of Cash Flows, cash and cash equivalents include cash, due from banks and balances with the National Banks. The unrealized gains and losses from the translation of monetary items to the closing foreign exchange rates are presented net in the statement of cash-flows.

Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation. In current year, there were no significant changes in structure of presentation.

Segment Reporting

The equity instruments or debt of Concorde Securities Ltd. are not traded in a public market so – according to IFRS 8 – the Company does not prepare segment reports.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

Valuation of financial instruments

As described in Note 22, the Group uses valuation techniques at some type of instruments that include inputs for the asset or liability that are not based on observable market data. Note 22 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.
The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Impairment of receivables

The Group regularly assesses its receivables for possible impairment. Management determines the adequacy of the allowances based upon reviews of individual items of receivables, recent loss experience, current economic conditions, the risk characteristics of the various categories and other pertinent factors. Provisioning involves many uncertainties about the outcome of those risks and requires the management of the Group to make many subjective judgements in estimating the loss amounts.

Useful lives of property, plants and equipment

As described at Note 2 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the managements determined that the useful lives of property, plant and equipment are not amended.

4. CASH AND CASH EQUIVALENTS

	December 31, 2010	December 31, 2009
Petty Cash	73,492	86,480
From this		
-Client accounts	69,240	83,212
-Own accounts	4,252	3,268
Bank accounts	11,961,105	8,654,370
From this		
-Client accounts	11,032,451	7,780,976
-Own accounts	928,654	873,394
	12,034,597	8,740,850

Included within cash and current accounts is HUF 11,101,691 thousand (2009: HUF 7,864,188 thousand) of client funds for which a corresponding liability is shown in "Settlement with brokers, dealers and customers", see Note 10.

5. RECEIVABLES FROM BROKERS, DEALERS AND CUSTOMERS

	December 31, 2010	December 31, 2009
Receivables from services provided	656,060	820,365
Receivables from clearing house	414,756	246,276
Receivables from trading on the Budapest Stock Exchange	29,636	1,033,374
Receivables from loans to customers	209,156	108,901
Receivables from the settlement of over-the-counter transaction	110,279	54,083
	1,419,887	2,262,998
Allowance for doubtful receivables	(47,866)	(47,186)
	1,372,020	2,215,812

Allowance for doubtful receivables:	December 31, 2010	December 31, 2009
Opening Balance (January 1)	(47,186)	(48,682)
Impairment loss recognized	(681)	(2,191)
Reversal of impairment loss recognized	-	3,687
Closing Balance (December 31)	(47,866)	(47,186)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2010	December 31, 2009
Government bonds	1,417,437	646,982
Treasury Bills	1,406,260	1,767,379
Mortgage bonds	305,635	143,208
Listed shares	56,759	23,608
OTC shares	-	33,000
	3,186,090	2,614,177
Held for trading derivatives that are not designated in hedge accounting relationships	150,214	195,644
	3,336,304	2,809,821

Interest rates and maturity date on government securities as of December 31, 2010 are as follows:

	2010	Maturity	Coupon rate	
Discounted Treasury Bills	1,299,052	to July, 2011	-	-
		to December,	-	-
Discounted Treasury Bills	107,208	2011	-	-
Hungarian Government Bonds	1,273,169	2011	fixed	6.00%-7.50%
Hungarian Government Bonds	88,120	2012-2015	fixed	5.50%-8.00%
Hungarian Government Bonds	56,148	2015-	fixed	4.75%-7.50%
	2,823,697			

7. OTHER RECEIVABLES AND ACCRUALS

	December 31, 2010	December 31, 2009
Loan advances to other unconsolidated subsidiaries	514	886
Corporate tax receivables	74,732	30,680
Other tax receivables	23,337	35,605
Accrued interest on bank deposit	1,038	24,032
Debtors	28,678	220,545
Cash in transit	0	1,348,783
Accrued fund management fees	585,963	299,724
Others	130,063	118,951
	844,325	2,079,208

8. EQUITY INVESTMENTS

	December 31, 2010		December 31, 2009	
	book value	ownership %	book value	ownership %
Membership in Budapest Stock Exchange	40,425	4.17%	40,424	4.52%
Concorde Financial Consulting Ltd.	2,250	75.00%	2,250	75.00%
Eclipse Investment Ltd.	232,943	100.00%	232,943	100.00%
Other long term investments	-	-	301	-
	275,618		275,918	

Other long term investments include investments in Hungarian Government Bonds and domestic and foreign equities, which were bought for investment purposes.

The Group’s unconsolidated subsidiaries at December 31, 2010 are Concorde Financial Consulting Ltd., and Eclipse Investment Ltd.. Certain financial information as of and for the year ended December 31, 2010 is set out below. The following condensed information is based on statutory financial accounting and does not include adjustments to present them in accordance with IFRS.

Concorde Financial Consulting Ltd.	2010 (unaudited)	2009 (unaudited)
Total assets	61,550	83,601
Shareholders' equity	3,000	14.883
Net income	-	-

Eclipse Investment Ltd.	2010 (unaudited)	2009 (unaudited)
Total assets	304,358	280,723
Shareholders' equity	301,822	280,722
Net income	21,100	17,624

Total of Equity Investments	2010 (unaudited)	2009 (unaudited)
Total assets	36,908	365,585
Owners' equity	304,822	294,030
Net income	21,100	17,230

9. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Intangible assets	Furniture, fixtures and equipment	Leasehold improvements	Total
Cost:				
January 1, 2009	887,004	948,614	111,970	1,947,588
Additions	57,217	69,514	5,650	132,381
Disposals	-	(23,010)	-	(23,010)
December 31, 2009	944,221	995,118	117,620	2,056,959
Additions	51,456	161,518	3,829	216,803
Disposals	-	(35,884)	-	(35,884)
December 31, 2010	995,677	1,120,752	121,449	2,237,878
Depreciation and amortisation:				
January 1, 2009	642,237	704,329	11,798	1,358,364
Charge for the year	100,918	86,512	3,381	190,811
Disposals	-	(11,419)	-	(11,419)
December 31, 2009	743,155	779,422	15,179	1,537,756
Charge for the year	85,609	95,186	4,243	185,038
Disposals	-	(32,944)	-	(32,944)
December 31, 2010	828,764	841,664	19,422	1,689,850
Net book value:				
December 31, 2009	201,066	215,696	102,441	519,203
December 31, 2010	166,913	279,088	102,027	548,028

10. LIABILITIES WITH BROKERS, DEALERS AND CUSTOMERS AND SHORT TERM BORROWINGS

	December 31, 2010	December 31, 2009
Payables to clients	11,101,691	9,212,971
Payables from trading on the Budapest Stock Exchange	12,372	867,222
	11,114,063	10,080,193

	December 31, 2010	December 31, 2009
- Overdrafts in HUF	200,000	316,743
- Overdrafts in USD	16,251	205
- Overdrafts in EUR	16,399	2,296
- Overdrafts in SEK	-	60,620
	232,650	379,864

The balances of short term borrowings are composed by overdrafts due to banks.

11. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2010	December 31, 2009
Short positions - security trading	169,923	69,356
Held for trading derivatives that are not designated in hedge accounting relationships	151,815	196,884
	321,738	266,240

12. OTHER LIABILITIES

	December 31, 2010	December 31, 2009
Payables	177,803	125,088
Personal income tax and social contribution	44,893	143,911
Taxes payable	8,607	116,673
Other	441,883	31,122
	673,185	416,794

13. SHARE CAPITAL AND RESERVES

The table below sets for the presentation of structure of the ownership:

	December 31, 2010		December 31, 2009	
	Issued capital	Ownership rate	Issued capital	Ownership rate
Blackburn International Ltd.	99,000	9.90%	297,000	29.70%
Zürich Investments Inc.	99,000	9.90%	-	0%
Kalispera S.A.	99,000	9.90%	-	0%
Eurotipp Ltd.	105,600	10.56%	105,600	10.56%
Móricz Gábor	149,600	14.96%	149,600	14.96%
TC Ltd.	300,000	30.00%	300,000	30.00%
Plaza Park Kft	99,020	9.90%	99,020	9.90%
Other	41,280	4.13%	41,280	4.13%
Treasury shares	7,500	0.75%	7,500	0.75%
Total shareholders' equity	1,000,000	100.00%	1,000,000	100.00%

The number of shares issued is 1,000,000 each with a face value of HUF 1 thousand per share.

Reconciliation of the number of shares outstanding at the beginning and end of the year:

	Common shares		Dividend preferred shares	
	Outstanding	Treasury	Outstanding	Treasury
January 1, 2010	662,500	7,500	330,000	-
December 31, 2010	662,500	7,500	330,000	-

Concorde Securities Ltd's distributable reserves under Hungarian regulations were HUF 3,657,916 thousand and HUF 3,278,198 thousand as of December 31, 2010 and December 31, 2009, respectively. Dividends for the year ended December 31, 2010 were declared at the Group's Annual General Meeting on March 16, 2011.

In 2009, the balance of statutory reserve of HUF 791,870 thousand was reclassified to retained earnings and reserves, according to the regulations and accounting policy to the financial statements in accordance with Hungarian Accounting Standards. (The statutory reserve was formerly accounted for based on requirements of Act CXX of 2001 on Capital Market. However, this requirement has been fallen into abeyance and therefore the statutory reserves unused until January 1, 2009 shall be reversed during 2009 to retained earnings.)

14. TREASURY SHARES

	December 31, 2010	December 31, 2009
Nominal value (Common Shares)	7,500	7,500
Carrying value at acquisition cost	27,988	27,988

15. NET REVENUE ON SECURITIES TRADED ON PROPRIETARY ACCOUNT

	Year ended December 31, 2010	Year ended December 31, 2009
Gains on securities traded on proprietary account	1,287,438	1,701,080
Losses on securities traded on proprietary account	(606,859)	(772,378)
Net revenue on securities traded on proprietary account	680,579	928,702

	Year ended December 31, 2010	Year ended December 31, 2009
Government and corporate bonds	407,245	629,459
Treasury Bills	186,853	230,749
Shares	89,774	50,823
Futures	(44,143)	(10,586)
Other	40,850	28,257
	680,579	928,702

16. WAGES AND SALARIES

	Year ended December 31, 2010	Year ended December 31, 2009
Salaries	1,097,505	1,067,049
Social insurance contribution	254,770	304,203
Other employee related contribution	83,920	79,945
Other employee related expenses	103,763	97,418
	1,539,958	1,548,614

The number of a full time equivalent staff employed at end of the reporting period was 133 (2009: 128 full time equivalent staff was employed).

17. GENERAL AND ADMINISTRATION EXPENSES

	Year ended December 31, 2010	Year ended December 31, 2009
Rental and maintenance fees	341,453	129,678
Depreciation and amortisation	185,038	190,811
Professional fees	175,500	128,051
Local tax	132,711	121,489
Other	128,246	93,948
Office supplies	102,164	77,111
Bank charges	86,799	138,034
Marketing	51,283	35,433
Travel	44,639	39,344
Training	21,965	17,834
Membership fees	9,866	7,857
Insurance fees	8,334	7,038
	1,287,998	986,628

18. OTHER EXPENSES AND OTHER INCOME

Other expenses	Year ended December 31, 2010	Year ended December 31, 2009
Film and charity sponsorship	244,232	178,585
Foreign exchange loss	86,762	77,181
Innovation fee	-	14,035
Expense on fixed asset selling	108,987	11,590
Other	209,514	21,561
	649,495	302,952

Other income	Year ended December 31, 2010	Year ended December 31, 2009
Foreign exchange gain	118,542	153,715
Other expense	32,459	82,877
	151,001	236,592

19. INCOME TAXES

Due to the fact that the Hungarian Government approved a law affected that the income tax rate will be reduced to 10% from 1 January 2013 the deferred tax shall calculated at 10% for those temporary differences that are expected to be resulted in taxable amounts or amounts deductable from the taxable profit after 2012. However, 19% was used for the calculation of the deferred tax for every remaining item.

The effective income tax rate varied from the statutory income tax rate due to the following items:

Income tax recognised in profit or loss

	December 31, 2010	December 31, 2009
Current tax		
Current tax expense in respect of the current year	137,160	193,868
	137,160	193,868
Deferred tax		
Deferred tax expense recognised in the current year	(22,001)	-
	(22,001)	-
Total income tax expense recognised in the current year	115,159	193,868

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended December 31, 2010	Year ended December 31, 2009
Profit before tax	1,986,383	1,740,119
Income tax expense calculated (2010: 19% & 10%(*); 2009: 16% corporate tax + 4% solidarity tax)	392,414	348,024
Effect of income that is exempt from taxation	(97,269)	(23,307)
Effect of expenses that are not deductible in determining taxable profit	6,749	2,427
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(10,767)	-
Other permanent differences - treasury shares	-	(5,318)
	291,127	321,826
Adjustments - items deductible from the amount of tax	(175,968)	(127,958)
Income tax expense recognised in profit or loss (relating to continuing operations)	115,159	193,868

(*HUF 500 million is taxable with 10%, over that the effective tax rate is 19%)

Current tax assets and liabilities

	December 31, 2010	December 31, 2009
Current tax assets		
Tax refund receivable	74,732	30,680
Current tax liabilities		
Income tax payable	8,607	116,673

Deferred tax assets and liabilities

	December 31, 2010		December 31, 2009	
	Recorded in profit or loss	Recorded in OCI	Recorded in profit or loss	Recorded in OCI
Other Receivables and Prepayments	100,747	-	-	-
Equity Investments	45,780	-	21,110	-
Financial liabilities at fair value through profit and loss	26,564	-	-	-
Deferred tax asset	173,091	-	21,110	-
Settlement with brokers, dealers and customers	(45,334)	-	-	-
Financial assets at fair value through profit and loss	(40,849)	-	-	-
Goodwill on acquisition				
Settlement with brokers, dealers and cus-	(13,376)	-	(12,725)	-
tomers	(43,144)	-	-	-
Deferred tax liabilities	(142,703)	-	(12,725)	-
Total deferred tax assets/(liabilities)	30,388	-	8.385	-

There is no procedure for final agreement of tax assessments in Hungary. The tax authorities may examine the accounting records and revise assessments for up to five years after the period to which they relate until examinations are finalised. Consequently, the Group and its subsidiaries may be subject to further assessments in the event of an audit by the tax authorities. Management anticipates that no significant tax reassessments will arise from these reviews.

20. OFF BALANCE SHEET ITEMS, COMMITMENTS AND CONTINGENCIES

The balance of client's securities is HUF 145,023 million at face value as of December 31, 2010 (2009: HUF 133,033 million).
At face value HUF 95,411 million from these securities are deposited in custody at the Central Clearing House and Depository Ltd. ("KELER Ltd.") (2009: HUF 86,254 million).

Derivatives (nominal amount, unless otherwise stated)

Currency	Face value (currency)		Face value (million HUF)	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
GBP	1,543,298	1,366,624	499	414
AUD	4,131,089	581,482	878	98
CZK	18,569	15,064	0	0
DKK	464	3,683	0	0
KRW	-	70	-	0
EUR	86,911,549	99,034,261	24,227	26,822
HKD	723,418	776,959	19	19
HRK	162,666	161,716	6	6
JPY	12,108	20,673	0	0
CAD	1,434,554	2,047,039	300	367
CNY	10,600	53,000	0	1
PLN	3,943,371	32,896,856	278	2,168
HUF	87,925,517,386	75,482,501,671	87,926	75,483
NOK	266,320	259,913	10	8
RON	1,605,619	1,437,507	104	92
CHF	16,348	29,178	4	5
SEK	400	3,800	0	0
SGD	-	5,000	-	1
TRY	35,236	88,902	5	11
USD	147,462,106	146,419,599	30,768	27,537
			145,023	133,033

Currency	Face value (currency)		Face value (million HUF)	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
GBP	390,838	400,838	126	122
EUR	33,999,337	36,666,228	9,477	9,931
JPY	200	0	0	0
PLN	0	28,809,720	0	1,899
HUF	85,662,394,488	73,921,578,961	85,662	73,922
CHF	1,892	1,892	0	0
USD	691,226	2,026,882	144	381
			95,411	86,254

Derivatives (nominal amount, unless otherwise stated)

Foreign currency contracts	December 31, 2010	December 31, 2009
Off-balance sheet assets	19,139,812	10,500,360
Off-balance sheet liabilities	19,021,582	10,402,525
Net	118,230	97,836
Fair values of off-balance sheet assets	150,214	195,644
Fair values of off-balance sheet liabilities	151,815	196,884
Net fair values	(1,601)	(1,240)

20. OFF BALANCE SHEET ITEMS, COMMITMENTS AND CONTINGECIES (CONTINUED)

Foreign currency contracts

Foreign currency contracts are agreements to exchange specific amounts of currencies at a specified rate of exchange, at a spot date (settlement occurs two days after the trade date) or at a forward date (settlement occurs more than two days after the trade date). The notional amount of these contracts does not represent the actual market or credit risk associated with these contracts.

Foreign currency contracts are used by the Group for risk management, trading and liquidity purposes. The risk management foreign currency contracts of the Group were used to hedge against credit institutions foreign currency contracts which are denominated in foreign currency.

21. RELATED PARTY TRANSACTIONS

The consolidated statements for the year ended and as of December 31, 2010 contain the following amounts from the related party transaction.
Consolidated Statement of Financial Positions as of December 31, 2010:

- Trade receivables of the Company due from Concorde Corporate Finance Ltd. in amount of HUF 2,827 thousand (2009: HUF 1,919 thousand);
- Trade receivables of the Company due from Concorde Investment Management Ltd. in amount of HUF 3,084 thousand (2009: HUF 1,772 thousand);

Consolidated Statements of Comprehensive Income for the year ended as of December 31, 2010.

- Intra-group revenue from rental fee re-invoiced by the Company to Concorde Corporate Finance Ltd. in amount of HUF 10,047 thousand (2009: HUF 17,160 thousand);
- Intra-group revenue from rental fee re-invoiced by the Company to Concorde Investment Management Ltd. in amount of HUF 10,382 thousand (2009: HUF 9,260 thousand);
- Intra-group revenue from fund management fee invoiced by Concorde Investment Management Ltd. to the Company in amount of HUF 0 thousand (2009: HUF 4,442 thousand).

The amounts from related party transaction were eliminated in the consolidated financial statements.

Compensation of key management personnel

The Company's shareholders' equity contains 330,000 dividend preferred shares (see Note 13). These instruments can be held only by the actual members of Board of Directors, the Company, its employees, and those legal entities which are exclusively owned by the members of Board of Directors. In the case of potential transfer of dividend preferred shares, preemption rights are granted to the Company and the personnel assigned by the Board of Directors. The transaction price of potential transfer shall be determined based on the data of financial statements of last quarter-year before the potential transaction.

Dividends on the dividend preferred shares for the year ended December 31, 2010 and December 31, 2009 were declared of HUF 1,132,230 thousand (HUF 3,431 per share) and of HUF 598,620 thousand (HUF 1,814 per share). No other remuneration has been provided to the members of Board of Directors and other key management personnel during 2010 and 2009.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments may result in certain risks to the Group. The most significant risks the Group faces include:

Credit risk

Financial assets, which potentially subject the Group to concentrations of credit risks consist principally of cash, short-term investments and accounts receivable. The Group's cash is primarily held with major international banks. Short-term investments are carried at market value and accounts receivable are presented net of an allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to dispersion across customers. Accordingly, the company has no significant concentrations of credit risk.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group applies a 'value at risk' methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Management Board sets limits on the value of risk that may be accepted, which is monitored on a daily basis.

The Company laid down its risk management policy, in which counterparty limits, the own portfolio ratio and loss limits have been set. Management continuously monitors the limits.

Market risk sensitivity analysis

The VaR risk measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Group reflects the 99% probability that the daily loss will not exceed the reported VaR.

The VaR of the trading portfolio can be summarized as follows:

Historical VaR	Average (HUF million)	
(99%, one-day) by risk type	2010	2009
Foreign exchange	3.16	22.61
Interest rate	11.39	8.56
Equity instruments	15.79	6.64
Diversification	(12.78)	(20.25)
Total VaR exposure	17.56	17.56

Foreign currency sensitivity analysis

The Group is performing foreign currency sensitivity analysis just for its own foreign currency positions. The data in following table show the relative (expressed in percentage) and absolute decrease of HUF value of own foreign currency positions in the case of weakening of EUR and USD prices compared to HUF (ceteris paribus).

		December 31, 2010	December 31, 2009
5% Weakening of EUR	Loss on portfolio (%)	0.05	0.50
	Loss on portfolio (HUF million)	2.42	18.33
5% Weakening of USD	Loss on portfolio (%)	0.04	0.24
	Loss on portfolio (HUF million)	2.03	8.89
Total	Loss on portfolio (%)	0.09	0.74
	Loss on portfolio (HUF million)	4.45	27.22

Interest rate sensitivity analysis

In order to minimise interest risks, a limit has been set to the proportion of long term government securities in the company's own portfolio. In order to reduce interest rate losses, factors affecting security interest rates (liquidity, volatility, duration) were also considered when the limits were set up, and the Company's portfolio diversification and loss limits per security were set accordingly. Due to this policy the Company's interest risk is considered low.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. The analysis is prepared assuming the amount of assets and liabilities outstanding at the balance sheet date were outstanding for the whole year. The analyses were prepared by assuming only the adversing interest rate changes. The main assumptions were as follows:
Floating-rate assets and liabilities were repriced to the modeled benchmark yields at the repricing dates assuming the unchanged marge compared to the last repricing.
Fixed-rate assets and liabilities were repriced at the contractual maturity date.

Group measures interest rate sensitivity of asset side on a daily basis. The interest rate sensitivity of assets (so the potential loss in the case of 1% shrinkage of average yields on a one-year period) was HUF 22.87 million and HUF 16.87 million as at December 31, 2010 and December 31, 2009, respectively.

Equity price sensitivity analysis

The Company has no significant equity instruments held in 2010 and 2009 therefore not exposed to significant equity price risk.

Counterparty risk

Counterparty limits are determined by the management and are continuously monitored. Private individual customers can initiate securities transactions only when collateral is presented. Limits of institutional investors are determined based on the risk bearing capacity and the reputation of the customer. As a result, counterparty risk is considered low.

Leveraged transactions

According to the Company's Rules on the Conduct of Business Concorde shall permit its clients with Framework Contracts to make leveraged transactions. The Company shall carry out one single risk management for the client up to the primary and secondary collateral amount of the funds and financial instruments kept on the client's client account.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

Capital management

The primary objective of the capital management of the Group is to ensure the prudent operation, the entire compliance with the prescriptions of the regulator for a persistent business operation and maximising the shareholder value, accompanied by an optimal financing structure.

The capital management of the Group members includes the management and evaluation of the shareholders` equity and all material risks to be covered by the capital.
The Group members maintain the capital adequacy required by the regulatory bodies and the planned risk taking mainly by means of ensuring and developing their profitability.

Capital adequacy

The Group is not subject to the regulations in connection with capital adequacy in accordance with Hungarian laws and regulations. However, the Company shall consider the capital adequacy rules defined by the Act CXXXVIII of 2007 on investment firms and commodity dealers, and on the regulations governing their activities. The capital adequacy of the Company is supervised based on the financial statements data prepared in accordance with Hungarian Accounting Standards ("HAS").

The Company has complied with the regulatory capital requirements in 2010 and in 2009.

(unconsolidated data)

	2010	2009
Core capital	2,462,492	3,461,398
Supplementary capital	0	0
Deductions	(166,399)	(199,451)
Regulatory capital	**2,296,093**	**3,261,947**
Credit risk capital requirement	(289,823)	(236,207)
Market risk capital requirement	(440,141)	(394,704)
Operational risk capital requirement	(555,574)	(609,504)
Total eligible regulatory capital	**(1,285,538)**	**(1,240,415)**
Surplus capital	**1,010,555**	**2,021,532**
Capital adequacy ratio	**178.61%**	**262.97%**

Maturity analysis of assets and liabilities and Liquidity risk

As of December 31, 2010, all monetary assets and liabilities mature within one month of the balance sheet date, with the exception of HUF 11,101,691 thousand client funds included in current accounts for which the corresponding liability is stated as part of Settlement with brokers, dealers and customers.

As of December 31, 2010 the net monetary assets maturing within one month of the end of the reporting period were HUF 6,485,555 thousand.

It is presented under the most prudent consideration of maturity dates where options or re-payment schedules allow for early repayment possibilities.

The Group enters into derivative transactions for trading purposes, which ordinary require to have margin deposits to the partners, when there is an unrealized loss on the market-to- mar-ket valuation. The possible effect of these transactions to the liquidity status is not material as at December 31, 2010 and 2009.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

December 31, 2010	Within 3 month	Within one year and over 3 month	Within 4 years and over one year	Over 4 years	Without maturity	Total
Assets						
Current Assets:						
Cash and cash equivalents	12,034,597	-	-	-	-	12,034,597
Settlement with brokers, dealers and customers	1,372,020	-	-	-	-	1,372,020
Financial assets at fair value through profit or loss	1,414,975	1,418,213	153,520	292,838	56,758	3,336,305
Other receivable and accruals	844,325	-	-	-	-	844,325
Total current assets	15,665,917	1,418,213	153,520	292,838	56,758	17,587,247
Non-current Assets:						
Goodwill on acquisition	-	-	-	-	70,400	70,400
Equity investments	-	-	-	-	275,618	275,618
Loans to employees	-	-	122,998	-	-	122,998
Tangible and intangible fixed assets	-	-	6,995	541,033	-	548,027
Deferred tax assets	-	30,388	-	-	-	30,388
Total non-current assets	-	30,388	129,993	541,033	346,018	1,047,431
Total assets	**15,665,917**	**1,448,601**	**283,513**	**833,871**	**402,777**	**18,634,678**
Liabilities and Shareholders' Equity						
Current Liabilities:						
Settlement with brokers, dealers and customers	11,114,063	-	-	-	-	11,114,063
Short term borrowings	232,650	-	-	-	-	232,650
Financial liabilities at fair value through profit or loss	317,356	4,381	-	-	-	321,737
Other liabilities	673,185	-	-	-	-	673,185
Deferred tax liability	-	-	-	-	-	-
Total liabilities	**12,337,255**	**4,381**	-	-	-	**12,341,636**
Shareholders' Equity:	-	-	-	-	-	
Share capital	-	-	-	-	1,000,000	1,000,000
Statutory reserves	-	-	-	-	-	-
Minority interest	-	-	-	-	421,619	421,619
Retained earnings	-	-	-	-	4,899,410	4,899,410
Treasury shares	-	-	(27,988)	-	-	(27,988)
Total shareholders' equity	-	-	(27,988)	-	6,321,029	6,293,042
Total liabilities and shareholders' equity	**12,337,255**	**4,381**	**(27,988)**	**-**	**6,321,029**	**18,634,678**
Liquidity excess/(deficiency)	**3,328,662**	**1,444,220**	**311,500**	**833,871**	**(5,918,253)**	**-**

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

December 31, 2009	Within 3 month	Within one year and over 3 month	Within 4 years and over one year	Over 4 years	Without maturity	Total
Assets						
Current Assets:						
Cash and cash equivalents	8,740,850	-	-	-	-	8,740,850
Settlement with brokers, dealers and customers	2,215,812	-	-	-	-	2,215,812
Financial assets measured at fair value through profit or loss	1,879,413	292,941	461,634	152,225	23,608	2,809,821
Other receivable and accruals	2,079,208	-	-	-	-	2,079,208
Total current assets	14,915,283	292,941	461,634	152,225	23,608	15,845,691
Non-current Assets:						
Goodwill on acquisition	-	-	-	-	70,400	70,400
Equity investments	-	-	-	-	276,274	275,915
Loans to employees	-	-	10,000	-	-	10,000
Tangible and intangible fixed assets	-	-	6,995	512,208	-	519,203
Deferred tax assets	-	8,387	-	-	-	8,387
Total non-current assets	-	8,387	16,995	512,208	346,318	883,907
Total assets	**14,915,281**	**301,328**	**478,629**	**664,433**	**369,926**	**16,729,597**
Liabilities and Shareholders' Equity						
Current Liabilities:						
Settlement with brokers, dealers and customers	10,080,193	-	-	-	-	10,080,193
Short term borrowings	379,864	-	-	-	-	379,864
Other liabilities	683,034	-	-	-	-	683,034
Deferred tax liability	-	-	-	-	-	-
Total current liabilities	11,143,092	-	-	-	-	11,143,092
Shareholders' Equity:						
Share capital						
Statutory reserves	-	-	-	-	1,000,000	1,000,000
Minority interest	-	-	-	-	-	-
Retained earnings	-	-	-	-	332,684	332,684
Treasury shares	-	-	-	-	4,281,809	4,281,809
Total shareholders' equity	-	-	(27,988)	-	-	(27,988)
	-	-	(27,988)	-	5,281,809	5,174,474
Total liabilities and shareholders' equity						
Liquidity excess/(deficiency)	**11,143,091**	**-**	**(27,988)**	**-**	**5,614,493**	**16,729,597**
	3,772,190	**301,328**	**506,617**	**664,433**	**(5,244,567)**	**-**

Fair value measurement

At December 31, 2010, the carrying amounts of cash, short-term loans and accounts receivable and accounts payable approximated their fair values due to the short-term maturities of these assets and liabilities. The fair value of trading securities has been determined based on the market rates for quoted securities.

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value measurements recognised in the statement of financial position

Methods and significant assumptions used to determine fair value of the different classes of financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability;

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

As at 31 December 2010	Total	Level1	Level2	Level3
Financial assets at fair value through profit or loss	3,336,304	3,186,090		-
from this: securities held for trading	3,186,090	3,186,090	-	-
from this: positive FVA of derivative financial instruments designated as held for trading	150,214	-	150,214	-
Securities available-for-sale	-	-	-	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial assets measured at fair value total	**3,336,304**	**3,186,090**	**150,214**	-
Short positions - security trading	169,923	169,923	-	-
Negative FVA of derivative financial instruments designated as held for trading	151,815	-	151,815	-
Negative FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial liabilities measured at fair value total	**321,738**	**169,923**	**151,815**	-

As at 31 December 2009	Total	Level1	Level2	Level3
Financial assets at fair value through profit or loss	2,809,821	2,614,177	195,644	-
from this: securities held for trading	2,614,177	2,614,177	-	-
from this: positive FVA of derivative financial instruments designated as held for trading	195,644	-	195,644	-
Securities available-for-sale	-	-	-	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial assets measured at fair value total	**2,809,821**	**2,614,177**	**195,644**	-
Short positions - security trading	69,356	69,356	-	-
Negative FVA of derivative financial instruments designated as held for trading	196,884	-	196,884	-
Negative FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial liabilities measured at fair value total	**266,240**	**69,356**	**196,884**	-

Fair value of financial instruments carried at amortised cost

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values

23. EVENTS AFTER REPORTING PERIOD

No significant events happened after the reporting period that would require an adjustment to these statements.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on May 25, 2011.

MANAGEMENT AND OFFICERS

CONCORDE SECURITIES LTD.

Board of directors

György Jaksity, chairman
Gábor Borda
Norbert Streitmann

CEO

Árpád Pál

Supervisory Board

Gábor Móricz, chairman
Enikő Borsy
Krisztián Feyér

CONCORDE ASSET MANAGEMENT LTD.

Board of directors

László Szabó, chairman
Botond Bilibók
Gábor Borda
György Jaksity
Norbert Streitmann

CONCORDE CORPORATE FINANCE LTD.

Managing Director

Kálmán Nagy

CONCORDE FINANCIAL CONSULTING LTD.

Managing Director

Attila Gajdics

AUDITOR

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