CONCORDE

2·0·1·1
ANNUAL REPORT

CONCORDE

2 · 0 · 1 · 1

ANNUAL REPORT

CONTENTS

CONTENTS

COMPANY DESCRIPTION

COMPANY DESCRIPTION

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 firm is run on a partnership basis, with managers – either through shares or stock options – owning one-third of the Company, and with these owner-managers responsible for the day-to-day operation of the Company as well as for strategic decision-making. 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.

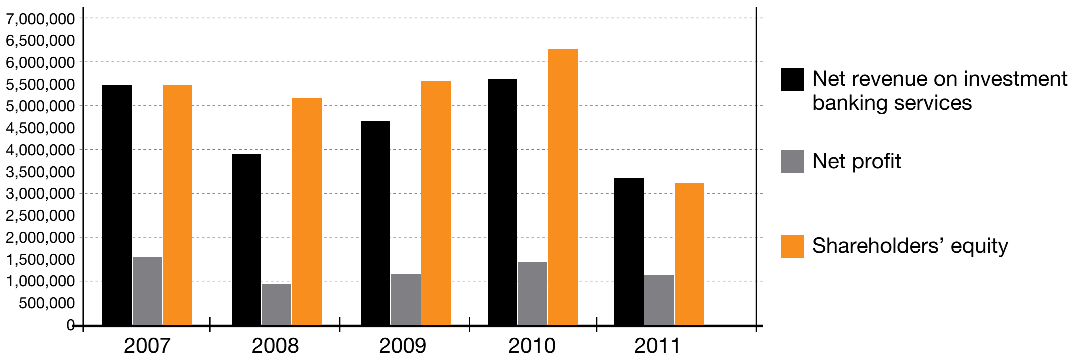
CONDENSED FINANCIAL INFORMATION

CONDENSED FINANCIAL INFORMATION

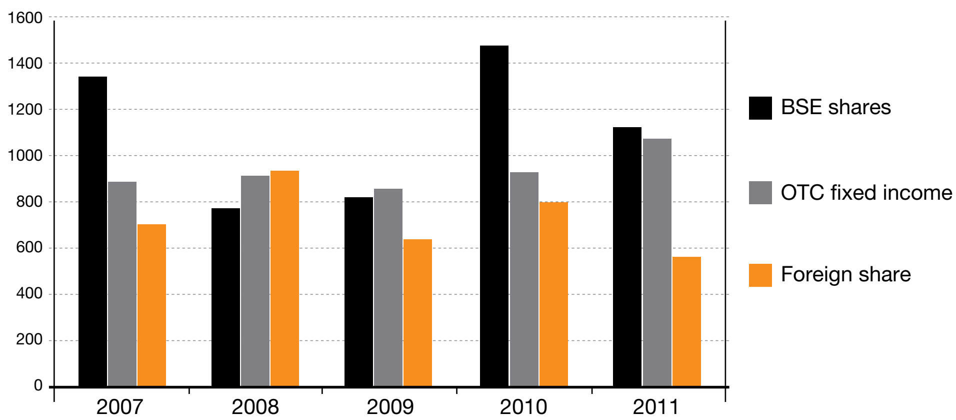
(HUF thousand)	2007 IFRS consolidated	2008 IFRS consolidated	2009 IFRS consolidated	2010 IFRS consolidated	2011 IFRS consolidated
Total assets	12,969,743	11,713,884	16,729,597	18,634,678	19,316,491
Shareholders' equity	5,476,264	5,174,474	5,586,505	6,293,042	3,244,470
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	925,000
Net revenue on investment banking services	5,465,185	3,904,190	4,640,772	5,608,865	3,314,566
Net profit	1,552,845	920,821	1,185,586	1,420,589	1,169,852
Turnover (HUF million)	3,296,025	2,681,066	2,346,009	3,249,548	2,772,683
Number of employees	135	143	128	133	95
Return on equity (%)	28	17	23	24	19

Note: IFRS - International Financial Reporting Standards

Financial figures (HUF thousand)



Turnover (HUF billion)



MANAGEMENT REPORT

MANAGEMENT REPORT

A New Model

In 2011, its eighteenth full year of business, Concorde Securities Ltd achieved a total investment services revenue of HUF 3,756 million (2010: HUF 4,553 million), with a securities trading volume of HUF 2,773 billion (2010: HUF 3,249 billion). The investment services generated earnings of HUF 3,107 million (2010: HUF 3,565 million) which, after deduction of costs and expenses, resulted in a pre-tax profit of HUF 952 million and a net profit of HUF 903 million (2010: pre-tax profit of HUF 1,351 million and net profit of HUF 1,274 million). The company's equity increased from HUF 2.49 billion to HUF 2.5 billion. When comparing figures from 2011 to previous years, it should be noted that the ownership interests qualifying as strategic financial investments were demerged from Concorde Securities Ltd in the course of the year. Special note should be made of the 75% package of Concorde Investment Fund Management Ltd, considering that as of 2011, the dividends previously received from that company have been redirected to Concorde Asset Management Ltd, created for the management of these investments. Due to the demerger, the equity of Concorde Securities Ltd decreased by HUF 186,786,000. After deducting dividends received from Investment Fund Management in the amount of HUF 374 million from the 2010 earnings of the company, the adjusted profit after tax was HUF 900 million, compared to HUF 903 million in 2011. This means that, despite a rapidly deteriorating economic climate, the company managed to slightly increase its profit, as detailed below.

Crisis Reloaded

In our 2010 Annual Report, we were contemplating whether, considering only the developments and the optimism of that year and at the same time ignoring hard facts, the financial and economic crisis that had erupted in 2008 could have been a mere figment of our imagination. Now, after the year 2011 displayed all the factors that continue to hamper if not stand in the way of a growing world economy, and especially the stable economic growth of developed countries, and these factors have become painfully clear to everyone, it seems that our concern was justified. As these factors bear repeating, a quick recap of them follows:

- the sovereign debt crisis of the Eurozone (EZ), which might result in yet another banking crisis, as well as the open or concealed sovereign default of some EZ members like Greece including spillover effects;

- the US sovereign debt crisis for whose resolution a so-called quantitative easing (QE) policy, i.e., a policy of quantitative monetary expansion rather than fiscal expansion, has been used and will possibly be used, which might very well create inflationary pressure on most of the world;

- the reduction of debt levels (deleveraging) – an inevitable consequence of the process of incurring debt that started twenty years ago and that rapidly accelerated in the 2000s – will inevitably go hand in hand with sacrifices of growth, which has barely started and might take a decade to "complete";

• despite post-crisis fluctuations, global stock prices have been drifting in a range in which they may not be overpriced compared to their average historical valuations, but where the impact of the above factors on company profits might result in continuing valuation compression (i.e., stable profitability might not be able to prevent stock prices from falling, and increased profitability will not necessarily lead to significant stock price increases);

• the economic policy measures adopted in reaction to the sovereign debt crisis of developed countries (and especially steps creating inflationary pressure, i.e., QE) might give rise to or stir up major social or geopolitical conflicts.

In terms of the issues described above, the last year showed that anything that could go wrong did.

1 The sovereign default agonies that had been ongoing for two years turned into a process endangering the EZ as a whole, while the Greek situation went from hard-to-manage to insoluble. In view of this, investors were rightfully asking the question of who would be next. Indeed, over the course of the summer, the government bond markets of Portugal, Spain and Italy saw high levels of liquidity, with increased risk premiums in virtually every country except Germany. These developments were fuelled by the fact that the solution chosen for Greece (i.e. "voluntary" debt write-off) was obviously not entirely suitable for risk mitigation on the CDS market, to put it lightly.

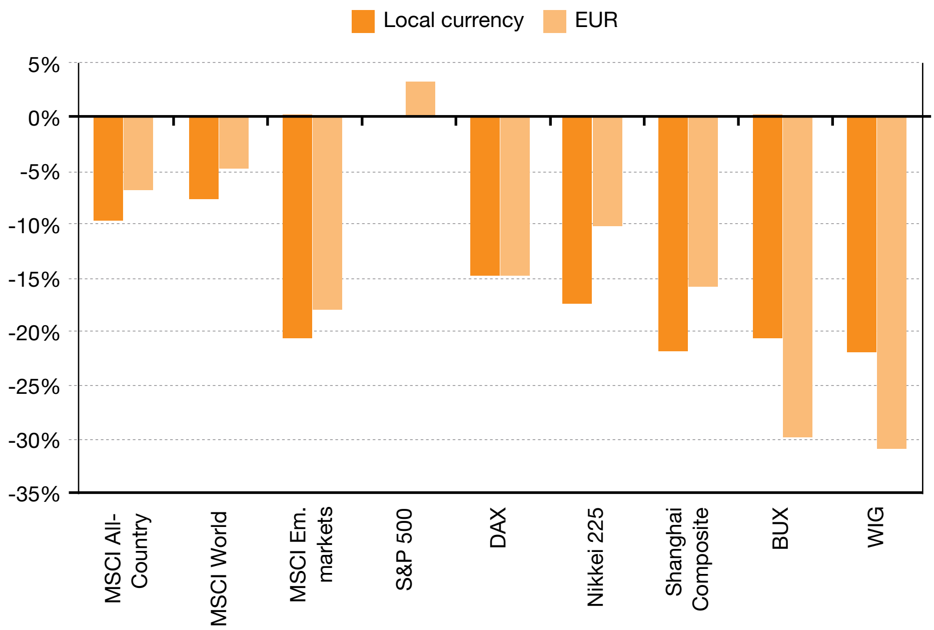
2 Put in numbers, the debt situation of the US is neither much better nor much worse than that of the EZ. However, as the US has a single centre of decision-making, it has come much further in managing the sovereign debt crisis using inflation than the EZ. At the same time, the inflationary impact of this policy manifests itself directly on commodity markets, and leads indirectly to increased inflationary pressure and thereby to raised interest rates and economic slowdown in dynamically growing emerging economies (compared to stagnation in the developed world), India being an important case in point.

3 Instead of pursuing a policy of debt reduction in the private sector, since 2008 national budgets have "taken over" part of the private debt, which means that the overall level of indebtedness has either remained the same or decreased very slightly. It becomes increasingly clear that rather than undergoing a quick process adaptation, the national balance sheets of developed countries will be subject to a series of adjustments over a period of up to a decade, i.e. a "muddle through scenario" with mild recovery seems to be the most likely possibility.

4 Despite the fact that national economies, companies and profits have experienced a period of growth in 2011, stock market prices in developed countries have seen a drop of 0% to 15%, or even more in developing countries. Considering the factors described above, this is hardly surprising. The crisis is still going on or, at least for those who doubted that it was, it has been “reloaded.”

5 The problems that emerged in the wake of the crisis and economic policies adapted in reaction to it (e.g. inflation brought about by monetary expansion, which has dealt a heavy blow to poor developing countries) have exacerbated existing tensions in a number of regions worldwide. This process started with a series of political demonstrations known as the “Arab Spring,” and continued with some (successful) revolutions, which brought down dictatorial regimes believed to be invincible like the ones in Egypt or Libya. It is hard to imagine what will happen should the Arab Spring continue - or repeat itself - this year, resurfacing for example in Saudi Arabia or bringing about the escalation of the situation in Iran.

Performance of the main indexes in 2011



Meanwhile, the Hungarian economy has deteriorated even further. At over 80%, the public debt to GDP ratio has reached new record levels in spite of the nationalization of private pension funds and deep budget cuts, while the economy has been edging towards another recession. International multilateral organizations - especially the EU, the ECB and the IMF - have been handling the situation as you would normally treat your best friend (with “best friend” taken to mean a cute four-legged creature). As a result, the Hungarian Forint exchange rate skyrocketed, and the “shadow cabinet” achieved its aim, i.e. to bring the Hungarian government and international financial organizations to the negotiating table.

It seems that this attempt at going our own way has only been the latest addition to Hungary's long tradition of great sacrifices made in failed struggles for freedom; except that this time, it is Hungarian society that is paying the price in the form of a rapid rise in sovereign debt. Unfortunately, the story has not come to an end yet, because it is not completely clear whether Hungary will manage to reach an agreement with these multilateral organizations (and it is questionable whether the Hungarian government intends to do so at all.) On the other hand, even if an agreement can be reached, the county's future will remain in the hands of the international markets, because an agreement would only mean that Hungary would be able to pay its debts due to the very same multilateral organizations (using their own money, as opposed to money from the market). This would not reduce Hungary's level of indebtedness, although overcoming the threat of default would, in itself, be a giant step forward, and stronger Hungarian Forint exchange rates would by definition reduce foreign debt. At the same time, the other problems of the Hungarian economy are crying for solutions. Just as developed countries, Hungary will now have to consider the 2010s a lost decade in terms of economic development and growth. What makes this even more painful is that the country failed to use the global expansion of the 2000s to implement modernization measures and structural changes. Instead, revenues were spent on low-yield private and public expenditures as well as investment projects. In other words, the country has wasted its resources that could have been used to boost growth and development.

Down But Not Out

There is not a single company that has it easy in the current economic situation in Hungary, struggling with a vicious triangle of sovereign debt crisis, stagnation/recession and a hopeless economic policy. However, the financial sector has been dealing with particularly difficult problems as a result of the crisis and the misguided political responses that followed it. Considering these factors, the overall assessment of the year 2011 for Concorde can only be very favourable, because in spite of general global and specifically Hungarian challenges facing financial corporations, the company has achieved a level of profitability similar to that of last year. When demonstrating this, it should be noted that the Concorde Group was divided into two distinct sections in 2011. Those ownership interests and investments that continue to be of strategic financial importance but in which we did not have a controlling share (i.e., in which we were not majority owners) have been demerged from Concorde Securities Ltd. As a result, the share of dividends formerly received by Concorde Securities Ltd from these investments that was paid out by Concorde Investment Fund Management Ltd was redirected to Concorde Asset Management Ltd, and thus did not increase the earnings made by Concorde Securities Ltd in 2011. In 2011, the dividends earned by the shares held in the Budapest Stock Exchange were still received by Concorde Securities Ltd.

The company was able to maintain a good level of profitability thanks to the further rationalization of costs. This achievement is especially impressive because Concorde is one of the few Hungarian companies (within or outside the financial sector) that were not forced to make layoffs. On the contrary: from 2008 to 2010 the number of staff increased slightly, and the company launched new services and products with good potential for further development. At the same time, it should be pointed out that the company is close to reaching the limits of extensive cost cuts and efficiency improvements without undertaking any investments. In 2012 making up for the loss of institutional revenues, stemming particularly from the nationalization of private pension funds, would be impossible even if we were only to start cost cuts at this point in time and if we had all the reserves that we used to have when the crisis erupted. Good, albeit reduced, levels of profitability can only be expected for the year 2012 if we manage to further increase our market share and if market volatility remains high. Obviously, neither of these factors are infinitely flexible, and thus they only offer a limited pool of reserves.

In 2011, we dedicated significant attention and resources to a possible relaunch of our once market-leading online services as well as to the improvement of our private banking service. While these efforts already produced some good results in 2011 (especially in terms of growing numbers of private banking clients), significant gains in either segment can only be expected in the long term.

As of 2011, Concorde Investment Fund Management Ltd has been a financial, rather than a consolidated, investment of the company. It has continued its run of successes, reporting an excellent year both in terms of yields and financial results produced. In light of this, our decision to reduce Concorde Securities Ltd's share in the company from 75% to 50% while entertaining the possibility of further sales might seem surprising. Considering that we have a very positive view of the outlook for the company and that in order to produce these outstanding results, we have had to invest more than one and a half decades of work into the company together with the management, this was not the future we had originally planned for Investment Fund Management. However, thinking in terms of realpolitik, it became clear that this division had been operating with a significantly higher degree of independence than other businesses of the Concorde Group. This would only have increased in the future, which left us with two choices: either to further integrate the company at the cost of losing its well-functioning management (or at least the motivation of its management), or to remain in a strategic partnership but keep the company as a financial investment in addition to the Group. Contrary to our professional beliefs unrelated to the situation that had emerged, we were convinced that the second solution would be more in line with the interests of our clients and shareholders.

The difficult economic situation and the lack - to some extent - of prospects have led to the slowdown or even complete halt of many corporate transactions. As a result, our corporate financial consulting division, which had always dealt with important challenges, invested significant amounts of energy into obtaining and concluding new orders. However, due to the problems characterizing Hungary just listed and described further above, this proved to be impossible. We are optimistic that even though Hungary's economic outlook has not improved (not even based on the best-case scenario), we will be able to direct our existing or future orders into the implementation phase, and earn the appropriate moral and financial rewards.

Corporate Social Responsibility

In the context of its corporate social responsibility, the Concorde Group focuses on three major areas: participation in the support of welfare and health care programmes, as well as cultural, social and academic and educational initiatives. We primarily seek to assist those foundations, organizations, artists, educational institutions and their students in their activities that have already proven their viability using their own resources and have made the most out of the opportunities accessible to them, but who will be able to move forward, develop and grow further with our help. Besides financing individual projects, the company has also actively helped manage the operations and supported the work of various foundations for over ten years now. The Concorde Group's key objectives include shaping attitudes in order to improve the situation of individuals with special needs, resulting in a new social cohesion that helps forge closer relationships between people with special needs and those of us who are capable of unassisted living.

Our Programmes In 2011

EDUCATION:

• ELTECON Scholarships: As part of our cooperation with the Applied Economics Department of Eötvös Loránd University, we granted ELTECON Scholarships, established by Concorde, to some outstanding students. This year, three of the four scholarships granted were solely based on academic merit, while for the remaining one, the social circumstances of applicants were taken into account. The recipient of the need-based scholarship has had the opportunity to gain valuable professional experience at Concorde's Research Department since last Autumn.

• Our employees have been actively participating in economics training at a number of universities and colleges.

• We have been offering financial support to several schools and other educational institutions.

WELFARE AND HEALTH CARE:

• Again in 2011, our most significant contribution was granted to the "Smile Home Foundation" (Mosoly Otthon Alapítvány – MOHA), running the most extensive programme in the field. MOHA works to improve the living conditions of children and adults with autism or intellectual disabilities, to offer them developmental activities and to facilitate their social integration. We would like those among us who are unable to live an independent life to be able to find a humane home where they can have a meaningful life that includes studying, working, recreational activities and the skills development. Several initiatives were successfully concluded in 2011 that supported these objectives.

Special charity auction: In 2011, the “Fogadj be!” (Adopt me) programme launched in 2008 by the Concorde Group and MOHA, combining the improvement of the situation of youth living with disabilities with visual art, focused on works created by artists living with autism. Based on a concept unparalleled in both the art and social spheres, we auctioned off works created by artists living with autism at a chamber auction held at the Műcsarnok (Hall of Art) in late November. At this unique event, 100 works created by 17 artists living with autism came under the hammer. The auction raised more than HUF 18 million, part of which has been received by residential homes for youth living with autism that are operated by non-governmental organizations. The other portion of the proceeds will be spent on the future funding of the programme.

In 2011, we continued to support foundations promoting children’s health:

• we continued our cooperation with Salva Vita Foundation, an organization that facilitates the employment of persons living with disabilities;

• we have been sponsoring events organized by Bátor Tábor for the last eleven years (e.g. charity auctions, theatre season tickets, etc.);

• we supported the storytelling therapy programme operated by “Mosoly Alapítvány” (Smile Foundation) in order to enable an increasing number of therapeutic centres throughout the country to offer storytelling therapy to children;

• support of the International Children’s Safety Service as well as participation in the supervisory board;

vsupport of the Hungarian Foundation for Paediatric Emergency Care;

• for years, we have been giving high priority to supporting the activities of the Hungarian Civil Liberties Union (HCLU) related to legal counselling for individuals with special needs.

CONTEMPORARY CULTURAL PATRONAGE:

• We supported the exhibition entitled “Sírba visztek” (You’re killing me) at the Műcsarnok (Hall of Art), commemorating the oeuvre of the music band A. E. Bizottság.

• We are continuing to sponsor the activities of Summa Artium aimed at popularizing contemporary culture.

• In cooperation with Hungarian contemporary galleries, we helped young Hungarian contemporary artists present themselves on the world stage.

• We supported the Friends of the Liszt Academy of Music.

• We extended financial support to the Baltazár Theatre.

Awards

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 read-ers, 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.

After 2010, Concorde received the MagyarBrands Award for a second time in 2011. As part of the MagyarBrands initiative, a panel of experts recognizes the most outstanding Hungarian brands. According to the initiators of the programme, the brands chosen "can serve as worthy representatives of Hungarian brands both at home and abroad, in addition to embodying a value on both the Hungarian and international markets that stands for reliability and quality for consumers."

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

The 2008 edition of the Austria and Central Europe Yearbook of the London-based AQ Research compared the recommendations 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 rankings of the 2009 edition of the AQ Research Yearbook published in 2010, Concorde Securities Ltd was among the top three companies again, while chief analyst Attila Vágó was also awarded the same recognition. According to the 2010 annual analyst survey carried out by AQ Research, Concorde prepared the most accurate forecasts regarding OTP and Magyar Telekom shares.

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 founda¬tions 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

REPORTS OF THE DIVISIONS

Equity Trading

The overall stock trading volume of Budapest Stock Exchange (BSE) dropped by 30% in 2011, while the stock trading volume reported by Concorde Securities Ltd decreased by 24%. With a market share of 14.59%, Concorde Securities Ltd was the second biggest player on the market.

Market share and ranking based on BSE trading volume

	2007	2008	2009	2010	2011
BSE equity turnover (HUF mln)	17,383,639	10,568,527	10,276,332	11,045,065	7,692,280
Concorde turnover (HUF mln)	1,704,403	773,104	824,101	1,484,224	1,122,044
Market share (%)	9.80%	7.31%	8.02%	13.44%	14.59%
Ranking	4	5	4	2	2

In addition to the fall in trading volumes described above, the sales revenues generated by the commissions business shrunk by 15%. Close to 99% of the BSE's trade volume was generated by stocks, with the remaining 1% made up of corporate bonds (mortgage bonds) and other securities.

Turnover transacted on the BSE (HUF thousand)

	2007	2008	2009	2010	2011
Equities	1,704,402,627	1,704,402,627	824,101,000	1,484,224,184	1,122,043,639
Government securities	-	-	595,512	-	2,277,830
Corporate bonds	1,501,958	1,501,958	21,763,675	27,685,446	9,496,843
Other securities	2,922,615	2,922,615	3,007,698	6,377,999	2,196,897
Total	**1,708,827,201**	**1,708,827,201**	**849,467,885**	**1,518,287,629**	**1,136,015,208**

A significant portion of Concorde's commission income was generated by commissions activities carried out at stock exchanges outside of Hungary. In 2011, the turnover of this segment dropped by 29%. The table below contains a breakdown of turnover according to international securities markets.

Foreign securities trading volume (HUF thousand)

	2007	2008	2009	2010	2011
Equities	664,984,281	906,226,724	627,773,142	791,072,935	558,629,506
Government securities	31,580,669	16,156,974	3,829,651	-	4,403,198
Other securities	5,061,772	15,335,137	12,721,054	2,025,922	445,507
Total	**701,626,722**	**937,718,835**	**644,323,847**	**793,098,857**	**563,478,211**

Retail Customers

In a rapidly deteriorating operating environment, the performance of our retail division in 2011 provided a compelling demonstration of the correctness of several previous strategic decisions and of the directions of development taken over the past years. The timely expansion of investment services related to foreign stocks and foreign currency denominated bonds effectively shielded our business from drastic decreases in trading volumes at the Budapest Stock Exchange (BSE). At the same time, the revenue generated by the sales of Hungarian stocks shrunk at a slower pace (27%) in 2011 than the losses suffered by the stock trading volume of BSE over the same period (30%), and the total sales revenue of the division only decreased by 7% compared to last year. The distribution of sales revenues within the year 2011 has demonstrated yet again that both the division and its clients are able to capitalize on the higher levels of volatility on financial markets that are inevitably caused by economic crises. Accordingly, the division's sales revenues reached their highest level precisely in those months that were the darkest in terms of the performance of stock markets in 2011. One of the division's most important achievements was that, thanks to a conservative and client-oriented corporate culture, the key figures of the client portfolio in the retail division have not felt any impact of the waves of the global financial crisis.

Fixed-Income Business And Treasury Operations

Up until September 2011, the government bonds market had been relatively calm. October saw the beginnings of a turbulence that was spurred in part by foreign market developments, and in part by the communications of the Hungarian government regarding the EU and the IMF. Thus, after remaining between 6% and 7% throughout the entire year, yield levels rose to between 9% and 10%. At the same time, Hungary's CDS spread widened from 350 basis points to 700, which resulted in an increase in the yield of Euro-denominated government bonds from between 4% and 5% to about 9%.

The exchange rate of the Hungarian Forint followed a similar course. Starting from early 2011, its exchange rate against the Euro fluctuated in the range of 265 to 280. From September on, however, it broke through successive psychological and technical barriers, weakening to HUF 315 at the end of the year (in early January, the Euro exchange rate rose even higher, to HUF 324). In the last three months of the year, the daily and weekly volatility of foreign currencies increased in addition to weakening HUF exchange rates. The key objective of the fixed-income division as a non-primary distributor for the year 2011 was to provide high-quality services to the overwhelmingly Hungarian (corporate and retail) clients of the company, as well as to conclude foreign currency transactions related to the international securities business and other capital market transactions. In 2011, the total market value of transactions carried out in Forint-denominated and Euro-denominated fixed-income products, especially Hungarian government bonds and Hungarian corporate bonds, was HUF 896 billion (an increase of 12% compared to 2010). The trading volume of our foreign currency transactions reached HUF 312 billion.

Derivatives Division

In 2011, the trading volume of the futures market at Budapest Stock Exchange (BSE) fell significantly (by around 30%) compared to last year. This market tendency also had an impact on the futures turnover of Concorde, which decreased by around 20% compared to 2010. The most marked drop was recorded for the turnover generated by BUX futures and shares trading. Our currency futures turnover on the other hand showed a 35% increase, due in part to broad fluctuations in the exchange rate of the Hungarian Forint.

Thanks to house account hedging transactions concluded in 2011, we were able to maintain the level of income reached by the futures division in the previous year. The market value of our turnover exceeded HUF 123 billion.

In 2011, the key objective of the futures division was the retention of customers operating on the Hungarian standardized futures market. In order to meet this objective, we have been offering our clients high-quality and flexible services. We also sought to streamline and optimize working phases related to house account hedging transactions.

Research

In spite of market developments taking place at a frantic pace in 2011, developed capital markets closed the year without any significant increases, sometimes even with slight decreases. These volatile conditions favoured stock market specialists who did not have a difficult time producing positive yields by choosing the appropriate stocks as well as by assigning the appropriate weight to each sector.

Based on data reported by Bloomberg in its assessment of analyst recommendations carried out for corporate clients, Concorde's corporate analysts delivered outstanding results over the last year. With regard to the 21 companies that we monitor, the relative recommendations of Concorde employees came out on top of the entire field in 11 cases. In terms of absolute return recommendations, they outperformed their competitors in the case of 8 companies, while for 5 companies, Concorde specialists prepared the best recommendations in both categories.

We are convinced that the deleveraging process (i.e. the reduction of the leverage ratio) currently underway in the developed world, the corresponding low levels of economic growth and frequent economic downturns presage weak, volatile performance of stock markets in the future. Accordingly, the market, which had shown an upward trend over nearly 30 years, and index-linked investment funds have been losing (and will probably continue to lose) much of their appeal. Thus, we expect that the popularity of absolute return funds will increase. In line with these expectations, the Research Division has been offering a wider range of ideas and recommendations to clients interested in these products. At the start of 2011, we launched an absolute return model portfolio, which we have used to give our clients tips on absolute return funds.

A key objective for the last year was to improve dissemination channels for our analyses. In order to reach this objective, we created our own website, accessible through Bloomberg Terminals. Due to stormy economic conditions, visitor numbers reached well over 1,000 in August 2011. Our analyses have also become available through the Reuters Knowledge tool. We are planning to undertake further steps in the future to reach new clients with a potential interest in the products of the Research Division.

Concorde Corporate Finance Ltd.

In a climate characterized by debt crises and spells of anxiety, the mergers and acquisitions market saw significant drops worldwide in 2011. The Hungarian corporate sector continued to face challenges related to a shortage of credit, restrained domestic consumption and limited growth, as well as an economic policy termed “unorthodox” by those in charge of it. Investors and potential buyers, on the other hand, reacted in the most orthodox of manners possible: the insecure international environment, coupled with a Hungarian market that become completely unintelligible to them prompted them not to buy anything in Hungary unless it was absolutely necessary.

With pending transactions having been postponed, the unfavourable market conditions left their mark on the performance of Concorde Corporate Finances Ltd. At the same time, credit constraints led to an increased interest in raising funds through the capital market. We supported several clients in preparing to list their shares on the stock market. As a result, the shares of Masterplast Plc have been successfully listed on the Budapest Stock Exchange.

We believe that the market will continue to be restrained and extremely volatile in 2012. Key factors for the satisfactory completion of transactions will probably include appropriate timing following exhaustive preparatory measures.

Concorde Financial Consulting Ltd.

After 2009 and 2010, the total volume of film subsidies disbursed by Concorde Financial Consulting (CFC) exceeded HUF 2 billion for a third consecutive year in 2011. This year we managed to add further sponsors to the existing pool of sponsoring clients, and we maintained CFC’s leading position in the market. In 2011, we intermediated sponsorship for more than 80 films, the combined budgets of which amounted to over HUF 10 billion. The films included feature films, television series, documentaries and animated films, some of which were solely

Hungarian productions and some international coproductions, while others were shot in Hungary under outsourcing agreements. The films that we sponsored won numerous awards, receiving outstanding acclaim at the Hungarian Film Festival and Locarno Film Festival. In addition, they also included an animated feature film nominated for the Academy Award.

In 2011, CFC intermediated sponsorship in the performing arts, brokering subsidies for indoor theatres, children's theatres, open-air theatres and symphony orchestras in the amount of nearly HUF 500 million. We expect these activities to gain increasing significance in 2012.

Under the new Sport Sponsorship Act of 2011, CFC launched its sports sponsorship brokerage business, initially on a small scale. We intermediated sponsorship for junior training activities carried out by sports clubs and academies in the fields of football, basketball and ice hockey. This new activity may gain in significance in 2012. Thanks to a 30% increase in the overall volume of subsidies, CFC can look back on a financially successful year, which saw increases in both its sales revenue and profit.

Deloitte.

Deloitte Auditing and Consulting Ltd.
H-1068 Budapest, Dózsa György út 84/C, Hungary
H-1438 Budapest, P.O.Box 471, Hungary

Tel: +36 (1) 428-6800
Fax: +36 (1) 428-6801
www.deloitte.com/hungary

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 2011, which financial statements comprise the consolidated statement of financial position as at December 31, 2011 - which shows total assets of 19,316,491 thHUF, - the related consolidated statement of comprehensive income – which shows net comprehensive income of 1,169,852 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, 2011, in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, April 4, 2012

....

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2011

(all amounts in thousands of HUF unless otherwise stated)

	Notes	December 31, 2011	December 31, 2010
Assets			
Current Assets:			
Cash and cash equivalents	4	14,014,417	12,034,597
Receivables from brokers, dealers and customers	5	1,392,496	1,372,020
Financial assets measured at fair value through profit or loss	6	2,603,047	3,336,304
Other receivables and accruals	7	395,962	844,325
Total current assets		18,405,922	17,587,246
Non-current Assets:			
Goodwill		70,400	70,400
Equity investments	8	235,193	275,618
Loans to employees		39,896	122,998
Tangible and intangible fixed assets	9	555,670	548,028
Deferred tax assets	19	9,410	30,388
Total non-current assets		910,569	1,047,432
Total assets		19,316,491	18,634,678
Liabilities and Shareholders' Equity			
Current Liabilities:			
Liabilities to brokers, dealers and customers	10	13,958,821	11,224,272
Short term borrowings		1,154,641	232,650
Financial liabilities at fair value through profit or loss	11	496,630	321,738
Other liabilities	12	461,929	562,976
Total current liabilities		16,072,021	12,341,636
Shareholders' Equity:			
Share capital	13	925,000	1,000,000
Statutory reserves	13	-	-
Retained earnings		2,313,784	4,899,410
Treasury shares	14	(9,213)	(27,988)
Total shareholders' equity attributable to equity holders		3,229,571	5,871,422
Non-controlling interest		14,899	421,620
Total shareholders' equity		3,244,470	6,293,042
Total liabilities and shareholders' equity		19,316,491	18,634,678

The accompanying notes to consolidated financial statements on pages 31 to 64 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

(all amounts in thousands of HUF unless otherwise stated)

	Notes	December 31, 2011	December 31, 2010
Revenue			
Commissions		2,824,743	3,301,524
Gains on securities traded on proprietary account	15	998,061	1,287,438
Corporate finance activities		74,530	244,660
Custodianship, safe-keeping and portfolio management activities		550,904	1,650,505
Interest and dividend income from securities		364,342	408,047
Other income	18	207,414	151,001
Total revenue		5,019,994	7,043,175
Expenses			
Commission expenses		(179,132)	(278,755)
Losses on securities traded on proprietary account	15	(346,399)	(606,859)
Wages and salaries	16	(1,139,898)	(1,539,958)
Brokerage, clearing and exchange fees		(454,191)	(503,091)
Communication costs		(36,161)	(35,729)
General and administration expenses	17	(1,035,519)	(1,287,998)
Interest paid		(89,695)	(154,907)
Other expenses	18	(491,545)	(649,495)
Total expenses		(3,772,540)	(5,056,792)
Profit before tax		1,247,454	1,986,383
Income tax expense	19	(72,873)	(115,159)
Profit for the year		1,174,581	1,871,224
Attributable to:			
Equity holders of parents		1,169,852	1,420,589
Non-controlling interest		4,729	450,635
		1,174,581	1,871,224
Weighted average number of shares outstanding during the year		1,384,768	992,500
Consolidated diluted earning per share in thousand of HUF		848	1,885

NET PROFIT FOR THE YEAR	1,169,852	1,420,589
NET COMPREHENSIVE INCOME	1,169,852	1,420,589

The accompanying notes to consolidated financial statements on pages 31 to 64 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2011

(all amounts in thousands of HUF unless otherwise stated)

	Note	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, 2010		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		-	-	-	(802,989)	(802,989)	(361,699)	(1,164,688)
Disposal of subsidiary		-	-	-	-	-	-	-
Release of statutory reserve(*)		-	-	-	-	-	-	-
Balance as of December 31, 2010		1,000,000	(27,988)	-	4,899,410	5,871,422	421,620	6,293,042
Net comprehensive income for the year		-	-	-	1,169,852	1,169,852	4,729	1,174,581
Dividends paid		-	-	-	(2,284,630)	(2,284,630)	(57,441)	(2,342,071)
Disposal of subsidiary	21	(75,000)	-	-	(1,470,848)	(1,545,848)	(354,009)	(1,899,857)
Treasury share sale		-	18,775	-	-	18,775	-	18,775
Balance as of December 31, 2011		925,000	(9,213)	-	2,313,784	3,229,571	14,899	3,244,470

* See Note 13

The accompanying notes to consolidated financial statements on pages 31 to 64 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

(all amounts in thousands of HUF unless otherwise stated)

		Year ended December 31, 2011	Year ended December 31, 2010
Cash flows from operating activities:			
Profit before tax		1,247,454	1,986,383
Adjustments for:			
Unrealized losses on proprietary account		346,399	606,859
Depreciation and amortisation		177,299	185,038
Impairment of receivables		16,506	681
Loss on sale of investments		-	4,708
Interest expense		89,695	154,907
Interest income		(342,677)	(328,271)
Operating profit before working capital changes		1,172,588	2,610,305
Increase in securities held for trading and derivatives		(298,843)	(1,133,342)
(Increase)/Decrease in accounts receivable from settlement		(194,661)	843,792
(Increase)/Decrease in accounts receivable and other current assets		(584,873)	1,234,200
Increase/(Decrease) in accounts payable from settlement		196,402	(2,203,633)
(Decrease)/Increase in accounts payable and accruals		(176,815)	256,392
Increase in financial liabilities at fair value through profit and loss		174,893	55,498
Cash generated from operations		650,779	1,663,212
Interest paid		(89,695)	(154,907)
Interest received		342,677	184,225
Income taxes paid		(51,895)	(137,160)
Net cash flow provided by operating activities		851,866	1,555,370
Cash flows from investing activities:			
Purchase of property, plant and equipment		(243,233)	(194,710)
Increase in loans granted to employees		11,338	-
Decrease due to disposal of subsidiary	21*	(25,537)	-
Proceeds on sale of property, plant and equipment		58,292	5,452
Proceeds on sale of investments		-	2,035
Net cash flow used in investing activities		(199,140)	(187,223)
Cash flows from financing activities:			
Net decrease of short term loans		921,991	(147,214)
Dividends paid to equity holders of parent		(2,284,630)	(802,989)
Dividends paid to non-controlling interest		(57,441)	(361,699)
Treasury shares acquired		18,775	-
Net cash flow used in financing activities		(1,401,305)	(1,311,902)
Increase/decrease in cash and cash equivalents		(748,580)	56,244
Cash and cash equivalents at beginning of year		932,906	876,662
Cash and cash equivalents at end of year		932,906	932,906

The accompanying notes to consolidated financial statements on pages 31 to 64 form an integral part of these consolidated financial statements.

*see note 21

	Year ended December 31, 2011	Year ended December 31, 2010
Increase in total cash and cash equivalents	1,979,820	3,293,747
Total Cash and cash equivalents at beginning of year	12,034,597	8,740,850
Total Cash and cash equivalents at end of year	14,014,417	12,034,597
From this		
-Client accounts		
Increase in cash and cash equivalents	2,702,863	3,237,503
Cash and cash equivalents at beginning of year	11,101,691	7,864,188
Cash and cash equivalents at end of year -client	13,804,554	11,101,691
-Own accounts		
(Decrease)/Increase in cash and cash equivalents	(723,043)	56,244
Cash and cash equivalents at beginning of year	932,906	876,662
Cash and cash equivalents at end of year - own	209,863	932,906

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AND AS OF DECEMBER 31, 2011

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”.

	2011	2010
Domestic and foreign private and institutional investors	99.6%	99.25%
Treasury shares	0.4%	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 2011

The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2011

The following amendments to the existing standards issued by the International Accounting

Standards Board and adopted by the EU are effective for the current period:

- IAS 24 (Amendment) “Related Party Disclosures” - Simplifying the disclosure require ments for government-related entities and clarifying the definition of a related party, adopted by the EU on 19 July 2010 (effective for annual periods beginning on or after 1 January 2011),

- IAS 32 (Amendment) “Financial Instruments: Presentation” – Accounting for rights is sues, 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 Compar ative 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),

- Various standards and interpretations (Amendment) “Improvement 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, adopted by the EU on 18 February 2011 (amendments are to be applied for annual periods beginning on or after 1 July 2010 or 1 January 2011 depending on standard/interpretation),

- IFRIC 14 (Amendment) “IAS 19 — 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 begin ning 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).

The adoption of the above presented Amendments and new Standards and Interpretations had no significant impact on the financial statements..

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

At the balance sheet date of these financial statements, the following Standards and Interpretations were issued but not yet effective:

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2015),

- IFRS 10 “Consolidated Financial Statements” (effective for annual periods beginning on or after 1 January 2013),

- IFRS 11 “Joint Arrangements” (effective for annual periods beginning on or after 1 January 2013),

- IFRS 12 “Disclosures of Involvement with Other Entities” (effective for annual periods beginning on or after 1 January 2013),

- IFRS 13 “Fair Value Measurement” (effective for annual periods beginning on or after 1 January 2013),

- IAS 27 (revised in 2011) “Separate Financial Statements” (effective for annual periods beginning on or after 1 January 2013),

- IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures” (effective for annual periods beginning on or after 1 January 2013),

- IFRS 1 (Amendment) “First-time Adoption of IFRS” - Severe Hyperinflation and Re moval of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),

- IFRS 7 (Amendment) “Financial Instruments: Disclosures”- Transfers of Financial As sets (effective for annual periods beginning on or after 1 July 2011),

- IAS 1 (Amendment) “Presentation of financial statements” -Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012),

- IAS 12 (Amendment) “Income Taxes” - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012),

- IAS 19 (Amendment) “Employee Benefits” - Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013),

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” (effective for annual periods beginning on or after 1 January 2013).

The adoption of the above presented Amendments and new Standards and Interpretations would have no significant impact on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation 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 April 4, 2012.

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 Gorup, 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, 2011 and December 31, 2010. 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, 2011

Group	Group Ownership	Brief description of activities
Concorde Corporate Finance Ltd.	75.00%	Corporate finance

As at December 31, 2010

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

*On April 16, 2011, the extraordinary general meeting of the Company has approved the demerger of the newly established Concorde Investment and Asset Management Ltd. (Concorde Befektetési és Eszközkezelő Zrt.) from the Company with the aim of restructuring of the investments within the Group. The demerger has been performed based on the statement of financial position of the Company included by the financial statements in accordance with Hungarian Accounting Standards as of and for the year ended December 31, 2010. As a result of the demerger, the investments in Budapest Stock Exchange and Concorde Fund Management Ltd. held by the Company have been transferred to Concorde Investment and Asset Management Ltd. See notes on note 21.

Entities not involved to consolidation

As of December 31, 2011 and December 31, 2010 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 2011 and 2010.

As at December 31, 2011

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, 2010

Group	Group's 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

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 ac crual 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 account ing'.

- Dividend income from investments is recognised when the shareholder's right to re ceive 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 eco nomic 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 out standing 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 as set 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 deduct- ible 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 as- sets 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 in- vestments 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 pre-determined 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 2011 and 2010.

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 JUDGMENTS 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

	December31, 2011	December 31, 2010
Petty Cash	109,262	73,492
From this		
-Client accounts	89,724	69,240
-Own accounts	19,538	4,252
Bank accounts	13,905,155	11,961,105
From this		
-Client accounts	8,659,665	11,032,451
-Own accounts	5,245,490	928,654
	14,014,417	12,034,597

Included within cash and current accounts is HUF 13,804,554 thousand (2010: HUF 11,101,691 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, 2011	December 31, 2010
Receivables from services provided	829,279	656,060
Receivables from clearing house	431,144	414,756
Receivables from trading on the Budapest Stock Exchange	104,430	110,279
Receivables from loans to customers	92,016	29,636
Receivables from the settlement of over-the-counter transaction	-	209,156
	1,456,869	1,419,887
Allowance for doubtful receivables	(64,373)	(47,867)
	1,392,496	1,372,020

Allowance for doubtful receivables:	December31, 2011	December31, 2010
Opening Balance (January 1)	(47,867)	(47,186)
Impairment loss recognized	(16,506)	(681)
Reversal of impairment loss recognized	-	-
Closing Balance (December 31)	(64,373)	(47,867)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December31, 2011	December 31, 2010
Government bonds	520,223	1,417,437
Treasury Bills	860,397	1,406,260
Mortgage bonds	384,076	305,635
Investment funds	211,294	-
Listed shares	117,832	56,758
Corporate bonds (unlisted)	8,514	-
	2,102,336	3,186,090
Held for trading derivatives	500,711	150,214
	2,603,047	3,336,304

Interest rates and maturity date on government securities as of December 31, 2011 are as follows:

	2011	Maturity	Coupon rate	
Discounted Treasury Bills	735,724	between July, 2012	-	-
Discounted Treasury Bills	124,673	and December, 2012	-	-
Hungarian Government Bonds	148,078	2012	fixed	6.00%-7.25%
Hungarian Government Bonds	319,681	2013-2015	fixed	4.50%-8.00%
Hungarian Government Bonds	52,464	2016-	fixed	4.75%-6.75%
	1,380,620			

7. OTHER RECEIVABLES AND ACCRUALS

	December31, 2011	December 31, 2010
Debtors	96,485	28,678
Other tax receivables	21,276	23,337
Corporate tax receivables	6,458	74,732
Loan advances to other unconsolidated subsidiaries	3,706	514
Accrued income	263,096	585,963
Accrued interest on bank deposit	-	1,038
Others	4,941	130,063
	395,962	844,325

8. EQUITY INVESTMENTS

	December 31, 2011		December 31, 2010	
	book value	ownership %	book value	ownership %
Membership in Budapest Stock Exchange	-	-	40,425	4.17%
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	-	-	-	-
	235,193		275,618	

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, 2011 are Concorde Financial Consulting Ltd., and Eclipse Investment Ltd.. Certain financial information as of and for the year ended December 31, 2011 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.	2011 (unaudited)	2010 (unaudited)
Total assets	61,550	61,550
Shareholders' equity	3,000	3,000
Net income	-	-

Eclipse Investment Ltd.	2011 (unaudited)	2010 (unaudited)
Total assets	304,358	304,358
Shareholders' equity	301,822	301,822
Net income	21,100	21,100

SMÁK Project Management Ltd.	2011 (unaudited)	2010 (unaudited)
Total assets	-	1,261
Shareholders' equity	-	(1,575)
Net income	-	(394)

Total of Equity Investments	2011 (unaudited)	2010 (unaudited)
Total assets	365,908	367.169
Owners' equity	304,822	303.247
Net income	21,100	20.706

9. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Intangible assets	Furniture, fixtures and equipment	Leasehold improvements	CIP	Total
Cost:					
January 1, 2010	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
Additions	65,042	108,631	672	68,888	243,233
Disposals	0	(90,167)	(1,701)	-	(91,868)
Disposal of subsidiary	(12,263)	(76,837)	-	-	(89,100)
December 31, 2011	1,048,456	1,062,379	120,420	68,888	2,300,143
Depreciation and amortisation:					
January 1, 2010	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
Charge for the year	73,868	98,579	4,852	-	177,299
Disposals	-	(69,878)	(1,701)	-	(71,579)
Disposal of subsidiary	(12,009)	(39,088)	-	-	(51,097)
December 31, 2011	890,623	831,277	22,573	-	1,744,473
Net book value:					
December 31, 2010	166,913	279,088	102,027	-	548,028
December 31, 2011	157,833	231,102	97,847	68,888	555,670

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

	December 31, 2011	December31, 2010
Payables to clients	13,804,554	11,101,691
Liabilities from security sale	119,678	110,209
Payables from trading on the Budapest Stock Exchange	34,589	12,372
	13,958,821	11,224,272

	December 31, 2011	December31, 2010
- Overdrafts in HUF	863,394	200,000
- Overdrafts in USD	255,635	16,399
- Overdrafts in EUR	35,599	16,251
- Overdrafts in SEK	13	-
	1,154,641	232,650

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, 2011	December31, 2010
Held for trading derivatives	496,630	151,815
Short positions - security trading	-	169,923
	496,630	321,738

12. OTHER LIABILITIES

	December 31, 2011	December31, 2010
Accrued expenses	245,034	263,022
Personal income tax and social contribution	130,845	44,893
Payables	71,346	177,803
Taxes payable	6,274	8,607
Other	8,430	68,653
	461,929	562,977

13. SHARE CAPITAL AND RESERVES

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

	December 31, 2011		December31, 2010	
	Issued capital	Ownership rate	Issued capital	Ownership rate
TC Ltd.	277,500*	30.00%	300,000	30.00%
Gábor Móricz	138,380	14.96%	149,600	14.96%
Eurotipp Ltd.	97,680	10.56%	105,600	10.56%
Blackburn International Luxembourg Inc.	91,594	9.90%	99,020	9.90%
Blackburn International Ltd.	91,575	9.90%	99,000	9.90%
Zürich Investments Inc.	91,575	9.90%	99,000	9.90%
Kalispera S.A.	91,575	9.90%	99,000	9.90%
Treasury shares	3,700	0.40%	7,500	0.75%
Other	41,421*	4.48%	41,280	4.13%
Total shareholders' equity	925,000	100.00%	1,000,000	100.00%

The number of shares issued is 1,000,000 each with a face value of HUF 925 per share for the year ended December 31, 2011. For the previous year the number of shares issued is 1,000,000 each with a face value of HUF 1 thousand per share.

* Dividend preferred shares: TC Ltd. 277,500 and others 27,750.

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

	Commonshares		Dividend preferred shares	
	Outstanding	Treasury	Outstanding	Treasury
January 1, 2011	662,500	7,500	330,000	-
December 31, 2011	616,050	3,700	305,250	-

Concorde Securities Ltd's distributable reserves under Hungarian regulations were HUF 2,285,439 thousand and HUF 3,657,916 thousand as of December 31, 2011 and December 31, 2010, respectively. Dividends for the year ended December 31, 2011 were declared at the Group's Annual General Meeting on April 4, 2012.

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.)

The shareholder, who has a dividend preferred shares get earlier dividend, than the shareholder, who has common shares.

14. TREASURY SHARES

	December 31, 2011	December31, 2010
Nominal value (Common Shares)	3,700	7,500
Carrying value at acquisition cost	9,213	27,988

15. NET REVENUE ON SECURITIES TRADED ON PROPRIETARY ACCOUNT

	Year ended December 31, 2011	Year ended December 31, 2010
Gains on securities traded on proprietary account	998,061	1,287,438
Losses on securities traded on proprietary account	(346,399)	(606,859)
Net revenue on securities traded on proprietary account	651,662	680,579

	Year ended December 31, 2011	Year ended December 31, 2010
Government and corporate bonds	371,068	407,245
Treasury Bills	170,736	186,853
Shares	116,119	89,774
Futures	(1,647)	(44,143)
Other	(4,614)	40,850
	651,662	680,579

16. WAGES AND SALARIES

	Year ended December 31, 2011	Year ended December 31, 2010
Salaries	783,951	1,097,505
Social insurance contribution	248,857	254,770
Other employee related contribution	99,382	103,763
Other employee related expenses	7,708	83,920
	1,139,898	1,539,958

The number of a full time equivalent staff employed at end of the reporting period was 95 (2010: 133 full time equivalent staff was employed).

17. GENERAL AND ADMINISTRATION EXPENSES

	Year ended December 31, 2011	Year ended December 31, 2010
Rental and maintenance fees	350,222	341,453
Depreciation and amortisation	177,299	185,038
Bank charges	100,263	86,799
Professional fees	85,112	175,500
Local tax	80,905	132,711
Office supplies	71,812	102,164
Travel	43,492	44,639
Marketing	27,421	51,283
Training	10,124	21,965
Membership fees	8,222	9,866
Insurance fees	7,345	8,334
Other	73,302	128,246
	1,035,519	1,287,998

18. OTHER EXPENSES AND OTHER INCOME

Other expenses	Year ended December 31, 2011	Year ended December 31, 2010
Foreign exchange loss	157,543	86,762
Film and charity sponsorship	117,440	244,232
Loss on fixed asset disposal	-	108,987
Innovation fee	-	-
Foreing currency conversation differences	(6,377)	-
Banking tax	172,991	172,991
Other	32,788	36,523
	491,545	649,495

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

Based on the amendment of the act on the banking tax of financial institutions approved on 22 July 2010, a new special financial institution tax was paid by the Group. The total tax amount for the year 2011 and 2010 was HUF 173 million. Based on the approved regulations, financial institutions are obliged to pay this special tax until the end of 2012.
Corporate income tax: there is no change in the tax rate of that: HUF 500 million is taxable with 10%, over that the effective tax rate is 19% in 2012.

Other income	December 31, 2011	December 31, 2010
Foreign exchange gain	138,342	118,542
Gain on fixed asset selling	2,385	-
Other income	66,687	32,459
	207,414	151,001

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, 2011	December 31, 2010
Current tax expense	51,895	137,160
Deferred tax expense/ (benefit)	20,978	(22,001)
Total income tax expense recognised in the current year	72,873	115,159

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

	Year ended December 31, 2011	Year ended December 31, 2010
Profit before tax	1,247,454	1,986,383
Income tax expense calculated (2011: 19% & 10%(*); 2010: 19% & 10%(*))	190,026	392,414
Effect of income that is exempt from taxation	(13,693)	(97,269)
Effect of expenses that are not deductible in determining taxable profit	6,177	6,749
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	(10,767)
Loss on disposal of subsidiary	(68,797)	-
Other permanent differences - treasury shares	(5,318)	-
	108,395	291,127
Adjustments – tax credit on film sponsorship	(56,500)	(175,968)
Income tax expense recognised in profit or loss (relating to continuing operations)	51,895	115,159

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

Current tax assets and liabilities

	December 31, 2011	December 31, 2010
Current tax assets		
Tax refund receivable	6,458	74,732
Current tax liabilities		
Income tax payable	6,276	8,607

Deferred tax assets and liabilities

	December 31, 2011		December 31, 2010	
	Recorded in profit or loss	Recorded in OCI	Recorded in profit or loss	Recorded in OCI
Other Receivables and Prepayments	6,952	-	100,747	-
Financial liabilities at fair value through profit and loss	94,360	-	26,564	-
Equity Investments	23,588	-	45,780	-
Deferred tax asset	124,900	-	173,091	-
Settlement with brokers, dealers and	-	-	(45,334)	-
customers	(102,114)	-	(40,849)	-
Financial assets at fair value through profit and loss				
Goodwill on acquisition	(13,376)	-	(13,376)	-
Settlement with brokers, dealers and customers	-	-	(43,144)	-
Deferred tax liabilities	(115,490)	-	(142,703)	-
Total deferred tax assets	9,410	-	30,388	-

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 167,933 million at face value as of December 31, 2011 (2010: HUF 145,023 million).

At face value HUF 109,624 million from these securities are deposited in custody at the Central Clearing House and Depository Ltd. (KELER Ltd.) (2010: HUF 95,411 million).

Currency	Face Value (currency)		Face Value (million HUF)	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
GBP	2,191,153	1,543,298	813	499
AUD	355,104	4,131,089	87	878
CZK	6,008	18,569	-	-
DKK	659	464	-	-
EUR	107,221,740	86,911,549	33,360	24,227
HKD	348,590	723,418	11	19
HRK	167,651	162,666	7	6
ILS	309,258	-	20	-
JPY	16,688	12,108	-	-
CAD	1,293,985	1,434,554	305	300
CNY	6,600	10,600	-	-
PLN	2,309,158	3,943,371	163	278
HUF	99,037,527,768	87,925,517,386	99,038	87,926
NOK	1,015,337	266,320	41	10
RON	2,983,746	1,605,619	215	104
CHF	7,940	16,348	2	4
SEK	131,305	400	5	-
TRY	36,235	35,236	5	5
USD	140,700,047	147,462,106	33,864	30,768
			167,936	145,024

Currency	Face Value (currency)		Face Value (million HUF)	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
GBP	390,838	390,838	145	126
EUR	34,536,748	33,999,337	10,745	9,477
JPY	200	200	-	-
PLN	-	-	-	-
HUF	98,679,021,958	85,662,394,488	98,679	85,662
CHF	2,262	1,892	1	-
USD	222,037	691,226	53	144
			109,623	95,409

Derivatives (nominal amount, unless otherwise stated)

Foreign currency contracts	December 31, 2011	December 31, 2010
Off-balance sheet assets	39,942,074	19,139,812
Off-balance sheet liabilities	38,521,368	19,021,582
Net	1,420,706	118,230
Fair values of off-balance sheet assets	500,711	150,214
Fair values of off-balance sheet liabilities	496,630	151,815
Net fair values	4,081	(1,601)

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. EFFECT OF DEMERGER

On April 16, 2011, the extraordinary general meeting of the Company has approved the demerger of the newly established Concorde Investment and Asset Management Ltd. (Concorde Befektetési és Eszközkezelő Zrt.) from the Company with the aim of restructuring of the investments within the Group. The demerger has been performed based on the statement of financial position of the Company included by the financial statements in accordance with Hungarian Accounting Standards as of and for the year ended December 31, 2010. As a result of the demerger, the investments in Budapest Stock Exchange and Concorde Fund Management Ltd. held by the Company have been transferred to Concorde Investment and Asset Management Ltd.

Management believes, that this demerger is a common control transaction, because the ultimate owners of the Group has not been changed, therefore any gain or loss on the disposal is recognized directs in retained earning. The date of the transaction was May 16, 2011 the profit and loss of Concorde Fund Management Ltd. has presented until this time in the Concorde Securities Ltd. Consolidated FS, (the total profit until May 16 is 362,088 thHUF, this presented in the Statement of Comprehensive Income.)

Description	Effect of Disposal of subsidiary from IFRS Financial Statements
Current Assets:	
Cash and cash equivalents	25,537
Receivables from brokers, dealers and customers	174,185
Financial assets at fair value through profit or loss	
Other receivables and accruals	685,701
Total current assets	654,641
	1,540,064
Non-current Assets:	
Goodwill	-
Equity investments	-
Loans to employees	71,764
Tangible and intangible fixed assets	38,003
Deferred tax assets	-
Total non-current assets	109,767

Total assets	1,649,831
Liabilities and Shareholders' Equity	
Current Liabilities:	
Liabilities to brokers, dealers and customers	-
Short term borrowings	-
Financial liabilities at fair value through profit or loss	-
Other liabilities	112,062
Total current liabilities	112,062
Shareholders' Equity:	
Share capital	75,000
Statutory reserves	-
Retained earnings	1,108,760
Treasury shares	-
Total shareholders' equity attributable to equity holders	-
Non-controlling interest	354,009
Total shareholders' equity	1,537,769
Total liabilities and shareholders' equity	1,649,831

22. RELATED PARTY TRANSACTIONS

The consolidated statements for the year ended and as of December 31, 2011 contain the following amounts from the related party transaction.

Consolidated Statement of Financial Positions as of December 31, 2011:

- Trade receivables of the Company due from Concorde Corporate Finance Ltd. in amount of HUF 3,229 thousand (2010: HUF 2,827 thousand);

- Trade receivables of the Company due from Concorde Investment Management Ltd. in amount of HUF 0 thousand (2010: HUF 3,084 thousand);
  Consolidated Statements of Comprehensive Income for the year ended as of Decem ber 31, 2011.

- Intra-group revenue from rental fee re-invoiced by the Company to Concorde Corpo rate Finance Ltd. in amount of HUF 10,689 thousand (2010: HUF 10,047 thousand);

- Intra-group revenue from rental fee re-invoiced by the Company to Concorde Invest ment Management Ltd. in amount of HUF 4,886 thousand (2010: HUF 10,382 thou sand);

- Intra-group revenue from fund management fee invoiced by Concorde Investment Management Ltd. to the Company in amount of HUF 0 thousand (2010: HUF 0 thou sand).

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, 2011 and December 31, 2010 were declared of HUF 495,194 thousand (HUF 1,519 per share) and of HUF 1,132,230 thousand (HUF 3,431 per share). No other remuneration has been provided to the members of Board of Directors and other key management personnel during 2011 and 2010.

23. 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 ag-

gregated 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 (99%, one-day) by risk type	Average (HUF million)	
	2011	2010
Foreign exchange	8.52	3.16
Interest rate	6.51	11.39
Equity instruments	15.67	15.79
Diversification	(12.46)	(12.78)
Total VaR exposure	18.24	17.56

While VaR captures the Company's daily exposure to foreign currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures.

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, 2011	December 31, 2010
5% Weakening of EUR	Loss on portfolio (%)	0.51	0.05
	Loss on portfolio (HUF million)	12.47	2.42
5% Weakening of USD	Loss on portfolio (%)	0.19	0.04
	Loss on portfolio (HUF million)	4.6	2.03
Total	Loss on portfolio (%)	0.7	0.09
	Loss on portfolio (HUF million)	17.07	4.45

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 13.62 million and HUF 22.87 million as at December 31, 2011 and December 31, 2010, respectively.

Equity price sensitivity analysis

The Company has no significant equity instruments held in 2011 and 2010 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.

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 2011 and in 2010.

(unconsolidated data)

	2011	2010
Core capital	2,490,902	2,462,492
Supplementary capital	-	-
Deductions	(157,445)	(166,399)
Regulatory capital	2,333,457	2,296,093
Credit risk capital requirement	(381,960)	(289,823)
Market risk capital requirement	(574,383)	(440,141)
Operational risk capital requirement	(509,152)	(555,574)
Total eligible regulatory capital	(1,465,495)	(1,285,538)
Surplus capital	867,962	1,010,555
Capital adequacy ratio	159.23%	178.61%

Maturity analysis of assets and liabilities and liquidity risk

As of December 31, 2011, all monetary assets and liabilities mature within one month of the balance sheet date, with the exception of HUF 13,804,554 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, 2011 the net monetary assets maturing within three month of the end of the reporting period were HUF 2,866,056 thousand.

It is presented under the most prudent consideration of maturity dates where options or repayment 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- market valuation. The possible effect of these transactions to the liquidity status is not material as at December 31, 2011 and 2010.

December 31, 2011	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	14,014,417	-	-	-	-	14,014,417
Settlement with brokers, dealers and customers	1,392,496	-	-	-	-	1,392,496
Financial assets at fair value through profit or loss	867,735	705,306	612,881	87,999	329,126	2,603,047
Other receivable and accruals	395,962	-	-	-	-	395,962
Total current assets	16,670,610	705,306	612,881	87,999	329,126	18,405,922
Non-current Assets:						
Goodwill on acquisition	-	-	-	-	70,400	70,400
Equity investments	-	-	-	-	235,193	235,193
Loans to employees	-	-	39,896	-	-	39,896
Tangible and intangible fixed assets	-	-	56,338	499,332	-	555,670
Deferred tax assets	-	9,410	-	-	-	9,410
Total non-current assets	-	9,410	96,234	499,332	305,593	910,569
Total assets	16,670,610	714,716	709,115	587,331	634,719	19,316,491
Liabilities and Shareholders' Equity						
Current Liabilities:						
Settlement with brokers, dealers and customers	13,958,821	-	-	-	-	13,958,821
Short term borrowings	1,154,641	-	-	-	-	1,154,641
Financial liabilities at fair value		-	-	-	-	496,630
through profit or loss	496,630	-	-	-	-	461,929
Other liabilities	461,929	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Total liabilities	16,072,021					16,072,021
Shareholders' Equity:		-	-	-	925,000	925,000
Share capital	-	-	-	-	-	-
Statutory reserves	-	-	-	-	14,899	14,899
Minority interest	-	-	-	-	2,313,784	2,313,784
Retained earnings	-	-	-	-	-	(9,213)
Treasury shares	-	-	(9,213)	-	-	-
Total shareholders' equity	-	-	(9,213)	-	3,253,683	3,244,470
Total liabilities and shareholders' equity	16,072,021	-	(9,213)	-	3,253,683	19,316,491
Liquidity excess/(deficiency)	598,589	714,716	718,328	587,331	(2,618,964)	

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:	12,034,597					
Cash and cash equivalents		-	-	-	-	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	3,336,304
Other receivable and accruals	844,325	-	-	-	-	844,325
Total current assets	15,665,917	1,418,213	153,520	292,838	56,758	17,587,246
Non-current Assets:						
Goodwill on acquisition	-	-	-			
Equity investments	-	-	-	-	70,400	70,400
Loans to employees	-	-	122,998	-	275,618	275,618
Tangible and intangible fixed				-	-	122,998
assets	-	-	6,995	541,033	-	548,028
Deferred tax assets	-	30,388	-	-	-	30,388
Total non-current assets		30,388	129,993	541,033	346,018	1,047,432
Total assets	15,665,917	1,448,601	283,513	833,871	402,776	18,634,678
Liabilities and Shareholders' Equity						
Current Liabilities:						
Settlement with brokers, dealers and customers	11,224,272	-	-	-	-	11,224,272
Short term borrowings	232,650	-	-	-	-	232,650
Financial liabilities at fair value through profit or loss	317,357	4,381	-	-	-	321,738
Other liabilities	562,967	-	-	-	-	562,967
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	-	-	-	-	421,620	421,620
Retained earnings	-	-	-	-	4,899,410	4,899,410
Treasury shares	-	-	(27,988)	-	-	(27,988)
Total shareholders' equity	-	-	(27,988)	-	6,321,030	6,293,042
Total liabilities and shareholders' equity	12,337,255	4,381	(27,988)	-	6,321,030	18,634,678
Liquidity excess/(deficiency)	3,328,662	1,444,220	311,501	833,871	(5,918,254)	

Fair value measurement

At December 31, 2011, 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 con ditions 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).

As at 31 December 2011	Total	Level1	Level2	Level3
Financial assets at fair value through profit or loss	2,603,047	2,093,822	500,711	8,514
from this: securities held for trading	2,102,336	2,093,822	-	8,514
from this: positive FVA of derivative financial instruments designated as held for trading	500,711	-	500,711	-
Securities available-for-sale	-	-	-	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial assets measured at fair value total	2,603,047	2,093,822	500,711	8,514
Short positions - security trading	-	-	-	-
Negative FVA of derivative financial instruments designated as held for trading	496,630	-	496,630	-
Negative FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial liabilities measured at fair value total	496,630	-	496,630	-

As at 31 December 2010	Total	Level1	Level2	Level3
Financial assets at fair value through profit or loss	3,336,304	3,186,090	150,214	-
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	-

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 government measures introduced in 2010 had a significant impact on Concorde's business in 2011. The nationalization of mandatory pension funds signficantly decreased the asset base of local institutional investors, which led to a reduced order flow and turnover on Budapest Stock Exchange. The reduced liquidity from pension funds had a knock-on effect on other investors (foreign institutions, market-makers) who traded less on the local market as a result.

Since these funds invested a significant part of their assets in foreign markets, our commission-based revenue decreased in that segment too. All in all, approximately 90% of these funds' assets were returned to the state.

Trading in the BSE is mostly concentrated in four stocks, with the biggest being OTP Bank, which is considered a proxy for the whole CEE region. This means that OTP has become the most liquid regional name, traded by institutional investors all over the world, who want to have (or get rid of) exposure to these markets. As a result, trading volumes in OTP could increase dramatically as the EU debt crisis intensified, trading values decreased though because of the falling share price.

The final debt repayment scheme for retail FX mortgage debtors introduced in September led to a significant loss for local banks, which negatively impacted their share prices and our revenues.

Some positives though: the erratic and quite unpredictable government policies sometimes resulted in days with increased trading volumes, lessening the negative impact mentioned before.
Concorde was also punished by a bank tax which was introduced in 2010. As of today, the government plans to halve the tax for 2013 and phase it out from 2014.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on April 4, 2012.

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 FUND 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

Deloitte Auditing and Consulting Ltd.
(H-1068 Budapest, Dózsa György street 84/C.)

CONCORDE

CONCORDE SECURITIES LTD.

Alkotás Point | H-1123 Budapest, Alkotás Street 50.

Phone: +36 1 489-2200 | Fax : +36 1 489-2201 | www.concordesecurities.hu