

Concorde Securities Ltd.

*Consolidated Financial Statements in
accordance with International Financial
Reporting Standards
Adopted by the European Union*

for the year ended December 31, 2015

**Concorde Securities Ltd.
Consolidated Financial Statements**

December 31, 2015

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INDEPENDENT AUDITORS' 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 2015, which financial statements comprise the consolidated statement of financial position as at December 31, 2015 - which shows total assets of 31,385,306 thHUF, - the related consolidated statement of comprehensive income – which shows net comprehensive income of 1,216,415 thHUF -, the consolidated statement of changes in equity, 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.

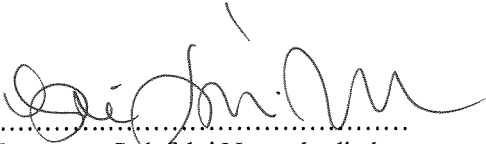
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Budapest, June 30, 2016



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Zsuzsanna Szépfalvi Nagyváradiné
Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C
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Concorde Securities Ltd.
Consolidated Statement of Financial Position
as of December 31, 2015

(all amounts in thousands of HUF unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Assets			
Current Assets:			
Cash and cash equivalents	4	22,596,408	28,677,216
Receivables from brokers, dealers and customers	5	2,599,374	1,738,661
Financial assets at fair value through profit or loss	6	2,515,466	3,009,508
Other receivables and accruals	7	2,848,453	516,616
Total current assets		<u>30,559,701</u>	<u>33,942,001</u>
Non-current Assets:			
Equity investments	8	247,544	241,394
Loans to employees		86,209	28,644
Tangible and intangible fixed assets	9	491,618	406,872
Deferred tax assets	19	234	10,917
Total non-current assets		<u>825,605</u>	<u>687,827</u>
Total assets		<u>31,385,306</u>	<u>34,629,828</u>
Liabilities and Shareholders' Equity			
Current Liabilities:			
Liabilities to brokers, dealers and customers	10	22,466,978	27,359,142
Short term borrowings	10	1,049,763	1,249,939
Financial liabilities at fair value through profit or loss	11	3,122,918	1,163,075
Other liabilities	12	478,392	512,651
Non-Current Liabilities:			
Deferred tax liability	19	8,063	-
Total liabilities		<u>27,126,114</u>	<u>30,284,807</u>
Shareholders' Equity:			
Share capital	13	1,000,000	1,000,000
Retained earnings		3,249,502	3,320,814
Treasury shares	14	-	-
Non-controlling interest		9,690	24,207
Total shareholders' equity		<u>4,259,192</u>	<u>4,345,021</u>
Total liabilities and shareholders' equity		<u>31,385,306</u>	<u>34,629,828</u>

The accompanying notes to consolidated financial statements on pages 9 to 46 form an integral part of these consolidated financial statements.

Budapest, June 30, 2016



 Chief Executive Officer


Concorde Securities Ltd.
Consolidated Statement of Comprehensive Income
for the year ended December 31, 2015

(all amounts in thousands of HUF unless otherwise stated)

	<i>Notes</i>	Year ended December 31, 2015	Year ended December 31, 2014
<i>Revenue</i>			
Commissions	15	3,582,384	3,875,278
Gains on securities traded on proprietary account	15	949,538	1,069,112
Corporate finance activities		116,698	198,519
Custodianship, safe-keeping and portfolio management activities		43,622	23,757
Interest and dividend income from securities		360,351	350,864
Other income	18	755,639	350,714
Total revenue		5,808,232	5,868,214
<i>Expenses</i>			
Commission expenses		(606,076)	(334,790)
Losses on securities traded on proprietary account	15	(294,853)	(351,391)
Wages and salaries	16	(1,467,742)	(1,462,034)
Communication costs		(339,751)	(237,665)
General and administration expenses	17	(897,186)	(816,572)
Interest paid		(99,789)	(93,652)
Other expenses	18	(803,532)	(682,734)
Total expenses		(4,508,929)	(3,978,838)
Profit before tax		1,299,303	1,889,406
Income tax expense	19	(78,581)	(78,057)
Profit for the year		1,220,722	1,811,349
Attributable to:			
Equity holders of parent		1,216,415	1,797,133
Non-controlling interest		4,307	14,216
		1,220,722	1,811,349
Weighted average number of shares outstanding during the year		986,453	986,453
Consolidated basic and diluted earning per share in thousands of HUF		1,237	1,836
NET PROFIT FOR THE YEAR		1,216,415	1,797,133
NET COMPREHENSIVE INCOME		1,216,415	1,797,133

The accompanying notes to consolidated financial statements on pages 9 to 46 form an integral part of these consolidated financial statements.

Budapest, June 30, 2016



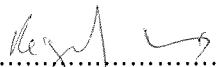
 Chief Executive Officer

Concorde Securities Ltd.
Consolidated Statement of Changes in Shareholders' Equity
for the year ended December 31, 2014
(all amounts in thousands of HUF unless otherwise stated)

	Note	Share Capital	Treasury shares	Statutory reserve	Retained Earnings and Reserves	Total Shareholders' Equity	Non-controlling Interest	Total Shareholders' Equity & Non-controlling interest
Balance as of January 1, 2014	13	1,000,000	-	-	2,548,500	3,548,500	9,991	3,558,491
Profit for the year		-	-	-	1,797,133	1,797,133	14,216	1,811,349
Dividends paid		-	-	-	(1,023,120)	(1,023,120)	-	(1,023,120)
Deferred tax		-	-	-	-	-	-	-
Repurchase of share of subsidiary		-	-	-	(1,699)	(1,699)	-	(1,699)
Balance as of December 31, 2014	13	1,000,000	-	-	3,320,814	4,320,814	24,207	4,345,021
Profit for the year		-	-	-	1,216,415	1,216,415	4,307	1,220,722
Reclassification between earnings and non-controlling interest	13				(23,748)	(23,748)	23,748	-
Dividends paid		-	-	-	(1,263,332)	(1,263,332)	(42,572)	(1,305,904)
Deferred tax		-	-	-	-	-	-	-
Repurchase of share of subsidiary		-	-	-	(647)	(647)	-	(647)
Balance as of December 31, 2015	13	1,000,000	-	-	3,249,502	4,249,502	9,690	4,259,192

The accompanying notes to consolidated financial statements on pages 9 to 46 form an integral part of these consolidated financial statements.

Budapest, June 30, 2016




 Chief Executive Officer

Concorde Securities Ltd.
Consolidated Statement of Cash Flows
for the year ended December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities:		
Profit before tax	1,299,303	1,889,405
Adjustments for:		
Impairment on proprietary accounts		1,851
Depreciation and amortization	163,274	151,977
Impairment / (reversal of impairment) of receivables	(60,313)	127
Loss on sale of investments	(13,069)	(5,650)
Interest expense	99,789	93,513
Interest income	(297,884)	(297,474)
Operating profit before working capital changes	1,191,100	1,833,749
Decrease/(Increase) in financial assets at fair value through profit and loss	493,031	(527,216)
Decrease/(Increase) in accounts receivable from settlement	(800,400)	583,991
(Increase) in accounts receivable and other current assets	(2,337,841)	(119,818)
(Decrease)/Increase in accounts payable from settlement	(4,892,164)	9,978,693
-from this: decrease on client accounts	(4,734,621)	10,017,803
-from this: other payables	(157,543)	(39,110)
Increase in accounts payable and accruals	(17,400)	45,731
Increase in financial liabilities at fair value through profit and loss	1,959,842	739,767
Cash generated/(used in) from operations	(4,403,832)	12,534,897
Interest paid	(111,375)	(83,679)
Interest received	315,582	275,634
Income taxes paid	(75,791)	(78,057)
Net cash flow (used in)/provided by operating activities	(4,275,416)	12,648,795
Cash flows from investing activities:		
Purchase of property, plant and equipment	(260,569)	(168,913)
Purchase of subsidiary undertakings	(6,150)	(6,200)
Increase in loans granted to employees	(57,565)	(9,619)
Proceeds on sale of property, plant and equipment	25,618	5,650
Net cash flow used in investing activities	(298,666)	(179,082)
Cash flows from financing activities:		
Net decrease of short term loans	(200,176)	(398,707)
Dividends paid to equity holders of parent	(1,305,904)	(1,023,120)
Dividends paid to non-controlling interest	-	-
Treasury shares acquired (+) / sold (-)	-	-
Repurchase of share of subsidiaries	(647)	(1,697)
Net cash flow used in financing activities	(1,506,727)	(1,423,524)
Net (decrease)/increase in cash and cash equivalents	(6,080,809)	11,046,189

The accompanying notes to consolidated financial statements on pages 9 to 46 form an integral part of these consolidated financial statements.

Budapest, June 30, 2016



 Chief Executive Officer

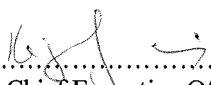
Concorde Securities Ltd.
Consolidated Statement of Cash Flows
for the year ended December 31, 2015

(all amounts in thousands of HUF unless otherwise stated)

	Year ended December 31, 2015	Year ended December 31, 2014
(Decrease)/Increase in total cash and cash equivalents	(6,080,808)	11,046,188
Total Cash and cash equivalents at beginning of year	28,677,216	17,631,028
Total Cash and cash equivalents at end of year	22,596,408	28,677,216
 From this		
<i>-Client accounts</i>		
(Decrease)/Increase in cash and cash equivalents	(4,734,621)	10,017,803
Cash and cash equivalents at beginning of year	27,156,930	17,139,128
Cash and cash equivalents at end of year – client	22,422,309	27,156,931
 <i>-Own accounts</i>		
(Decrease)/Increase in cash and cash equivalents	(1,346,187)	1,028,385
Cash and cash equivalents at beginning of year	1,520,286	491,900
Cash and cash equivalents at end of year - own	174,099	1,520,285

The accompanying notes to consolidated financial statements on pages 9 to 46 form an integral part of these consolidated financial statements.

Budapest, June 30, 2016



 Chief Executive Officer

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
For the year ended and as of December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

1. ORGANIZATION 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 subsidiary (Concorde Corporate Finance Ltd.) are referred to collectively as the “Group”.

	2015	2014
Domestic and foreign private and	100.00%	100.00%
Treasury shares	<u>0.00%</u>	<u>0.00%</u>
Total	<u>100%</u>	<u>100%</u>

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 effective from 1 January 2015

The following standards, amendments to the existing standards and interpretations issued by the IASB and adopted by the EU are effective for the current period:

- Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)” resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),
- IFRIC 21 “Levies” adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Entity’s accounting policies.

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
For the year ended and as of December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

**1. ORGANIZATION AND BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
[CONTINUED]**

The new and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

The standards and Interpretations issued by IASB, but not yet adopted by the EU

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018),
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- IFRS 15 “Revenue from Contracts with Customers” and further amendments (effective for annual periods beginning on or after 1 January 2018),
- IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded),
- Amendments to IAS 12 “Income Taxes” - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
For the year ended and as of December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

**1. ORGANIZATION AND BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
[CONTINUED]**

The hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Entity's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the financial statements, if applied as at the balance sheet date.

The adoption of the above presented Amendments and new Standards and Interpretations would have no significant impact on the separate financial statements except of the application of IFRS 9 and IFRS 16 which might have significant impact on the Company separate financial statements, the Company is planning to analyse the impact in 2016.

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
For the year ended and as of December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of *IAS 17 Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in *IAS 2 Inventories* or value in use in *IAS 36 Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

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.

Basis of consolidation and business combinations

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

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
For the year ended and as of December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Income and expenses of subsidiaries acquired or disposed of during the year included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IAS 39 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

The Group has applied *IFRS 3 Business Combinations* since 31 March 2004 for acquisitions after that date.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with *IAS 12 Income Taxes* and *IAS 19 Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with *IFRS 2 Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
For the year ended and as of December 31, 2015
(all amounts in thousands of HUF unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

The initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Entities involved to consolidation

The Consolidated Financial Statements comprise the financial statements of Concorde Securities Ltd. and one controlled subsidiary as of December 31, 2015 and December 31, 2014. The effects of all material intragroup balances and transactions are eliminated.

Concorde Securities Ltd.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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

As at December 31, 2015

<i>Group</i>	<i>Group Ownership</i>	<i>Brief description of activities</i>
Concorde Corporate Finance Ltd.	81.99%	Corporate finance

As at December 31, 2014

<i>Group</i>	<i>Group Ownership</i>	<i>Brief description of activities</i>
Concorde Corporate Finance Ltd.	75.00%	Corporate finance

Still 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. (as a former fully-consolidated subsidiary of the Group) held by the Company have been transferred to Concorde Investment and Asset Management Ltd.

Entities not involved to consolidation

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 of December 31, 2015 and December 31, 2014 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 2015 and 2014.

As at December 31, 2015

<i>Group</i>	<i>Group's Ownership</i>	<i>Brief description of activities</i>
Concorde Financial Consulting Ltd.	75.00%	facility management
Eclipse Investment Ltd.	100.00%	property management
Concorde Fiduciary Asset Management Ltd.	100.00%	asset management
Concorde MB Partners Ltd.	100.00%	advisory services

As at December 31, 2014

<i>Group</i>	<i>Group's Ownership</i>	<i>Brief description of activities</i>
Concorde Financial Consulting Ltd.	75.00%	facility management
Eclipse Investment Ltd.	100.00%	property management
Concorde Fiduciary Asset Management Ltd.	100.00%	asset management

Concorde Securities Ltd.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Specifically, the revenue recognition follows the following rules:

- Commissions from security trading as an agent are recognised at trade date.
- Income from fund management and portfolio management are recognised on an accrual basis and when the service is delivered.
- Revenue from investment lending and deferred payment service is recognised on an effective interest rate basis, while the receivables are measured at amortized cost.
- Gains and losses on securities trading are recognised on basis of 'trade date accounting'.
- Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

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

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

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.

Taxation

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

Current 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at cost, less accumulated depreciation and amortization. Depreciation and amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method:

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when an entity of the Group 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.

Concorde Securities Ltd.
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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 profit 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.

Interest income from interest bearing securities and dividends from shares is shown in line 'Net Revenue on Securities Traded on Proprietary Account' of the Consolidated Statement of Other comprehensive Income.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate

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.

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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 and equity instruments

Debt and equity instruments issued by an entity of the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs

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 and futures deals.

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 hedge relationships during 2015 and 2014.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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 futures open as at the end of reporting period are recorded at their fair value based on the market rates actual at that date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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* and *IAS 39 Financial Instruments: Recognitions and Measurement*.

Fees and Commissions

Fees and commissions are recognized in the Consolidated Statements of Comprehensive Income on an accrual basis based on *IAS 18 Revenue* and *IAS 39 Financial Instruments: Recognitions and Measurement*. 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, the 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 Segment Reporting* – the Group does not prepare segment reports.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

Valuation of financial instruments

As described in Note 22, the Group uses valuation techniques at some type of instruments that include inputs for the asset or liability that are not based on observable market data. The 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 judgments 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.

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4. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Petty Cash	44,571	43,787
<i>From this</i>		
-Client accounts	39,302	37,907
-Own accounts	5,269	5,880
Bank accounts	22,551,837	28,633,429
<i>From this</i>		
-Client accounts	22,383,008	27,119,023
-Own accounts	168,829	1,514,406
	<u>22,596,408</u>	<u>28,677,216</u>

Included within cash and current accounts is HUF 22,422,309 thousand (December 31, 2014: HUF 27,156,930 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, 2015	December 31, 2014
Receivables from services provided	950,496	1,160,209
Receivables from clearing house	1,622,870	417,449
Receivables from the settlement of over-the-counter	-	235,510
Receivables from trading on the Budapest Stock Exchange	48,217	8,015
Receivables from loans to customers	-	-
	<u>2,621,583</u>	<u>1,821,183</u>
Allowance for doubtful receivables	(22,209)	(82,522)
	<u>2,599,374</u>	<u>1,738,661</u>
Allowance for doubtful receivables:		
	December 31, 2015	December 31, 2014
Opening Balance (January 1)	(82,522)	(80,671)
Impairment loss recognized	-	(1,851)
Reversal of impairment loss recognized	60,313	-
Closing Balance (December 31)	<u>(22,209)</u>	<u>(82,522)</u>

Concorde Securities Ltd.
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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2015	December 31, 2014
Government bonds	559,631	679,100
Treasury Bills	926,012	849,643
Mortgage bonds	58,563	16,708
Investment funds	447,916	32,386
Listed shares	559,631	202,862
Corporate bonds (unlisted)	189,373	243,083
	<u>2,181,495</u>	<u>2,023,782</u>
Held for trading derivatives	333,971	985,726
	<u>2,515,466</u>	<u>3,009,508</u>

Interest rates and maturity dates on government securities as of December 31, 2015 are as follows:

	<i>December 31, 2015</i>	<i>Maturity</i>	<i>Coupon rate</i>	
Interest-bearing Treasury Bills	0	until July 2016		
Interest-bearing Treasury Bills	0	between July 2016 and December, 2016		
Discounted Treasury Bills	863,289	until July, 2016	-	-
Discounted Treasury Bills	62,723	between July, 2016 and December, 2016	-	-
Government Bonds	128,013	2016	fixed	3.75%-5.50%
Government Bonds	94,960	2017-2019	fixed	4.00%-6.75%
Government Bonds	336,659	2020-	fixed	0.00%-7.50%
	<u>1,485,644</u>			

7. OTHER RECEIVABLES AND ACCRUALS

	December 31, 2015	December 31, 2014
Accrued income	2,536,272	157,727
Debtors	234,453	268,503
Other tax receivables	3,930	4,204
Corporate tax receivables	73,798	86,182
	<u>2,848,453</u>	<u>268,503</u>

Concorde Securities Ltd.
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8. EQUITY INVESTMENTS

	December 31, 2015		December 31, 2014	
	<i>book value</i>	<i>ownership %</i>	<i>book value</i>	<i>ownership %</i>
Concorde Financial Consulting Ltd.	3,451	75.00%	3,451	75.00%
Eclipse Investment Ltd.	232,943	100.00%	232,943	100.00%
Concorde Fiduciary Asset Management Ltd.	5,000	100.00%	5,000	100.00%
Concorde MB Partners Ltd.	6,150	100.00%	-	-
	<u>247,544</u>		<u>241,394</u>	

The Group's unconsolidated subsidiaries at December 31, 2015 are Concorde Financial Consulting Ltd., Eclipse Investment Ltd. and Concorde Fiduciary Asset Management Ltd. Certain financial information as of and for the year ended December 31, 2015 and December 31, 2014 are 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.

	2015 (unaudited)	2014 (unaudited)
Total assets	5,747	5,606
Shareholders' equity	5,722	5,540
Net income	180	(460)

Eclipse Investment Ltd.

	2015 (unaudited)	2014 (unaudited)
Total assets	352,183	299,068
Shareholders' equity	296,302	296,119
Net income	0	0

Concorde Fiduciary Asset Management Ltd.

	2015 (unaudited)	2014 (unaudited)
Total assets	4,948	4,968
Owners' equity	5,000	5,000
Net income	(20)	(32)

Concorde MB Partners Ltd.

	2015 (unaudited)	2014 (unaudited)
Total assets	42,038	0
Owners' equity	31,436	0
Net income	19,810	0

Concorde Securities Ltd.
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8. EQUITY INVESTMENTS [CONTINUED]

Total of Equity investments

	2015 (unaudited)	2014 (unaudited)
Total assets	404,916	309,642
Owners' equity	338,460	306,659
Net income	19,970	-492

Concorde Securities Ltd.
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9. TANGIBLE AND INTANGIBLE FIXED ASSETS

	<i>Intangible assets</i>	<i>Furniture, fixtures and equipment</i>	<i>Leasehold improvements</i>	<i>Constructions in progress</i>	<i>Total</i>
Cost:					
January 1, 2014	1,147,100	1,108,358	120,920	35,528	2,411,906
Additions	56,095	117,876	-	4,655	178,626
Disposals	(305)	(25,918)	-	(7,594)	(33,817)
December 31, 2014	1,202,890	1,200,316	120,920	32,589	2,556,715
Additions	127,437	131,814	-	1,620	260,871
Disposals	(316)	(88,359)	-	-	(88,675)
December 31, 2015	1,330,011	1,243,771	120,920	34,209	2,728,911
Depreciation and amortisation:					
January 1, 2014	1,018,652	973,101	30,214	-	2,021,967
Charge for the year	76,008	71,300	4,669	-	151,977
Disposals	76,008	71,300	4,669	-	151,977
December 31, 2014	1,094,660	1,020,300	34,883	-	2,149,843
Charge for the year	76,823	81,811	-	4,640	163,274
Disposals	(14)	(75,809)	-	-	(75,823)
December 31, 2015	1,171,469	1,026,302	34,883	4,640	2,237,294
Net book value:					
December 31, 2014	108,230	180,016	86,037	32,589	406,872
December 31, 2015	158,542	217,469	86,037	29,569	491,617

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

	December 31, 2015	December 31, 2014
Payables to clients	22,422,309	27,156,930
Liabilities from security sale	-	202,212
Payables from trading on the Budapest Stock Exchange	44,669	-
	<u>22,466,978</u>	<u>27,359,142</u>
	December 31, 2015	December 31, 2014
- Overdrafts in HUF	121,740	87,076
- Overdrafts in EUR	597,754	385,077
- Overdrafts in USD	330,262	777,761
- Overdrafts in TRY	6	25
	<u>1,049,762</u>	<u>1,249,939</u>

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, 2015	December 31, 2014
Short positions - security trading	2,781,241	178,047
Held for trading derivatives that are not designated in hedge accounting relationships	341,677	958,028
	<u>3,122,918</u>	<u>1,163,075</u>

12. OTHER LIABILITIES

	December 31, 2015	December 31 2014
Deferred expenses	109,938	163
Personal income tax and social contribution	235,016	209,345
Payables	128,489	98,496
Taxes payable	157	187,956
Other	4,791	16,691
	<u>478,392</u>	<u>512,651</u>

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13. SHARE CAPITAL AND RESERVES

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

	December 31, 2015		December 31, 2014	
	<i>Issued capital</i>	<i>Ownership rate</i>	<i>Issued capital</i>	<i>Ownership rate</i>
TC Ltd.	300,000*	30.00%	300,000*	30.00%
Dr. Móricz Gábor	149,600	14.96%	149,600	14.96%
Eurotipp Ltd.	105,600	10.56%	105,600	10.56%
Blackburn International Luxembourg	99,020	9.90%	99,020	9.90%
Blackburn International Ltd.	99,000	9.90%	99,000	9.90%
Zürich Investments Inc.	99,000	9.90%	99,000	9.90%
Teatime Group Inc.	99,000	9.90%	99,000	9.90%
Régely Károly	19,500	1.95%	19,500	1.95%
Kalispera S.A.	-	0.00%	-	0.00%
Treasury shares	-	0.00%	-	0.00%
Other	29,280	2.93%	29,280	2.93%
Total shareholders' equity	1,000,000	100.00%	1,000,000	100.00%

* Dividend preferred shares: TC Ltd. 300,000 and others 30,000.

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. During 2012, share capital has been increased from retaining earnings by 75,000 thHUF. As a result of that the number of shares issued is 1,000,000 each with a face value of HUF 1 thousand per share. In 2014 and 2015, no change has occurred.

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

	<i>Common shares</i>		<i>Dividend preferred shares</i>	
	<i>Outstanding</i>	<i>Treasury</i>	<i>Outstanding</i>	<i>Treasury</i>
January 1, 2015	670,000	0	330,000	0
December 31, 2015	670,000	0	330,000	0

The distributable reserves of Concorde Securities Ltd.'s under Hungarian regulations were HUF 2.231.078 thousand and HUF 1.610.626 thousand as of December 31, 2015 and December 31, 2014, respectively. Dividends for the year ended December 31, 2015 and December 31, 2014 were declared at the Company's Annual General Meeting on March 29, 2016 and April 7, 2015, respectively.

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.

In 2015, the Consolidated Statement of Changes in Shareholder's Equity contains a reclassification item between retained earnings & reserves and non-controlling interest in amount of HUF 23,748 thousand. The reason of that the dividend payment at an entity involved into consolidated financial statement has been finally determined on a discretionary manner instead of proportional manner based on ownership at the entity. In consequence of that based on the decision, the dividend payment for owners included by non-controlling interest was higher than it was previously determined, therefore a reclassification as a correction should be recorded.

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14. TREASURY SHARES

	December 31, 2015	December 31, 2014
Nominal value (Common Shares)	-	-
Carrying value at acquisition cost	-	-

15. REVENUE

Commissions

	Year ended December 31, 2015	Year ended December 31, 2014
Commission on customer stock exchange deals	1,703,947	2,247,042
Trading fees of investment units	368,961	394,005
Trail commission fees of investment funds	447,702	425,761
Commissions of derivative deals	151,893	105,980
Other commissions	909,881	702,490
	<u>3,582,384</u>	<u>3,875,278</u>

Other commissions shows significant increase in aspect of GFT trade commissions and other stock-based fees.

Net Revenue on Securities Traded on Proprietary Account

	Year ended December 31, 2015	Year ended December 31, 2014
Gains on securities traded on proprietary account	949,538	1,069,112
Losses on securities traded on proprietary account	(294,853)	(351,391)
Net revenue on securities traded on proprietary account	<u>654,685</u>	<u>717,721</u>

	Year ended December 31, 2015	Year ended December 31, 2014
Government and corporate bonds	374,029	503,621
Treasury Bills	195,771	151,086
Shares	22,186	21,117
Other	62,699	41,897
	<u>654,685</u>	<u>717,721</u>

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16. WAGES AND SALARIES

	Year ended December 31, 2015	Year ended, December 31, 2014
Salaries	1,006,380	1,011,392
Social insurance contribution	38,682	45,328
Other employee related expenses	130,357	121,390
Other employee related contribution	1,467,742	1,462,034
	<u>1,006,380</u>	<u>1,011,392</u>

The number of a full time equivalent staff employed at end of the reporting period was 104 (2014: 97 full time equivalent staff was employed).

17. GENERAL AND ADMINISTRATION EXPENSES

	Year ended December 31, 2015	Year ended December, 31, 2014
IT and other general administration expenses	243,841	223,656
Depreciation	171,655	154,764
Local tax	99,616	106,914
Rental and maintenance fees	104,339	76,669
Professional fees	90,682	68,586
Bank charges	80,294	66,635
Office supplies	43,671	52,984
Travel	31,787	27,177
Marketing	18,060	24,353
Training	6,177	6,975
Insurance fees	5,772	6,341
Membership fees	1,292	1,518
	<u>897,186</u>	<u>816,572</u>

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18. OTHER EXPENSES AND OTHER INCOME

<i>Other expenses</i>	Year ended December 31, 2015	Year ended December 31, 2014
Film and charity sponsorship	209,334	233,467
Special tax	172,991	172,991
Foreign exchange loss	248,457	172,991
Impairment losses on fixed assets	-	-
Other	172,750	180,700
	<u>803,532</u>	<u>682,734</u>

Based on the amendment of the act on the special tax of financial institutions approved on 22 July 2010, a special financial institution tax was paid by the Group. The total tax amount for the year 2015 and 2014 was HUF 173 million.

<i>Other income</i>	Year ended December 31, 2015	Year ended December 31, 2014
Compensations received	0	0
Foreign exchange gain	356,255	138,164
Invoiced costs	78,890	22,047
Gain on fixed asset selling	25,618	5,650
Other	294,876	184,853
	<u>755,639</u>	<u>350,714</u>

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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 deductible from the taxable profit after 2012. However, 19% was used for the calculation of the deferred tax for every remaining item.

In 2014 and 2015, 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%.

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

Income tax recognised in profit or loss

	Year ended December 31, 2015	Year ended December 31, 2014
Current tax expense	59,835	91,930
Deferred (tax expense) / tax benefit	18,746	(13,873)
Total income tax expense recognised in the current year	<u>78,581</u>	<u>78,057</u>

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

	Year ended December 31, 2015	Year ended December 31, 2014
Profit before tax	1,299,303	1,889,405
Income tax expense calculated (19% & 10%(*))	201,868	313,987
Effect of income that is exempt from taxation	(14,329)	(35,558)
Effect of expenses that are not deductible in determining taxable profit	20,969	3,372
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	-	-
Other permanent differences - treasury shares	-	-
	<u>208,508</u>	<u>281,801</u>
Adjustments – tax credit on film & sport sponsorship	(129,927)	(203,744)
Income tax expense recognised in profit or loss (relating to continuing operations)	<u>78,581</u>	<u>78,057</u>

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

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19. INCOME TAXES [CONTINUED]

Current tax assets and liabilities

	December 31, 2015	December 31, 2014
Current tax assets		
Tax refund receivable	73,798	86,182
Current tax liabilities		
Income tax payable	-	-

Deferred tax assets and liabilities

	December 31, 2015		December 31, 2014	
	Recorded in profit or loss	Recorded in OCI	Recorded in profit or loss	Recorded in OCI
Financial assets at fair value through profit and loss	22,074	-	-	-
Other Receivables and Prepayments	-	-	3,270	-
Financial liabilities at fair value through profit and loss	403,252	-	116,308	-
Deferred tax asset	425,326	-	119,578	-
Financial assets at fair value through profit and loss	-	-	(13,231)	-
Settlement with brokers, dealers and customers	(74,071)	-	(87,966)	-
Financial assets at fair value through profit and loss	-	-	-	-
Property, plant and equipments	(9,642)	-	(6,833)	-
Other liabilities and accruals	-	-	(631)	-
Other receivables and prepayments	(349,442)	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	(433,155)	-	(108,661)	-
Total deferred tax assets / (liabilities)	(7,829)	-	10,917	-

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.

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20. OFF BALANCE SHEET ITEMS, COMMITMENTS AND CONTINGENCIES

The balance of client's securities is HUF 2,397,603 million at face value as of December 31, 2015 (December 31, 2014: HUF 1,052,451 million).

Currency	Nominal Value		Face Value (million HUF)	
	2015	2014	2015	2014
GBP	8,235,283	2,400,272	3,500	969
AUD	456,636	1,065,648	96	226
BRL	0	890,000	0	87
CZK	7,478	4,170	0	0
DKK	22,895	9,513	1	0
EUR	3,650,058,467	1,396,674,027	1,142,906	439,799
HKD	93,143	128,519	3	4
HRK	236,926	166,783	10	7
JPY	5,778	7,732	0	0
CAD	1,329,827	1,043,257	275	233
PLN	991,872	893,376	73	66
HUF	168,983,879,262	159,990,571,309	168,984	159,991
NOK	1,330,558	2,467,700	43	86
RON	2,524,188	1,329,863	175	93
CHF	47,946	1,368,607	14	358
SEK	155,069	120,069	5	4
SGD	140,667	292,000	29	57
TRY	3,455,796	18,452,396	338	2,055
USD	3,771,950,312	1,730,469,151	1,081,154	448,416
			2,397,603	1,052,451

At face value HUF 2,328,752 million from these securities are deposited in custody at the Central Clearing House and Depository Ltd. (KELER Ltd.) as at December 31, 2015 (December 31, 2014: HUF 986,300 million).

Currency	Nominal Value		Face Value (million HUF)	
	2015	2014	2015	2014
GBP	300,010	300,010	127	121
EUR	3,495,324,106	1,246,981,724	1,094,456	392,662
JPY	200	200	0	0
HUF	166,730,709,395	158,668,023,594	166,731	158,668
NOK	1,000,000	0	33	0
CHF	41,892	41,892	12	11
USD	3,723,942,729	1,678,066,588	1,067,394	434,837
			2,328,752	986,300

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Derivatives (nominal amount, unless otherwise stated)		
<i>Foreign currency contracts</i>	December 31, 2015	December 31, 2014
Off-balance sheet assets	54,627,912	71,232,177
Off-balance sheet liabilities	54,526,535	70,989,979
Net	101,376	242,198
Fair values of off-balance sheet assets	333,971	985,726
Fair values of off-balance sheet liabilities	341,677	985,028
Net fair values	(7,706)	698

20. OFF BALANCE SHEET ITEMS, COMMITMENTS AND CONTINGENCIES [CONTINUED]

Foreign currency contracts

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

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

21. RELATED PARTY TRANSACTIONS

The consolidated statements for the year ended and as of December 31, 2015 (and December 31, 2014) contain the following amounts from the related party transaction.

Consolidated Statement of Financial Positions as of December 31, 2015:

- Other receivables & prepayments of the Company due from Concorde Corporate Finance Ltd. in amount of HUF 0 thousand (December 31, 2014: HUF 5,157 thousand)

Consolidated Statements of Comprehensive Income for the year ended as of December 31, 2015.

- Intra-group revenue from re-invoiced fees by the Company to Concorde Corporate Finance Ltd.:
 - Rental fees: HUF 2,369 thousand (2014: HUF 2,432 thousand)
 - Office supplies: HUF 696 thousand (2014: HUF 1,067 thousand)
 - Other general and administration expenses: HUF 201 thousand (2014: HUF 505 thousand)
 - Communication: HUF 185 thousand (2014: HUF 142 thousand)

The amounts from related party transaction were fully 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, pre-emption 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, 2015 and December 31, 2014 were declared of HUF 688,050 thousand (HUF 2,085 per share) and of HUF 899,910 thousand (HUF 2,727 per share), respectively.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Market risk

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

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

Market risk sensitivity analysis

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

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

	Average (HUF million)	
	2015	2014
	Historical VaR (99%, one-day) by risk type	
Foreign exchange	14.76	12.67
Interest rate	3.80	3.35
Equity instruments	14.78	6.09
Diversification	-17.39	(9.41)
Total VaR exposure	15.95	12.70

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*).

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

		December 31, 2015	December 31, 2014
5% Weakening of EUR	Loss on portfolio (%)	1.44	1.11
	Loss on portfolio (HUF million)	62.66	39.31
5% Weakening of USD	Loss on portfolio (%)	0.11	0.11
	Loss on portfolio (HUF million)	4.77	3.85
Total	Loss on portfolio (%)	1.55	1.22
	Loss on portfolio (HUF million)	67.43	43.16

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 end of reporting period were outstanding for the whole year. The analyses were prepared by assuming only the adverse 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 margin 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 13.49 million and HUF 12.45 million as at December 31, 2015 and December 31, 2014, respectively.

Equity price sensitivity analysis

The Company has no significant equity instruments held in 2015 and 2014 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.

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

Capital management

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

The capital management of the Group members includes the management and evaluation of the shareholders' equity and all material risks to be covered by the capital.

The Group members maintain the capital adequacy required by the regulatory bodies and the planned risk taking mainly by means of ensuring and developing their profitability.

Capital adequacy

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

The Company has complied with the regulatory capital requirements in 2015 and in 2014.

	(unconsolidated data)	
	2015	2014
Core capital	3,231,078	3,016,626
Supplementary capital	0	-
Deductions	167,696	108,230
Regulatory capital	3,063,382	2,908,396
Credit risk capital requirement	517,758	621,694
Market risk capital requirement	192,391	235,329
Operational risk capital requirement	505,833	447,124
Total eligible regulatory capital	1,215,983	1,304,147
Surplus capital	1,847,400	1,604,249
Capital adequacy ratio	251.93%	223.01%

Maturity analysis of assets and liabilities and Liquidity risk

As of December 31, 2015, all monetary assets and liabilities mature within one month of the end of reporting period, with the exception of HUF 22,422,309 thousand (December 31, 2014: HUF 27,156,930 thousand) client funds included in current accounts for which the corresponding liability is stated as part of Settlement with brokers, dealers and customers.

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, 2015 and December 31, 2014.

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

December 31, 2015	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	22,596,408	-	-	-	-	22,596,408
Settlement with brokers, dealers and customers	2,599,374	-	-	-	-	2,599,374
Financial assets at fair value through profit or loss	845,538	657,198	117,391	447,425	447,915	2,515,467
Other receivable and accruals	2,848,453	-	-	-	-	2,848,453
Total current assets	28,889,773	657,198	117,391	447,425	447,915	30,559,702
Non-current Assets:						
Goodwill on acquisition	-	-	-	-	-	-
Equity investments	-	-	-	-	247,544	247,544
Loans to employees	-	-	86,209	-	-	86,209
Tangible and intangible fixed assets	-	-	-	491,618	-	491,618
Deferred tax assets	-	234	-	-	-	234
Total non-current assets	-	234	86,209	491,618	247,544	825,604
Total assets	28,889,773	657,432	203,600	939,044	695,459	31,385,306
Liabilities and Shareholders' Equity						
Current Liabilities:						
Settlement with brokers, dealers and customers	22,466,978	-	-	-	-	22,466,978
Short term borrowings	1,049,763	-	-	-	-	1,049,763
Financial liabilities at fair value through profit or loss	341,677	-	2,296,882	-	484,360	3,122,919
Other liabilities	478,392	-	-	-	-	478,392
Deferred tax liability	-	8,063	-	-	-	8,063
Total liabilities	24,336,809	8,063	2,296,882	-	484,360	27,126,114
Shareholders' Equity:						
Share capital	-	-	-	-	1,000,000	1,000,000
Statutory reserves	-	-	-	-	-	-
Minority interest	-	-	-	-	9,690	9,690
Retained earnings	-	-	-	-	3,249,502	3,249,502
Treasury shares	-	-	-	-	-	-
Total shareholders' equity	-	-	-	-	4,259,192	4,259,192
Total liabilities and shareholders' equity	24,336,809	8,063	2,296,882	-	4,743,552	31,385,305
Liquidity excess/(deficiency)	4,552,964	649,369	(2,093,282)	939,044	(4,048,093)	-

Concorde Securities Ltd.
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For the year ended and as of December 31, 2015
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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

December 31, 2014

	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	28,677,216	-	-	-	-	28,677,216
Settlement with brokers, dealers and customers	1,738,661	-	-	-	-	1,738,661
Financial assets at fair value through profit or loss	1,218,520	799,893	538,382	223,014	229,699	3,009,508
Other receivable and accruals	516,616	-	-	-	-	516,616
Total current assets	32,151,013	799,893	538,382	223,014	229,699	33,942,001
Non-current Assets:						
Goodwill on acquisition	-	-	-	-	-	-
Equity investments	-	-	-	-	241,394	241,394
Loans to employees	-	-	28,644	-	-	28,644
Tangible and intangible fixed assets	-	-	-	406,872	-	406,872
Deferred tax assets	-	10,917	-	-	-	10,917
Total non-current assets	-	10,917	28,644	406,872	241,394	687,827
Total assets	32,151,013	810,810	567,026	629,886	471,092	34,629,828
Liabilities and Shareholders' Equity						
Current Liabilities:						
Settlement with brokers, dealers and customers	27,359,142	-	-	-	-	27,359,142
Short term borrowings	1,249,939	-	-	-	-	1,249,939
Financial liabilities at fair value through profit or loss	818,609	166,419	-	-	178,047	1,163,075
Other liabilities	512,651	-	-	-	-	512,651
Deferred tax liability	-	-	-	-	-	-
Total liabilities	29,940,341	166,419	-	-	178,047	30,284,807
Shareholders' Equity:						
Share capital	-	-	-	-	1,000,000	1,000,000
Statutory reserves	-	-	-	-	-	-
Minority interest	-	-	-	-	24,207	24,207
Retained earnings	-	-	-	-	3,320,814	3,320,814
Treasury shares	-	-	-	-	-	-
Total shareholders' equity	-	-	-	-	4,345,021	4,345,021
Total liabilities and shareholders' equity	29,940,341	166,419	-	-	4,523,068	34,629,828
Liquidity excess/(deficiency)	2,210,672	644,391	567,026	629,886	(4,051,976)	-

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

Fair value measurement

This note provides information about how the Group determines fair values of various financial assets and financial liabilities

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used

Instruments		Fair Value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		31-Dec-2015	31-Dec-2014				
1) Foreign currency swap and forward contracts (see notes 6, 11 and 22)	Assets	332,307	979,389	Level 2	Discounted cash flow model: Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
	Liabilities	336,699	980,304				
2) Futures contracts (see notes 6, 11, and 22)	Assets	1663	6,337	Level 1	Quoted bid and ask prices in an active market	N/A	N/A
	Liabilities	4979	4,724				
3) Held-for-trading non-derivative financial assets (see note 6 and 22) - listed debt securities	Assets	1,733,580	1,788,534	Level 1	Quoted bid prices in an active market.	N/A	N/A
3) Held-for-trading non-derivative financial assets (see note 6 and 22) - listed equity securities and investment units	Assets	447,916	235,248	Level 1	Quoted bid and ask prices in an active market	N/A	N/A
	Liabilities (short positions)	2,781,241	178,047	Level 1			
Total	Assets	2,515,466	3,009,508				
	Liabilities	3,122,919	1,163,075				

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

Briefly summarized, the fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are determined based on quoted prices, or, 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 and swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Concorde Securities Ltd.
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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

Fair Value hierarchy of assets and liabilities measured at fair value through profit or loss

As at 31 December 2015	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets at fair value through profit or loss	2,515,465	2,183,159	332,307	
-from this: securities held for trading	2,181,495	2,181,495	-	-
-from this: positive FVA of derivative financial instruments designated as held for trading	333,970	1,663	332,307	-
Securities available-for-sale	-	-	-	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial assets measured at fair value total	2,515,465	2,183,158	332,307	-
Short positions - security trading	2,781,241	2,781,241	-	-
Negative FVA of derivative financial instruments designated as held for trading	341,678	4,979	336,699	-
Negative FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial liabilities measured at fair value total	3,122,919	2,786,220	336,699	-
As at 31 December 2014	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets at fair value through profit or loss	3,009,508	2,030,119	979,389	-
-from this: securities held for trading	2,023,782	2,023,782	-	-
-from this: positive FVA of derivative financial instruments designated as held for trading	985,726	6,337	979,389	-
Securities available-for-sale	-	-	-	-
Positive FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial assets measured at fair value total	3,009,508	2,030,119	979,389	-
Short positions - security trading	178,047	178,047	-	-
Negative FVA of derivative financial instruments designated as held for trading	985,028	4,724	980,304	-
Negative FVA of derivative financial instruments designated as hedge accounting relationship	-	-	-	-
Financial liabilities measured at fair value total	1,163,075	182,771	980,304	-

Concorde Securities Ltd.
Notes to Consolidated Financial Statements
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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT [CONTINUED]

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.

At December 31, 2015 and December 31, 2014, 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.

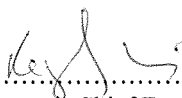
23. EVENTS AFTER REPORTING PERIOD

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

24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on June 30, 2016.

Budapest, June 30, 2016


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Chief Executive Officer