KELER CCP

Annual Report 2012

CONTENT

1. CHAIRMAN'S MESSAGE

On both global and European scale the top priority of 2012 remained to be crisis management and to reboot economic growth, that were more or less achieved by certain countries with the introduction of the various economic stimulus schemes, while other states kept on struggling with increasing unemployment rates, dried up domestic demand and high levels of indebtedness. Investors continued to avoid risks that did not bode well for exchange volumes – although global exchanges experienced a discreet level of revival, unfortunately, the Hungarian volumes did not follow suit in 2012. In spite of the challenging economic conditions KELER Group has closed a successful year due to the unexpectedly beneficial result of financial activities stimulated by the favorable trend of interest rates.

One of the most distinguished developmental feature during the year was the segregation of the clearing house and the central securities depository activities. As a result, since 1 January 2013, KELER CCP has been operating as an independent clearing house, while KELER continues to be engaged in the business of providing traditional central securities depository services.

In order to implement the so-called TARGET-2 Securities (hereinafter: T2S) initiative that aims to pull down capital market borders in Europe and to create a uniformed capital market, the Strategic Modernization Program (hereinafter: SMP) was established. SMP progressed in the past year, both in terms of regulatory compliance and the replacement of the account management systems. The T2S National User Group and its two working groups cooperate with the KELER team to facilitate the successful execution of T2S migration in 2016.

We may also boast about numerous other achievements in earlier periods of the year. The launch of the intraday financial clearing with multiple clearing periods as of 2 July 2012 required major efforts by KELER in the first half of the year. In InterGiro2 payment orders are executed within four hours from receipt.

We are proud to announce that the number of electronic services offered by KELER further increased in the last year. In the spring, the eInvoice service was launched to help optimize our and our Clients' processes. Later, in November 2012, the eDEMAT service was introduced to provide users with a platform covering the whole range of dematerialized securities events, thus simplifying their processes.

The KELER Group responded to the challenges of unfavorable economic environment with the development of its service level, the expansion of service-range and an augmented number of Clients served. KELER CCP continuously provided clearing services for existing and new markets regarding the traditional BSE and the MTF markets as well, including the introduction of international equities based futures contracts, and at the same time, it started to offer services on MTS market in 2012. KELER CCP expanded its services for energy market non-clearing members to EPEX SPOT, one of the largest power exchanges in Western Europe; and also planning to serve further markets in the future.

Furthermore, in the second half of the year KELER CCP had started to prepare for the provision of central counterparty and clearing services for CEEGEX, the domestic gas market that has been providing its service since the beginning of 2013. Despite the tight deadline the preparation phase was successfully completed by the end of December, thus the number of markets served by KELER CCP further increased.

The launch of new markets and products fitted naturally into the strategy of the KELER Group and the structure of settlement and guarantee undertaking, thus the expansion was completed rapidly and securely following the regulatory harmonization.

Additionally, we sophisticated our services to satisfy Clients' demand on a higher level regarding both the capital and the energy markets. Consequently, the securities market settlement deadline was extended, thus from mid 2012 transactions can be fulfilled until 14:00 hrs instead of 11:30 hrs; and the settlement model of the power market was adjusted to the practice of Western Europe.

The expansion of Clients' range and the scale of products offered required the maintenance and the continuous development of the risk management methods. Subject to the change of risks, initial margins were modified several occasions in 2012; with respect to the new products the appropriate initial margin values were determined based on available information. These changes resulted in the intensifying Client contacts and communication; during the year professional forums were convened several times to facilitate the discussion on the actual financial and risk management issues and the introduction of our service-scale.

In 2012, the traditional bi-annual personal and online client satisfaction surveys were supplemented with a solely online survey that is going to be completed every year when no bi-annual survey is executed. Based on the feedback received through the questionnaires the KELER Group can state that the positive view of its Clients with respect to the Group continued to improve in the course of the past years. During 2012, KELER CCP held three clearing member forums that a large number of our Clients attended to represent the interests of the market. In addition to the Clearing Member Forums, KELER CCP created the OTC Derivative working group with active participation of market players aiming to assess the attributes of the current Hungarian OTC derivative market and to review the future clearing service opportunities of KELER CCP in the Hungarian market.

I would like to take this opportunity to say thank you to the owners of the KELER Group, the Hungarian credit institutions, investment firms, issuers and all of our partners on the capital and energy markets. I express my gratitude to the capital and energy market Clients and the employees of the KELER Group for their constructive and cooperative attitude in the past year. It is not only our common interest but also our common merit that the KELER Group undertook its activity on the required high level, thus created the opportunity of future development and further fruitful cooperation with our partners. The experiences we gained in 2012 will hopefully facilitate to achieve our goals of optimizing our services and further expanding the number of Clients and markets in the future.

Csaba Lantos

Chairman of the Board of Directors

2. REGULATORY ENVIRONMENT OF KELER CCP

KELER CCP Ltd. (hereinafter: KELER CCP) is a business association operating as central counterparty guaranteeing the fulfillment of stock exchange transactions and over-the-counter capital market transactions pursuant to Act CXX of 2001 on the capital market (hereinafter: Tpt.).

KELER CCP operates in line with the provisions of the above regulation, its regulatory documents and the requirements of the decrees of the Financial Supervisory Authority of Hungary (hereinafter: Supervisory Authority).

KELER CCP undertakes the central counterparty activity licensed by Decree E-III/1012/2008. of the Supervisory Authority as an exclusive activity pursuant to Section 340/D (1) of the Tpt.

In accordance with the agreement concluded with the Central Clearing House and Depository (Budapest) Ltd. (hereinafter: KELER) KELER CCP outsources certain elements of its activity to KELER in compliance with the prevailing requirements of the Tpt. and other relevant legal regulations.

In 2012, the operation of KELER Group was influenced by the following new regulations and regulatory changes:

› new provisions of the Labor Code.

As the implementation of EU regulations:

› Regulation (EU) No. 648/2012 on OTC derivative transactions, central counterparties and trade repositories, the European Market Infrastructures Regulation (hereinafter: EMIR) entered into force.

In 2012, general meetings were held on three occasions at KELER CCP:

› the annual ordinary general meeting was held on 29 May 2012,

› extraordinary general meetings were held on 20 September 2012 and 19 December 2012.

The annual ordinary general meeting of KELER CCP was held on 29 May 2012.

The general meeting agenda items covered, among others, the following topics:

› report by the Board of Directors on its activity in the financial year 2011,

› acceptance of the financial statements in line with Act C of 2000 and resolution on the distribution of profit after tax,

› acceptance of the financial statements in line with the IFRS,

› acceptance of the consolidated financial statement in line with Act C of 2000,

› election of the members of the Board of Directors (Mr. Csaba Balogh, Mr. Gergely Kóczán, Mr. Zsolt Katona, Mr. Hannes A. Takacs, Mr. György Dudás, Mr. Károly Mátrai, Mr. Csaba Lantos),

› election of the auditor.

Additionally, the annual ordinary general meeting passed a resolution on the amount and expiry date of the joint and several liability undertaken towards KELER CCP. As of 28 August 2012 the amount of the joint and several liability is HUF 8 billion and the expiry date is the 90th day after the annual ordinary general meeting closing the year 2012.

If during the term of the joint and several liability KELER CCP can replace a part or the entire amount of the liability undertaken by KELER with an increase of its share capital, at the request of KELER CCP the amount of the requested liability will be decreased immediately by the amount that is covered by the capital increase.

On 20 September 2012, KELER CCP held an extraordinary general meeting where the following agenda items were discussed:

› expansion of the range of activities,

› modification of the Articles of Association,

› acceptance of the start date of the new activity.

With respect to EMIR taking force the activity of KELER CCP will have to be licensed again. Under the scope of EMIR the central counterparty undertakes clearing also, thus clearing was added to the activities of KELER CCP. The Company wished to start the clearing activity on 1 January 2013. The condition of undertaking the new activity was the issuance of the activity license by the Supervisory Authority. The Supervisory Authority issued this license under No. H-EN-III-1164/2013. dated 18 December 2012.

On 18 December 2012, KELER CCP held an extraordinary general meeting where the following agenda items were discussed:

› share capital increase of the Company,

› modification of the Articles of Association.

With respect to the general meeting resolution in September 2012 to undertake clearing activities, it was necessary to increase the share capital and to make sure that the material and technical conditions required undertaking clearing activities are available. The material and technical conditions were provided in the form of asset transfer (contribution in kind). Following the share capital increase the structure of ownership changed as follows:

KELER:	97.72%
National Bank of Hungary:	1.21%
Budapest Stock Exchange:	1.07%

In light of the increase of share capital it was necessary to modify the Articles of Association that was registered by the Court of Registration of the Metropolitan Court of Justice.

3. BUSINESS RESULTS OF KELER CCP

Source: KELER CCP Ltd.'s Hungarian Statutory Financial Statement

The 2012, financial plan of KELER CCP was prepared in line with the plan of KELER. The economic outlook and market sentiment at the time the plan was completed were rather pessimistic as certain member states of the Euro zone continued to have high deficit with the looming possibility of bankruptcy.

The income plan of KELER CCP was finalized in line with market expectations, on the expense side the costs payable to KELER (transfer price, guarantee undertaking, personnel costs invoiced) and banking and technical fees continue to dominate.

In 2012 income from guaranteeing transactions concluded at the Budapest Stock Exchange (hereinafter: BSE) significantly contracted compared to the previous period. Due to the decreased activity at the stock exchange KELER CCP realized HUF 104 million less income than planned in this market segment. The favorable change in energy market settlements could not make up for this loss of income. In light of these factors the income of KELER CCP in 2012 was 17% less than planned.

Costs and expenditures in 2012 remained just below the planned level; accordingly the operating result of KELER CCP amounted to HUF 31.7 million that is 20.3% of plan.

In the financial year 2012, KELER CCP realized negative financial result that is primarily due to the exchange rate loss recognized on foreign currency assets. Due to this impact KELER CCP had a loss before tax of HUF 76.1 million.

All in all, KELER CCP closed the financial year 2012 with operating result of HUF 31.7 million, financial result amounted to HUF -107.8 million, therefore the result on operating activities is HUF -76.1 million. As there were no extraordinary items the result on operating activities equals the profit (or loss) before tax.

PROFIT AND LOSS STATEMENT (in HUF million)					
Nº	Item description	Actual 2011	Plan 2012	Actual 2012	Act. / Plan 2012
1. (a)	Net domestic sales - guarantee undertaking	672,2	721,8	599,1	83,0%
1. (b)	Net domestic sales - gas sale	69 748.3	70 000,0	71 115,0	
2.	Net export sales				
I.	**Sales from guarantee undertaking (1.+2.)**	**70 420,5**	**70 721,8**	**71 714,0**	
II.	**Other income**	**1,0**		**3,2**	
III.	**Own performance capitalized**				
3.	Raw materials and consumables	0,0	0,1	0,0	10,0%
4.	Cost of services used	355,7	429,2	421,4	98,2%
5.	Other services	110,3	110,3	104,1	94,4%
6.	Cost of goods sold	69 748,3	70 000,0	71 115,0	
IV.	**Material type expenditures (3.+4.+5.+6.)**	**70 214,3**	**70 539,6**	**71 640,6**	**101,6%**
V.	**Staff expenses**	**1,5**	**2,0**	**22,5**	**1125,7%**
VI.	**Depreciation and amortization**	**1,4**	**5,1**	**1,4**	**27,8%**
VII.	**Other expenditures**	**20,7**	**19,0**	**21,0**	**110,4%**
A.	**OPERATING RESULT (I.+II.+-III.-IV.-V.-VI.-VII.)**	**183,5**	**156,1**	**31,7**	**20,3%**
VIII.	**Financial income**	**297,8**		**362,3**	
IX.	**Financial expenditures**	**224,6**		**470,1**	
B.	**FINANCIAL RESULT (VIII.-IX.)**	**73,2**		**-107,8**	
C.	**RESULT ON ORDINARY ACTIVITIES (+-A.+-B.)**	**256,7**	**156,1**	**-76,1**	
D.	**EXTRAORDINARY RESULT**				
E.	**PROFIT (OR LOSS) BEFORE TAX (+-C.+-D.)**	**256,7**	**156,1**	**-76,1**	
X.	**Income tax**	**25,8**	**15,6**	**0,0**	
F.	**PROFIT (OR LOSS) FOR THE PERIOD (+-E.-X.)**	**230,9**	**140,5**	**-76,1**	
7.	Use of accumulated retained earnings for dividends and profit sharing				
8.	Dividends paid (approved)				
G.	**NET RESULT (+-F.+7.-8.)**	**230,9**	**140,5**	**-76,1**	

4. THE ACTIVITY OF KELER CCP

The execution of the strategic goals of the KELER Group defined the activity of KELER CCP in 2012: the Company focused on the maintenance and the development of long-term competitiveness and full compliance with the Hungarian and the European regulations.

The Company was transformed into a clearing house compliant with international requirements by the execution of a project of outstanding importance, which serves both long-term competitiveness, international recognition and compliance with regulatory provisions (EMIR).

The Company responded to the challenges of the unfavorable business environment by increasing the quality of services and expanding the range of services and clients. KELER CCP continuously served the existing and new products of the BSE stock exchange and MTF markets, among them the introduction of futures contracts with underlying international equities, at the same time from 2012 it was ready to serve the MTS market operated by EuroMTS. For energy market non-clearing members the Company expanded its services to cover EPEX SPOT, one of the largest power exchanges of Western Europe, and there are plans to serve other markets too. In the second half of the year the Company got ready to provide CEEGEX gas exchange central counterparty and clearing services, as a result the group of partners of KELER CCP continued to widen.

KELER CCP took measures to prepare for EMIR, the applicable European regulation and for the full-scale licensing due in 2013.

During the year KELER CCP and market participants created OTC Derivative, a working group, with the goal to assess the attributes of the current Hungarian OTC derivative market and to make a decision on the future need of Hungarian OTC derivative clearing services.

At the end of the year KELER CCP proposed the modification of an important regulation for its gas and energy market clients: as a result of the modification accepted the financial operations related to the settlement of trades made in the organized natural gas market and the daily natural gas and capacity trading market and in the organized power market under the scope of the act on power do not give rise to the payment obligation of financial transaction tax. Additionally, energy market transactions established in the course of undertaking the central counterparty activity are not subject to the local business tax, therefore KELER CCP will be able to provide the above services without changing its fees.

COUNTERPARTY RISKS

Clearing membership system

In 2012 the clearing membership system of KELER CCP expanded further. Additional European energy markets were added to the range of services offered to energy market non-clearing members. Furthermore, measures were taken to prepare for services to be offered to CEEGEX Central Eastern European Gas Exchange that starts to operate in 2013.

At the end of the year there were 30 credit institutions, investment firms and commodity service providers with membership in sections / ranges of transactions, thus the number of capital market clearing members in 2012 was 1 less than in the previous year. There was one investment firm that requested the termination of its clearing membership at the beginning of the year.

In 2012 there were 4 new players joining the 13 existing clearing members of the Daily Natural Gas and Capacity Trading Market and one earlier participant requested the termination of its membership. Owing to this there were 16 active gas market clearing members at the end of the year.

The number of energy market non-clearing members also increased: 5 new market players obtained membership, among them two companies incorporated abroad. Non-clearing membership was terminated on two occasions, at the request of the companies concerned. This way the number of members increased to 22, and 13 members out of this have right to trade futures in addition to day-ahead power market trading. Altogether 4 members were interested in some way in the expansion of non-clearing membership services to the international energy markets.

In summary at the end of 2012, similarly to the previous period, there were 63 active clearing members, out of this 30 members were capital market clearing members (3 commodity brokers, 5 Hungarian branches of foreign credit institutions, 1 Hungarian branch of a foreign investment firm, 13 investment firms and 8 Hungarian credit institutions), 16 members were energy market clearing members and there were 22 power market non-clearing members. In the latter two clearing membership systems five players have membership in both markets.

MARKET RISKS

Clearing member's individual margins

A key basic operation of KELER CCP is the continuous monitoring of compliance with the requirements on individual margins and the maintenance of the margining system. Depending upon the change in risks the initial margins were changed on several occasions in 2012, with respect to new products the initial margin requirements were defined based on information available to us.

There were some changes in the level and order of energy market collateralization due to the changed practice of our partner clearing house.

As part of the preparation for the clearing of CEEGEX, the gas exchange margining algorithms and their starting values were determined.

Collective Guarantee Funds

In 2012, also KELER CCP continuously monitored compliance with the requirements on the amount of the guarantee funds. Based on the results of stress tests in March 2012 KELER CCP modified certain parameters of the capital market guarantee funds.

In addition to the existing guarantee fund a new collective guarantee scheme was established for the clearing of CEEGEX.

Joint and several liability by KELER

The general meeting accepted to decrease the amount of the joint and several liability of KELER towards KELER CCP from HUF 12 billion to HUF 8 billion as of 29 August 2012 until the 90th day after the annual ordinary general meeting closing the year 2012. If during the term of the joint and several liability KELER CCP is able to replace a part or the full amount of the joint and several liability undertaken by KELER with the increase of its share capital, the amount of the requested joint and several liability will be decreased with immediate effect.

Collateral instruments

In the period discussed there was no major change in the range of collateral instruments accepted. With respect to the energy market non-clearing member service provided, basically owing to reasons of financing, it became necessary to require that the non-clearing member collaterals are provided in Euro up to the level stipulated by the foreign clearing house.

New markets

In 2012, the new market segments that KELER CCP successfully started to serve during the year presented new challenges and major regulatory and risk management tasks. Regarding the finalization of new services it was an important consideration to meet both the needs of the market and the requirements of the Supervisory Authority / overseer.

5. INTERNAL AUDIT

KELER CCP does not undertake internal audit on its own, therefore based on the agreement concluded with KELER and the case by case requests of the Board of Directors the Internal Audit unit of KELER completes this activity with respect to KELER CCP. In 2012 there were two internal audit reviews completed at KELER CCP that covered:

- the energy market guarantee system and risk management system and
- the review of the clearing and risk management systems of the BÉTa market and the MTS market.

In addition to the above the reviews of the business continuity tests also covered the systems of KELER CCP.

6. CLIENT RELATIONS

In 2012, the KELER Group offered the opportunity of expert discussion to capital market clearing members on two occasions. The first forum was held on 8 February 2012 when KELER CCP reported on its activity in 2011 and plans for 2012 and announced key measures from the point of view of the development of the Hungarian capital markets such as the extension of the cut-off time of stock exchange multinet settlement securities transactions or the introduction of EMIR, one of the European capital market regulations and its impact on market participants.

On 21 February 2012 KELER CCP held a forum for energy market clients to inform participants on the activity, future plans of KELER CCP and the concept of the new, more efficient and sustainable energy market clearing.

At the second Capital Market Clearing Member Forum held on 30 October 2012 KELER CCP provided information on the details of the transformation project of KELER CCP and related changes, and on the details of ongoing developments.

The last client event of the year organized by KELER CCP discussed topics related to the start of CEEGEX, the forming Hungarian gas exchange and informed participants about the services provided by the KELER Group to the CEEGEX market, the details of risk management and the process of becoming a clearing member.

7. INTERNATIONAL RELATIONS

KELER CCP is a member of EACH (European Association of Central Counterparty Clearing Houses) and participates at the regular meetings of the organization and is involved in the work of certain sub-committees.

KELER CCP is an active participant of the domestic T2S (TARGET2-Securities) settlement working group and related to the development of energy market clearing regularly participates at the meetings of the clearing working group of ECC (European Commodity Clearing AG).

8. ENVIRONMENT PROTECTION

In the past years the KELER Group established its own Green Office Program to integrate environment conscious thinking into the corporate culture in the long term, to reduce energy and paper consumption at the corporate level and to create the system of selective waste collection. A number of environment protection correction measures with minor and major resource needs were taken, among them the drastic reduction of paper consumption was a top priority. Additionally, the Group is committed to responsible thinking and the creation a healthy working place is a top priority.

As part of the implementation of the Green Office Program in 2010 the KELER Group joined the Green Office competition of the KÖVET Association where it was awarded the 1st prize in the medium sized enterprises category.

In 2012, the KELER Group joined the 'Ablakon Bedobott Pénz' (How to not waste money) competition of the KÖVET Association: companies taking part in the competition demonstrate that money spent on the protection of the environment is not wasted; it can have financial return and can help environment conscious organizations to realize profit and gain a competitive edge. In 2012, KÖVET announced the competition for the 10th time and the KELER Group was awarded 'The Office Green Savings Special Prize'. The central printing project of the KELER Group was rewarded the Office Green Savings Special Prize – in this project outdated printers were replaced by multifunctional equipment located in the corridors. The goal of the project was to cut down paper consumption and printing costs and to simplify maintenance. The result of the central printing project speaks for itself as within 1 year of the start of the project the paper consumption of the KELER Group dropped by 30%, in other words 1.2 tons of paper and 14 old trees were saved. Having seen the results achieved the KELER Group will continue to take environment conscious measures as far as possible in the coming years also.

9. KELER CCP's IFRS Consolidated Financial Statement

9.1 REPORT BY THE INDEPENDENT AUDITOR

KPMG

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Independent Auditors' Report

To the shareholders of KELER KSZF Zrt.

Report on the Financial Statements

We have audited the accompanying financial statements of KELER KSZF Zrt. ("the Company"), which comprise the statement of financial position as at 31 December 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the (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 financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Budapest, 23 April 2013

KPMG Hungária Kft.

Gábor Agócs
Partner

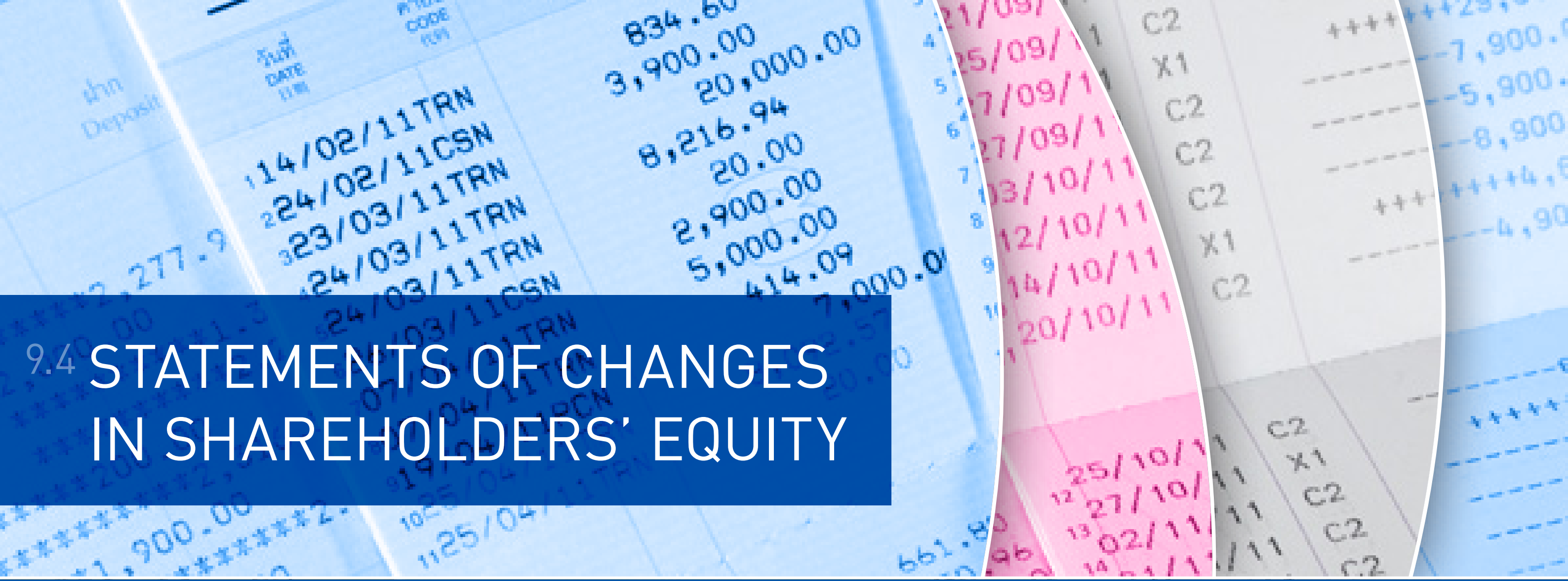
KPMG Hungária Kft., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Company registration: Budapest, Fővárosi Bíróság, no: 01-09-063183

9.2 STATEMENT OF FINANCIAL POSITION

Statement of Financial Position As of 31 December 2012 (All amounts in THUF)			
		31.12.2012	31.12.2011
Cash and cash equivalents	5	5,259,975	5,277,199
Receivables relating to gas market		10,145,236	9,818,762
Receivables relating to central contractual party service		47,399	63,677
Accrued interest receivables		17,695	21,853
Other assets	6	4,935,873	1,012,911
Current tax assets		52,909	4,084
Intangible assets	7	52,044	2,513
TOTAL ASSETS		**20,511,131**	**16,200,999**
Liabilities for Guarantee Funds	8	4,188,464	4,451,606
Accrued interest payable		238,506	223,671
Current tax liabilities		0	0
Accounts payable from gas market		10,145,236	9,818,762
Accounts payables	9	216,680	150,397
Accruals and other liabilities	10	5,137,253	903,045
TOTAL LIABILITIES		**19,926,139**	**15,547,481**
Share capital	11	20,000	20,000
Capital Reserve		30,000	30,000
Retained earnings		534,992	603,518
TOTAL SHAREHOLDERS' EQUITY		**584,992**	**653,518**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**20,511,131**	**16,200,999**

9.3 STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income for the year ended 31 December 2012 (All amounts in THUF)			
		01.01.2012 31.12.2012	01.01.2011 31.12.2011
Income from central contractual party service	**12**	**599,054**	**672,169**
Other operating income	**13**	**3,171**	**64,778**
Fees and commissions expenses		(99,445)	(105,503)
Personnel expenses	14	(22,513)	(1,545)
Depreciation and amortization	7	(1,417)	(1,412)
Other expenses	15	(447,110)	(381,317)
Net loss on sale of FX		(77,068)	-
Other operating expenses		**(647,553)**	**(489,777)**
Interest income		239,281	222,284
Interest expense		(270,092)	(212,771)
Net interest income		(30,811)	9,513
PROFIT BEFORE INCOME TAX		**(76,140)**	**256,683**
Taxation	16	7,614	(25,794)
NET PROFIT FOR THE YEAR		**(68,526)**	**230,889**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(68,526)**	**230,889**



9.4 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Statement of Changes in Equity For the year ended 31 December 2012 (All amounts in THUF)

	Share Capital	Retained Earnings	Capital Reserve	Total
Balance as of 1 January 2011	**20,000**	**372,629**	**30,000**	**422,629**
Total comprehensive income for the year	–	230,889	–	230,889
Balance as of 1 January 2012	**20,000**	**603,518**	**30,000**	**653,518**
Total comprehensive income for the year	–	(68,526)	–	(68,526)
Balance as of 31 December 2012	**20,000**	**534,992**	**30,000**	**584,992**

9.5 STATEMENTS OF CASH FLOWS

Statement of Cash Flows For the year ended 31 December 2012 (All amounts in THUF)		
	01.01.2012 31.12.2012	01.01.2011 31.12.2011
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT	**(68,526)**	**230 889**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Income Taxes	4,366	39,239
Depreciation and amortization	1,417	1,411
Net (increase) / decrease in accrued interest receivables	4,158	(8,431)
Net (increase) / decrease in CCP receivables	(310,196)	8,260,349
Net (increase) / decrease in other assets	(3,934,917)	(871,811)
Net (increase) / decrease in Placement and loans from partners	(263,142)	1,220,778
Net increase / (decrease) in accrued interest payable	14,835	124,910
Net increase / (decrease) in other liabilities	5,076,965	(7,808,034)
Income Taxes paid	(41,236)	(47,687)
Net cash provided by operating activities	**483,724**	**1,141,613**
INVESTING ACTIVITIES		
Net additions to premises, equipments and intangible assets	(50,948)	-
Net cash used in investing activities	**(50,948)**	**-**
CASH FLOW FROM FINANCING ACTIVITIES		
Net increase / (decrease) in loans from the KELER Ltd.	(450,000)	450,000
Net cash flow from financing activities	**(450,000)**	**450,000**
Net increase / (decrease) in cash and cash equivalents	**(17,224)**	**1,591,613**
Cash and cash equivalents at the beginning of the year	5,277,199	3,685,586
Cash and cash equivalents at the end of the year	5,259,975	5,277,199
Net (decrease)/increase in cash and cash equivalents	**(17,224)**	**1,591,613**

9.6 NOTES TO FINANCIAL STATEMENTS

NOTE 1: GENERAL

KELER CCP Ltd. (The Company or KELER CCP) was founded as a limited liability company according to the Hungarian laws, on 6 June, 2008. In 2011 KELER CCP was transformed to a private company limited by shares The court of registration registered KELER CCP Ltd. as a private company limited by shares on 17 March, 2011, the Company started operation as a private limited company on 31 March, 2011. Company's seat: H-1075 Budapest, Asbóth str. 9-11.

KELER CCP Ltd.'s owners when established

KELER Ltd.	74.5%
Budapest Stock Exchange	25.5%

KELER CCP Ltd.'s owners since 26 February 2009.

KELER Ltd.	74.5%
National Bank of Hungary	13.6%
Budapest Stock Exchange	11.9%

KELER CCP is a central counterparty business association pursuant to the requirements of the Tpt. (Act on the Capital Market of Hungary) operating and guaranteeing the settlement of guaranteed regulated market, BÉTa market, gas market and energy market transactions. KELER CCP as central counterparty undertakes guarantee for transactions concluded on the Budapest Stock Exchange, BÉTa market (multilateral trading system for cross-border securities operated within the BSE multilateral trading facility, MTS market (a multilateral trading facility operated by EuroMTS Limited since 01.01.2012) and for the financial performance of gas market (Daily natural gas and capacity trading market operated by FGSZ (Natural Gas Transmission Company) from 1st July 2010.) transactions. KELER CCP as general clearing member undertakes guarantee for the financial performance of energy market transactions towards European Commodity Clearing AG. From the beginning of 2013 KELER CCP also acts a central counterparty on the CEEGEX (Central Eastern European Gas Exchange). KELER CCP's direct partners are commodities service, securities service providers, financial institutions, participants of an organized market, or organizations performing clearing house activity. KELER CCP's activity ensures that market participants' guaranteed trades are settled risk free.

KELER CCP Ltd. has started its business activity as a central counterparty service provider, as of 1 January 2009. Further from the beginning of year 2013, the clearing activity of KELER Ltd. was also taken over by KELER CCP.

KELER CCP is consolidated in the financial statement of KELER Ltd (address: H-1075 Budapest, Asbóth str. 9-11)

NOTE 2: BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the EU and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the EU.

These financial statements were approved by the Board of Directors on 23 April 2013.

b) Basis of measurement

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets or liabilities at fair value through profit or loss, and available-for-sale financial assets, except those for which a reliable measurement of fair value is not available. The latter items are stated at either amortised or historical cost. Other financial assets and liabilities and non-financial assets and liabilities are stated at either amortised cost or historical cost.

These financial statements are presented in Hungarian Forints rounded to the nearest thousand ("THUF").

→

c) Functional currency

Items included in the financial statements are measured using Hungarian Forint, the currency of the primary economic environment in which the Company operates ('the functional currency').

d) Use of estimates and judgements

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

a) Comparatives

Certain items previously reported in the prior years' financial statements have been restated and reclassified to provide consistency for presentation purposes, if applicable.

b) Foreign currency transactions

Transactions in foreign currencies are translated to Hungarian forint at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Hungarian forint at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Hungarian forint at foreign exchange rates ruling at the dates the values were determined.

c) Cash and cash equivalents

Cash equivalents are liquid investments with original maturity of three months or less. Cash and cash equivalents are carried at amortised cost in the balance sheet.

d) Financial assets and financial liabilites

Classification

Financial assets or financial liabilities at fair value through profit or loss are financial assets and financial liabilities that are classified as held for trading mainly for the purpose of profit-taking, are derivative instruments that are not designated and effective hedging instruments or upon initial recognition are designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss contain state bonds, treasury bills and discount bonds issued by National Bank of Hungary ("NBH").

Receivables relating to guarantee activities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity.

Available for sale financial assets are non-derivative instruments that are not designated as another category of financial assets.

Other liabilities contains all financial liabilities that were not classified as at fair value through profit or loss.

Other liabilities contain placements and loans from other banks, deposits from customers, liabilities relating to garantee activities.

Recognition

Financial assets and liabilities are recorded in the Company's books on the settlement day, except for derivative assets, which are entered on the trade day. Financial assets or financial liabilities are initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or the Company transfers substantially all risks and rewards of ownership of the financial asset.

Measurement

Subsequent to initial recognition, all financial assets or financial liabilities at fair value through profit or loss and all available for sale assets are measured at fair value. If no quoted market price exists from an active market and fair value cannot be reliably measured, the Company uses valuation techniques to determine fair value

All financial liabilities other than at fair value through profit or loss, held to maturity financial instruments and originated receivables are measured at amortised cost less impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss shall be recognised in profit or loss, as financial income or expense.

A gain or loss on an available-for-sale financial asset shall be recognised directly in equity, through the statement of changes in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss, as financial income or expense.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Fair value measurement

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using valuation models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Company's economic estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded are estimated at the amount that the Company would receive upon normal business conditions to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

Impairment of financial assets

If there is an objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as 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 amount of the loss is recognised in profit or loss, as other expense.

If there is an objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as 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 amount of the loss is recognised in profit or loss, as other expense.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed through profit or loss, as other income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss, even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Financial assets are assessed individually or collectively. All individually significant financial assets above 1 MHUF are assessed for specific impairment. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

e) Impairment of non-financial assets

If there is any indication that the carrying amount of a non-financial (within the scope of IAS 36) asset exceeds its recoverable amount, the Company makes estimates for the recoverable amount of the asset. The Company considers external and internal information in assessing the amount of impairment. Impairment loss is recognised or reversed according to the individual rating of the asset.

Inventories within the scope of IAS 2 are measured at the lower of cost and net realisable value. The Company makes estimates for the realisable amount on a quarterly basis. Write-downs are recognised or reversed according to these estimates.

If the carrying amount / cost of the non-financial asset exceeds its recoverable amount / realisable value, write-down shall be recognised, if not, write-down shall be reversed to increase the carrying amount of the asset. The carrying amount of the asset after reversal can not exceed the original carrying amount.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairments, if any. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. The rates used by the Company are 14.5% for building improvements, 14.5% for office machines and 25% for office equipment and computers.

Expenditures incurred to replace a component of an item of property, plant and equipment that are accounted for separately, including major inspection and overhaul expenditures, are capitalized. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized in the income statement as expense as incurred.

g) Intangible assets

Intangibles are stated at cost less accumulated depreciation and impairments, if any. Depreciation is provided using the straight-line method at rates calculated to write off the cost of the asset over its expected economic useful life. For software 25% depreciation rate is used on a straight-line basis.

h) Trading on gas market

Based on the theory of the anonymity of the customers and the suppliers on the Daily natural gas and capacity trading market, the transactions are made with the participation of KELER CCP. KELER CCP stands between the counterparties as a technical partner (customer or supplier) during the buying and selling transactions. The stock of gas held by KELER CCP is always zero at the end of a day. Therefore, buying and selling of the gas is recorded by net method settlement in the statement of comprehensive income while in the balance sheet accounts (receivables-liabilities) it is recorded gross.

i) Trading on energy market

KELER CCP as a general clearing member of European Commodity Clearing AG (ECC) maintains positions and clears the cash side of the trades to its nonclearing members towards ECC. KELER CCP receives all relevant information from ECC who is acting as central counterparty of all trades of the energy market, and KELER CCP does guarantee all account transfer according the received information between ECC and the nonclearing members.

j) Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements ('repos') are retained in the financial statements as trading or investment securities with concurrent recognition of the counterparty liability. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to customers. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method. Securities lent to counterparties are also retained in the financial statements.

k) Revenue recognition

› **Fee revenue**

KELER CCP receives revenue for its guarantee and settlement activities, such revenue are recognized when these services are performed.

› **Interest income**
Interest income is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method.

› **Trading activity**
Sales income is recognized on the trading day when the actual sales (and purchase) happen. See also above for trading on gas and energy marked.

l) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred income tax is provided, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

m) Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

n) Hedging

The Company is not engaged in any hedging activity.

o) Statement of cash flows

Information about the cash flows of the Company is useful in providing users of financial statements with a basis to assess the ability of the Company to generate cash and cash equivalents and the needs of the Company to utilise those cash flows. For the purposes of reporting cash flows, cash and cash equivalents include cash, balances and placements with the National Bank of Hungary except those with more than three months maturity.

p) Events after the balance sheet date

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

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

NOTE 4: FINANCIAL RISK MANAGEMENT

a) The main elements of the Company's counterparty risk management approach are as follows

As central counterparty KELER CCP undertakes guarantee for transactions concluded on guaranteed market. CCP's activity ensures that market participants' guaranteed trades are settled risk free. In order to provide this services KELER CCP operates a clearing membership system, with a guarantee and margin elements, combined with monitoring and limit functions.

A two-level clearing membership system is operated by KELER CCP on prompt and derivative capital markets from 1 January 2009. KELER CCP operates a clearing membership system on Daily natural gas and capacity trading market. Starting with the same day from 1st July 2010 KELER CCP as a general clearing member of the ECC is entitled to provide energy market non-clearing membership services to it's partners.

Besides the clearing membership system, KELER CCP operates a multi-level guarantee system on the guaranteed markets. The elements of the guarantee system are: variation margin, individual margins and collective guarantee elements. The guarantee elements can be grouped into two group. The first group of the elements contains individual elements and only belong to cover the clearing members own risks. On the other hand there are collective guarantee elements, which based on the collective risk taking approach, where all clearing member should take a portion of risk of the overall market.

Individual margins: basic financial collateral – for derivative, multinet, gas and energy market settlement,

- additional financial collateral – for derivative, multinet, gas and energy market settlement,
- initial margin – for derivative and multinet settlement,
- turnover margin – for gas market settlement,
- energy market turnover margin – for energy market settlement on day-ahead markets,
- energy market initial margin– for physical futures market

The collective guarantee elements are as follows: collective guarantee funds for derivative (Collective Guarantee Fund), multinet (Exchange Settlement Fund) and gas market (Gas Market Collective Guarantee Fund) settlement.

All collateral collected on margin calls are placed in cash and securities accounts kept by KELER. The collateral placed by the clearing members can be cash, securities or bank guarantee placed in KELER with a beneficiary of KELER CCP. In case of energy market some part of the collateral forwarded to ECC and kept on ECC accounts with a beneficiary of ECC AG.

A real-time price monitoring system is operated on the cash and derivative markets of BSE. KELER CCP is entitled to dispose intraday clearings, in case price changes exceed certain previously announced limits.

A capital position limit is set for each clearing member and monitored regularly.

The financial performance of the clearing members and energy market non-clearing members are continuously monitored.

Further, the Company constantly monitors the official bankruptcy databases. Partners are rated regularly by the Company.

In case of any default, the margin element can be used in a given order to fulfill any payment commitment on behalf of the clearing member. Accordingly the rules in the General Business Rules of KELER CCP the utilisation of guarantee element are the follows:

Segregation principle:
Collateral deposited on Client accounts cannot be used in case of default on the own account of the Clearing Member. However, initial margin and collateral deposited by the Clearing Member can be fully used also in case of default by the Client.

Default waterfall:

- balance of own bank account in the currency of settlement of the Clearing Member
- own initial margin and financial collaterals of the Clearing Member
- collective guarantee fund contribution by the defaulter Clearing Member
- other parts of the collective guarantee fund
- own assets of KELER CCP (ap to 200 million HUF)
- underlying joint and several liability by KELER.
- remain own assets of KELER CCP

In the year 2012, KELER CCP and the guarantee funds had not suffered any losses on the guarantee activities.

b) Foreign currency risk management

The Company operates not only domestically. In connection with the energy settlement the Company is exposed to foreign exchange risk which is monitored continuously by the Company.

As at 31 December 2012, KELER CCP contributed to the energy market settlement by 2,185,656 EUR as a deposit. This sum stems from own funds.

1% weakening in the currency rate of EUR results in a 6,367 THUF loss, while the strengthening of EUR would result profit in the same amount.

c) Maturity analysis of assets and liabilities and liquidity risk

The main purpose of liquidity activity is to ensure KELER CCP's continuous solvency and thereby originate the secure liquidity of capital market transactions.

KELER CCP does not have any investment, but all of its liquid assets are deposited and held at KELER. KELER as a parent company of KELER CCP operates as a central securities depository with specialized credit institution licence. Since KELER is regulated, and operates with a very conservative investment policy, KELER represents a very low credit and liquidity risk for KELER CCP.

As a general clearing member of ECC, KELER CCP has to comply with margin and collective guarantee requirements. On the international market ECC operates as central counterparty and also has a low credit risk.

d) Remaining maturity of assets and liabilities are as follows:

Statement of Financial Position - As of 31 December 2012 (All amounts in THUF)	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash and cash equivalents	5 259 975	–	–	–	–	5 259 975
Receivables relating to gas market	10 145 236	–	–	–	–	10 145 236
Receivables relating to central contractual party service	47 399	–	–	–	–	47 399
Accrued interest receivables	17 695	–	–	–	–	17 695
Intangible assets	–	–	–	–	52 044	52 044
Other assets	4 935 873	–	–	–	–	4 935 873
Current tax assets	52 909	–	–	–	–	52 909
TOTAL ASSETS	**20 459 087**	–	–	–	**52 044**	**20 511 131**
Liabilities for Guarantee Funds	4 188 464	–	–	–	–	4 188 464
Accrued interest payable	238 506	–	–	–	–	238 506
Currant tax liabilities	–	–	–	–	–	-
Accounts payable from gas market	10 145 236	–	–	–	–	10 145 236
Accounts payables	216 680	–	–	–	–	216 680
Accruals and other liabilities	5 137 253	–	–	–	–	5 137 253
TOTAL LIABILITIES	**19 926 139**	–	–	–	–	**19 926 139**
Share capital	–	–	–	–	20 000	20 000
Capital Reserve	–	–	–	–	30 000	30 000
Retained earnings	–	–	–	–	534 992	534 992
TOTAL SHAREHOLDERS' EQUITY	–	–	–	–	**584 992**	**584 992**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**19 926 139**	–	–	–	**584 992**	**20 511 131**
LIQUIDITY (DEFICIENCY)/EXCESS	**532 948**	–	–	–	**(532 948)**	**0**

Statement of Financial Position - As of 31 December 2012 (All amounts in THUF)						
	Within 3 months	Within one year and over 3 months	Within 5 years and over one year	Over 5 years	Without maturity	Total
Cash and cash equivalents	5,277,199	–	–	–	–	5,277,199
Receivables relating to gas market	9,818,837	–	–	–	–	9,818,837
Receivables relating to central contractual party service	63,677	–	–	–	–	63,677
Accrued interest receivables	21,853	–	–	–	–	21,853
Intangible assets	–	–	–	–	2,513	2,513
Other assets	1,012,911	–	–	–	–	1,012,911
Current tax assets	4,084	–	–	–	–	4,084
TOTAL ASSETS	**16,198,487**	**–**	**–**	**–**	**2,513**	**16,200,999**
Liabilities for Guarantee Funds	4,451,606	–	–	–	–	4,451,606
Accrued interest payable	223,671	–	–	–	–	223,671
Currant tax liabilities	–	–	–	–	–	–
Accounts payable from gas market	9,818,762	–	–	–	–	9,818,762
Accounts payables	150,397	–	–	–	–	150,397
Accruals and other liabilities	903,045	–	–	–	–	903,045
TOTAL LIABILITIES	**15,547,481**	**–**	**–**	**–**	**–**	**15,547,481**
Share capital	–	–	–	–	20,000	20,000
Capital Reserve	–	–	–	–	30,000	30,000
Retained earnings	–	–	–	–	603,518	603,518
TOTAL SHAREHOLDERS' EQUITY	**–**	**–**	**–**	**–**	**653,518**	**653,518**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**15,547,481**	**–**	**–**	**–**	**653,518**	**16,200,999**
LIQUIDITY (DEFICIENCY)/EXCESS	**651,005**	**–**	**–**	**–**	**(651,005)**	**0**

e) Interest rate risk management

The Company's assets and liabilities do not have significant interest rate risk. KELER CCP earns some interest from its EUR deposit at ECC, but the interest rate is low and it changes every day. KELER CCP does not hold any securities.

NOTE 5: CASH AND CASH EQUIVALENTS

Bank accounts		
Within one year	2012	2011
In HUF	4,482,345	4,806,570
In EUR	777,630	470,629
	5,259,975	5,277,199

NOTE 6: OTHER ASSETS

Other Assets		
	2012	2011
Receivable from ECC (European Commodity Clearing AG)	4,917,007	986,087
Other receivables	18,185	26,717
Prepayment	681	107
	4,935,873	1,012,911

KELER CCP as a general clearing member of the ECC is entitled to provide energy market non-clearing membership services from 1 July 2010 on the spot energy market, and 1 July 2011 on the futures energy market. According to the GCM status clearing members have to comply with specified margin and collective guarantee requirements of ECC. During 2012 ECC introduced the daily spot margining system and a new margin calculation method which resulted a relatively high amount of margin call towards KELER CCP.

The original currency the receivable from ECC is: 16,880,108 EUR on 31 December 2012 (3,169,372 EUR in 2011)

NOTE 7: INTANGIBLE ASSETS

For the year ended 31 December 2012:

Cost		
	Software	Intangible assets
Balance as of 1 January 2012	5,646	5 646
Net additions	50,948	50 948
Net disposals	-	-
Balance as of 31 December 2012	56,594	56 594

Cumulated Depreciation and Amortization		
	Software	Intangible assets
Balance as of 1 January 2012	3,133	3 133
Net additions	1,417	1 417
Net disposals	-	-
Balance as of 31 December 2012	4,550	4 550

Net book value		
	Software	Intangible assets
Balance as of 1 January 2011	2,513	2 513
Balance as of 31 December 2011	52,044	52 044

For the year ended 31 December 2011:

Cost		
	Software	Intangible assets
Balance as of 1 January 2011	5,646	5,646
Net additions	-	-
Net disposals	-	-
Balance as of 31 December 2011	5,646	5,646

Cumulated Depreciation and Amortization		
	Software	Intangible assets
Balance as of 1 January 2011	1,722	1,722
Net additions	1,411	1,411
Net disposals	-	-
Balance as of 31 December 2011	3,133	3,133

Net book value		
	Software	Intangible assets
Balance as of 1 January 2011	3,924	3,924
Balance as of 31 December 2011	2,513	2,513

NOTE 8: LIABILITIES FOR GUARANTEE FUNDS

As an element of the guarantee system, KELER CCP operates several collective guarantee funds. The purpose of the guarantee fund is to reduce the risk arising from default or failure of cleared and guaranteed transactions made by the Clearing Members. Contributions of the Members are kept in cash.

Liabilities for Guarantee Funds		
	2012	2011
Exchange Settlement Fund	1,258,056	1,783,374
Collective Guarantee Fund	712,116	770,668
Gas Market Collective Guarantee Fund	2,218,292	1,897,564
	4,188,464	4,451,606

NOTE 9: ACCOUNTS PAYABLES

Accounts payables		
	2012	2011
Accounts payable - Shareholders	189,973	148,944
Accounts payable	26,707	1,453
	216,680	150,397

NOTE 10: ACCRUALS AND OTHER LIABILITIES

Accruals and other Liabilities		
	2011	2011
Shareholder's loan	-	450,000
Power Market Liquidity Contribution	5,057,977	451,139
Other liabilities	79,276	1,906
	5,137,253	903,045

In the mid of 2012 KELER CCP has adopted a new margin settlement system regarding the Energy Market. As a result of the implemented changes; energy market non-clearing members are required to provide the entire daily margin requirement – established by ECC – in cash euro toward KELER CCP, which amount is forwarded directly toward ECC by KELER CCP to cover margin requirements occurred in line with the power non-clearing members trading activity. Beyond the daily margin requirement, energy market non-clearing members are also obliged to fulfill basic financial collateral in cash euro toward KELER CCP to meet participation pre-requisites.

NOTE 11: SHARE CAPITAL

Share capital		
	2012	2011
KELER (Central Clearing Hose and Depository (Budapest) Ltd.)	14,900	14,900
Magyar Nemzeti Bank (National Bank of Hungary)	2,720	2,720
Budapesti Értéktőzsde (Budapest Stock Exchange)	2,380	2,380
	20,000	20,000

KELER (Central Clearing House and Depository (Budapest) Ltd.) held 74,5% of the shares directly as on 31 December 2012 and 31 December 2011.

Magyar Nemzeti Bank (National Bank of Hungary) held 13,6% of the shares directly as on 31 December 2012 and 31 December 2011.

Budapesti Értéktőzsde (Budapest Stock Exchange) held 11,9% of the shares directly as on 31 December 2012 and 31 December 2011.

All shares rank pari passu in the event of widing up.

NOTE 12: INCOME FROM CENTRAL COUNTERPARTY SERVICE

Income from central counterparty service	2012	2011
Guarantee fees of spot market	223,810	314,446
Guarantee fees of derivative market	90,270	113,068
Clearing membership fees	178,500	141,400
Guarantee fees of gas market	89,141	97,249
Guarantee fees of power market	17,333	6,006
	599,054	672,169

NOTE 13: OTHER OPERATING INCOME

Other operating income	2012	2011
Net profit on sale of FX	–	63 722
Revenues from gas	71,114,982	69,748,297
Cost of goods sold (gas)	(71,114,982)	(69,748,297)
Other income	3,171	1,056
	3,171	64,778

NOTE 14: PERSONNEL EXPENSES

Personnel expenses	2012	2011
Wages	16,069	–
Base wages	16,069	–
Premium	–	–
Social security and other contributions	4,553	61
Other cost of personnel	1,891	1,484
	22,513	1,545

The average number of employees was 1 on 31 December 2012 (0 in 2011).

NOTE 15: OTHER EXPENSES

Other expenses	2012	2011
Outsourced services	351,843	300,875
Services used	61,353	50,407
Local business and other taxes	13,778	15,461
Fees paid to experts	4,076	2,781
Fees paid to authorities	4020	4,424
Rental fees	2,360	1,487
Insurance fees	1,500	1,500
Postage and phone fees	32	19
Material type expenses	10	52
Other	8,138	4,311
	447,110	381,317

KELER CCP Ltd. outsources some of the elements of their emphasized (clearing house activity of clearing membership, handling of non-performances, supplying of data between KELER and KELER CCP and to third parties as well, handling of collaterals of the clearing members and of collective guarantees), IT related and other (finance, accounting, controlling, marketing, PR, HR, compliance, etc..) activities to KELER Ltd.

NOTE 16: INCOME TAX EXPENSE

The income tax rate is 19% and 10% (up to HUF 500 million profit) in Hungary in 2011. No items gave rise to deferred tax in 2011.

A breakdown of the income tax expense is:

Income Taxes		
	2012	2011
Current tax	–	25,794
Deferred tax	(7,614)	-
	(7,614)	25,794

Deferred tax assets (+) / liabilities (-)

	2012	2011
Balance as on 1 January	-	-
Deferred tax charge	7,614	-
Balance as on 31 December	7,614	-

Deferred tax assets (+) / liabilities (-)

	2012	2011
Accrued loss	7,614	-
	7,614	-

A reconciliation of the income tax charge is as follows:

	2012	2011
Net income before income taxes	(76,140)	256,684
Income tax with statutory tax rate (19%)	-	-
Income tax with statutory tax rate (10%)	-	25,668

Income tax adjustments are as follows:

	2012	2011
Entertainment allowance (10%)	–	126
Accrued loss	(7,614)	–
Income tax	(7,614)	25,794
Effective tax rate	10%	10%

NOTE 17: RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties (including shareholders) of the Company in the normal course of the business. These transactions were carried out on commercial terms and at market rates. The volumes of related party transactions, outstanding balances at the year end, and relating income and expense for the year are as follows:

Shareholders		
	2012	2011
Income from central counterparty service	550,829	671,469
Other operating income	3,164	-
Interest income	237,276	219,357
Contracted services	(389,852)	(335,363)
Fees and commissions expenses	(94,929)	(104,222)
Interest expenses	(39,994)	(344)
	266,494	450,897

Shareholders		
	2012	2011
Receivables relating to central contractual party service	60	63,602
Other receivables	3,164	–
Bank	4,500,409	4,846,394
Accrued interest receivables	17,695	21,314
	4,521,328	4,931,310

Shareholders		
	2012	2011
Share capital	14,900	14,900
Capital Reserve	22,350	22,350
Accounts payable	189,973	148,944
Loan	–	450,000
	227,223	636,194

Transactions are at arm's length condition.

Transactions with directors and officers		
	2012	2011
Remuneration of the members of the Management and Board of Directors	20,649	-
	20,649	-

NOTE 18: SUBSEQUENT EVENTS

The extraordinary General Meeting held on 20 September 2012 decided to take over the clearing activity of KELER Ltd. from beginning of 2013. The transaction concluded by KELER Ltd's capital increase of HUF 508 million in 2013. The dividend for the financial year 2012 may be approved at the General Meeting to be held the 15 May 2013.

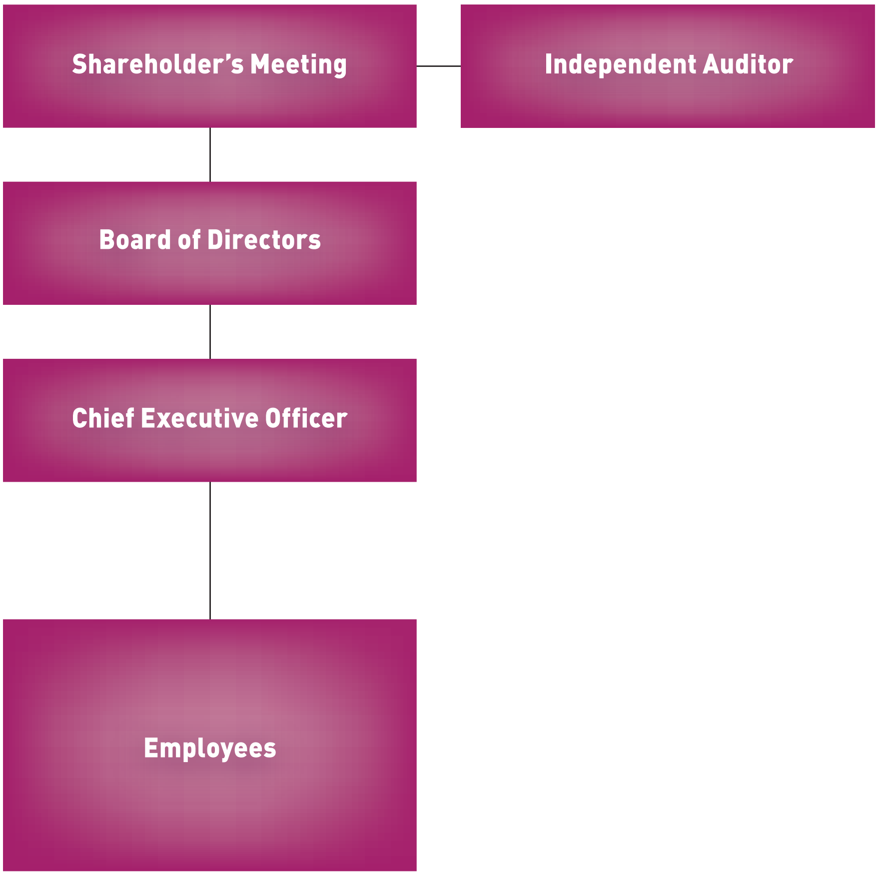
NOTE 19: NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Changes -listed below- are not affected the figures of Financial Statements and Independent Auditor's Report.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods; to be applied retrospectively.)	The Company does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.
IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014; Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.) This Standard is to be applied retrospectively when there is a change in control conclusion.	The Company does not expect the new standard to have any impact on the financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.
IFRS 12 Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted.	The Company does not expect the new Standard will have a material impact on the financial statements.
IFRS 13 Fair Value Measurement (Effective prospectively for annual periods beginning on or after 1 January 2013. Earlier application is permitted.)	The Company does not expect IFRS 13 to have material impact on the financial statements since management considers the methods and assumptions currently used to measure the fair value of assets to be consistent with IFRS 13.
Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on or after 1 July 2012; to be applied retrospectively. Earlier application is permitted.)	The amendments are not relevant to the Company's financial statements, since the Company does not have other comprehensive income.
Amendments to IAS 12: Deferred Tax: Recovery of Underlying Assets (Effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively. Earlier application is permitted.)	The amendments are not relevant to the Company's financial statements, since the Company does not have any investment properties measured using the fair value model in IAS 40.

IAS 19 (2011) Employee Benefits (Effective for annual periods beginning on or after 1 January 2013; to be applied retrospectively. Transitional provisions apply. Earlier application is permitted.)	The amendments are not relevant to the Company's financial statements, since the Company does not have any defined benefit plans.
IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied early.)	The Company does not expect IAS 27 (2011) to have material impact on the financial statements, since it does not results in a change in the Company's accounting policy.
IAS 28 (2011) Investments in Associates and Joint Ventures (Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.)	The Company does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.
Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made.)	The Company does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

10. ORGANIZATIONAL STRUCTURE OF KELER CCP



11. MANAGEMENT

Károly Mátrai
Until 1 June 2012:
Chief Executive Officer
From 1 June 2012:
Member of the Board of Directors

Csaba Seres
Head of Risk Management

12. GENERAL INFORMATION

Ownership Structure

Ownership	Share held (%)
KELER	74.5%
National Bank of Hungary	13.6%*
Budapest Stock Exchange	11.9%**
Total	100.0%

* Due to the stake held in KELER Zrt. indirect and direct holdings amount to 53.33 %.

** Due to the stake held in KELER Zrt. indirect and direct holdings amount to 46.67 %.

Members of the Board of Directors

Csaba Lantos– Chairman
György Sándor– Vice Chairman*
Csaba Balogh – Vice Chairman**
Dr. György Mohai*
Ferenc Pittner*
Hannes A. Takacs
Gergely Kóczán**
Katona Zsolt**
György Dudás
Margit Brauner*
Károly Mátrai **

* until 1 June 2012
** from 1 June 2012

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