

BUDAPEST STOCK EXCHANGE LTD.

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

For the year ended 31 December 2007

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Independent Auditor's Report

To the shareholders of Budapest Stock Exchange Ltd.

We have audited the accompanying financial statements of Budapest Stock Exchange Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Budapest Stock Exchange Ltd. as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by EU.

Budapest, 19 June 2008

KPMG Hungária Kft.
1139 Budapest, Váci út 99.

Gábor Agócs
Partner

Budapest Stock Exchange Ltd.
Income statement
For the year ending 31 December 2007

(in million HUF)

	Notes	2007 HUF million	2006 HUF million
Revenues	5	3,916	3,294
Other income	6	30	233
Operating expenses	7	-2,002	-1,875
Finance income	9	1,066	786
Finance costs		-4	-13
Share of associated company profit	12	149	425
Net profit before taxation		3,155	2,850
Taxation	10	-451	7
Net profit for the year		2,704	2,857

The accompanying notes to the financial statements on pages 6 to 22
form an integral part of these financial statements.

Budapest Stock Exchange Ltd.

*Balance sheet
as at 31 December 2007*

(in million HUF)

	Notes	2007 HUF million	2006 HUF million
ASSETS			
Property, equipment and intangible assets	11	211	184
Investment in associated company	12	6,980	6,831
<i>Non-current assets</i>		<i>7,191</i>	<i>7,015</i>
Trade and other receivables	13	502	779
Marketable securities available for sale	14	322	2,044
Cash at bank and in hand	15	2,475	278
<i>Current assets</i>		<i>3,299</i>	<i>3,101</i>
TOTAL ASSETS		10,490	10,116
EQUITY AND LIABILITIES			
Share capital	16	541	541
Reserves	17	2,576	2,526
Retained earnings		6,359	6,053
Total shareholder's equity		9,476	9,120
Deferred tax liability (<i>Non-current liabilities</i>)	10	375	335
Trade and other creditors (<i>Current liabilities</i>)	18	639	661
Total liabilities		1,014	996
TOTAL EQUITY AND LIABILITIES		10,490	10,116

The accompanying notes to the financial statements on pages 6 to 22 form an integral part of these financial statements.

Budapest Stock Exchange Ltd.
Statement of changes in Shareholder's equity
For the year ended 31 December 2007

(in million HUF)

	Share capital	Reserves	Retained earnings	Minority interest	Total equity
	Capital reserve	Revaluation reserve		Attributable to holders of the parent	
	HUF million				
Financial Year Ended 31 December 2006					
Balance at 1 January 2006	541	2,576	-7	8,666	72
Dividend paid from profit 2005			-2,360		
Minority interest				0	-72
<i>Subtotal: Capital transactions with shareholders</i>	0	0	-2,360	-2,360	-72
Unrealised loss on financial assets available for sale			-43		
Profit for financial year 2006			2,857		
<i>Subtotal: Recognised income and expense for the year</i>	0	0	-43	2,814	0
Balance at 31 December 2006	541	2,576	-50	9,120	0
Financial Year Ended 31 December 2007					
Balance at 1 January 2007	541	2,576	-50	9,120	0
Dividend paid from profit 2006			-2,398		
<i>Subtotal: Capital transactions with shareholders</i>	0	0	0	-2,398	0
Unrealised loss on financial assets available for sale			50		
Profit for financial year 2007			2,704		
<i>Subtotal: Recognised income and expense for the year</i>	0	0	2,704	2,754	0
Balance at 31 December 2007	541	2,576	0	9,476	0

The accompanying notes to the financial statements on pages 6 to 22 form an integral part of these financial statements.

Budapest Stock Exchange Ltd.*Cash Flow Statement**For the year ended 31 December 2007*

(in million HUF)

	Notes	2007 HUF million	2006 HUF million
Cash flows from operating activities			
Net profit for the financial year		3,155	2,850
Depreciation and amortisation	11	121	90
Share of associated companies profit before taxation		-149	-425
Interest income	12	-193	-221
Income tax expense		-411	0
Dividend received		-860	-560
Realised gains/(losses) of available for sale investments		0	14
Change in operating assets and liabilities			
Net (increase)/decrease in trade and other receivables	13	277	-423
Net increase/(decrease) in trade and other creditors	18	-22	35
Net Cash from Operating Activities		1,918	1,360
Cash flows from investing activities			
Proceeds from disposal of securities		2,094	1,790
Acquisition of securities		-322	-2,048
Interest received	12	193	221
Acquisition of minority interest		0	-72
Dividends received		860	980
Acquisition of intangibles, property, plant and equipment	11	-194	-125
Sale of intangible, property, plant and equipments		46	
Net cash flow from investing activities		2,677	746
Cash flows from financing activities			
Dividends paid		-2,398	-2,360
Net cash flow from financing activities		-2,398	-2,360
Net increase / (decrease) in cash and cash equivalents		2,197	-254
Cash and Cash Equivalents at Beginning of Year	15	278	532
Cash and Cash Equivalents at End of Year	15	2,475	278

The accounting policies and explanatory notes on pages 6 to 22 form an integral part of the financial statements.

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

1. REPORTING ENTITY

Budapest Stock Exchange Ltd. (the "Company") was founded on 21 June 1990. The four main activities of the Company are listing services, trading services, dissemination of market information and product development. The Company is operating under the relevant Capital Market Act. The Company's registered office is located at Andrásy street 63, Budapest, Hungary. The ownership structure of the Company is presented in Note 16.

2. BASIS OF PREPARATION

f) Statement of compliance

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

These individual financial statements were approved by the Board of Directors on 19 June 2008.

g) Basis of measurement

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

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

The methods used to measure fair values are discussed further in note 22.

h) Functional and presentation currency

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

i) Use of estimates and judgements

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

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

Budapest Stock Exchange Ltd.

Notes to the Financial Statement
For the year ended 31 December 2007

(in million HUF)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of consolidation*

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Associates entities are accounted for using the equity method and are initially recognised at cost.

The Company's only associate company, Keler (Hungarian Security Settlement House) is included in these financial statements using the equity method, whereby the investment was initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets of Keler. The income statement reflects the Company's share of the results of operations of the investee.

The Company's subsidiary, the Budapest Commodity Exchange ("BCE") was fully consolidated up to BCE's liquidation in May 2006. Assets and liabilities of BCE have been transferred to BSE at book values.

b) *Foreign currency transactions*

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

c) *Financial instruments*

i) *Non-derivative financial instruments*

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

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial assets at fair value through profit or loss

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

Other

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

i) Derivative financial instruments

The Company does not hold any derivative financial instruments.

d) Property, plant and equipment

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

Budapest Stock Exchange Ltd.

Notes to the Financial Statement
For the year ended 31 December 2007

(in million HUF)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Property, plant and equipment (continued)*

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

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

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

f) *Intangible assets*

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

g) *Impairment*

i) **Financial assets**

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

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

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment (continued)

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

ii) Non-financial assets

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

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

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

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

h) Employee benefits

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

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Provisions

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

j) Revenue

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

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

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

k) Finance income

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

l) Income tax

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

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Income tax (continued)

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

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

m) Events after the balance sheet date

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

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

4. FINANCIAL RISK MANAGEMENT

a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

b) Credit risk

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

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

c) Liquidity risk

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

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

Budapest Stock Exchange Ltd.

Notes to the Financial Statement
For the year ended 31 December 2007

(in million HUF)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) *Liquidity risk (continued)*

In accordance with legal provisions, BSE invests its free liquid assets as a deposit in the case of a period of less than a month, for a period of over a month it invests them in government securities or time deposits. In the balance sheet, investments were capitalized on historic costs. BSE does not have loan debt, the company's liquid assets are stable, and liquidity risks are not to be reckoned with.

d) *Market risk*

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

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

e) *Capital management*

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

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

The Company is not subject to externally imposed capital requirements.

5. REVENUES

	2007	2006
	HUF million	HUF million
Revenues from trading fees	2,773	2,243
Revenues from listing fees	591	560
Revenues from sale of information	467	429
Revenues from services purchased	85	62
Total	3,916	3,294

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

6. OTHER INCOME

	2007	2006
	HUF million	HUF million
Gain from sale of property right	3	207
Other	27	26
Total	30	233

In 2006, the Company sold its right to lease its headquarters. The net book value of the right was zero, and the net gain on the sale was HUF 207 million in year 2006.

7. OPERATING EXPENSES

	Note	2007	2006
		HUF million	HUF million
Staff costs	8	945	868
PR, marketing costs		62	221
Non-deductible VAT		125	140
Local community business tax		75	
Strategy development services		133	139
Licence fees		127	97
Maintenance costs		16	22
Rental		115	97
Depreciation of property, equipment and intangibles	11	121	90
Services utilised		85	62
Communication expenses		34	36
Material costs		25	29
Travelling expenses		19	17
Other administration expenses		120	57
Total		2,002	1,875

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

8. EMPLOYEE INFORMATION

	2007	2006
	HUF million	HUF million
Wages and salaries	673	620
Social security costs	240	218
Other personnel type expenses	32	30
Total	945	868

The average number of employees during the year was 68 (2006: 69).

9. FINANCE INCOME

	2007	2006
	HUF million	HUF million
Interest income from securities	90	178
Interest income from banks	103	43
Dividend income	860	560
Foreign currency gains	13	5
Total	1,066	786

10. TAXATION

	2007	2006
	HUF million	HUF million
Corporate tax	325	0
Solidarity tax	86	25
Deferred tax expense/reversal	40	-32
Total income tax expense / benefit	451	-7

The Company was exempted from corporate income tax until the financial year end 2006. Therefore, no current tax expense has arisen. However, from September 2006 the Hungarian Government introduced an extra solidarity tax of 4% of the profit before tax.

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

10. TAXATION (CONTINUED)

Deferred tax is calculated at a rate of 20% (16% corporate income tax and 4% solidarity tax) that is applicable to the Company from 1 January 2008.

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

	2007		2006	
	%	HUF million	%	HUF million
Net profit before taxation		3,155		2,850
Applicable tax rate	20.0%	631	17.3%	494
Tax effect of				
- tax holiday applicable to BSE until 31 December 2006	0.0%		-9.3%	-264
- dividend received	-4.8%	-138	-5.5%	-157
- others	-2.9%	-82	-1.7%	-48
Deferred tax effect of equity accounting for associate Keler	1.4%	40	-1.1%	-32
Total income tax expense / benefit	15.8%	451	-0.2%	-7

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

	2007	2006
	HUF million	HUF million
At beginning of the year	335	367
Debited in equity	0	0
Debited/(Credited) in net profit	40	-32
At end of the year	375	335

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a principal tax rate of 20% (2006: 26%). The balance at 31 December mainly represents the untaxed gain of investment in associated company (Keler).

There are no unrecognised tax assets or liabilities.

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

11. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

year 2007	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
HUF million						
Cost						
1 January 2007	938	92	162	92	25	1,309
Additions	2	29	54	103	6	194
Disposals and charge offs		-87	-10	-38		-135
31 December 2007	940	34	206	157	31	1,368
Depreciation charge						
1 January 2007	895	56	114	56	4	1,125
Charge for the year	22	8	42	45	4	121
Eliminated on disposals		-57	-10	-22		-89
31 December 2007	917	7	146	79	8	1,157
Net book value						
1 January 2007	43	36	48	36	21	184
31 December 2007	23	27	60	78	23	211

year 2006	Computer softwares and other intangible assets	Leasehold premises and related expenditure	IT equipment	Office furniture fixtures and other equipment	Motor vehicles	Total
HUF million						
Cost						
1 January 2006	897	141	133	62	14	1,247
Additions	43		31	33	18	125
Disposals and charge offs	-2	-49	-2	-3	-7	-63
31 December 2006	938	92	162	92	25	1,309
Depreciation						
1 January 2006	878	49	79	41	7	1,054
Charge for the year	19	13	37	18	3	90
Eliminated on disposals	-2	-6	-2	-3	-6	-19
31 December 2006	895	56	114	56	4	1,125
Net book value						
1 January 2006	19	92	54	21	7	193
31 December 2006	43	36	48	36	21	184

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

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

12. INVESTMENT IN ASSOCIATED COMPANY

The Company holds an investment of 46,7% (2006: 46.7%) in the Hungarian Security Settlement House ("Keler").

	2007	2006
	HUF million	HUF million
Opening balance	6,831	6,867
New acquisitions	0	0
Share of post acquisition reserves	1,009	425
Dividend received	-860	-461
Closing balance	6,980	6,831

Keler financial year end is 31 December. Its aggregated financial information is as follows:

	2007	2006
	HUF million	HUF million
Assets	39,073	30,702
Liabilities	24,116	15,786
Shareholder's equity	14,957	14,916
Revenues	6,339	5,617
Profit before tax	1,884	2,156

13. TRADE AND OTHER RECEIVABLES

	2007	2006
	HUF million	HUF million
Fees receivable	99	383
Prepayments and accrued income	375	391
Other assets	28	5
Total	502	779

14. MARKETABLE SECURITIES AVAILABLE FOR SALE

	2007	2006
	HUF million	HUF million
Hungarian Government treasury bills at cost	322	2,094
Unrealised gain/-loss recognised in equity	0	-50
Total	322	2,044

These securities bear fixed interest rates ranging 6% to 8% and have a remaining maturity of three to six months.

Budapest Stock Exchange Ltd.

*Notes to the Financial Statement
For the year ended 31 December 2007*

(in million HUF)

15. CASH AT BANK AND IN HAND

	2007	2006
	HUF million	HUF million
Deposit and current accounts	49	198
Short term bank deposits	2,426	80
Total	2,475	278

16. SHARE CAPITAL

The Company's authorised, issued, called up and fully paid share capital comprises 5,413,481 (2006: 5,413,481) ordinary shares with par value of HUF 100. All shares rank pari passu in the event of a winding up. The share capital represents shares held by the following shareholders:

	2007	2006
	%	%
UniCredit Bank Hungary Zrt.	25.20%	25.20%
ÖSTERREICHISCHE KONTROLLBANK AG.	12.50%	12.50%
WIENER BÖRSE AG.	12.50%	12.50%
Hungarian National Bank	6.90%	6.95%
RAIFFEISEN ZENTRALBANK AG.	6.40%	6.37%
ERSTE BANK VIENNA AG.	6.40%	6.37%
ERSTE Befektetési Zrt.	5.80%	5.85%
CONCORDE Értékpapír Zrt.	5.10%	5.08%
KBC Securities Mo. Fióktelepe	5.20%	3.19%
ING Bank Zrt.	2.30%	2.32%
MKB Bank Zrt.	0.00%	2.18%
MOL	2.20%	
Kereskedelmi és Hitelbank Nyrt.		2.00%
Others (all under 2% share individually)	9.50%	9.48%
Total	100.00%	100.00%

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

Budapest Stock Exchange Ltd.

Notes to the Financial Statement
For the year ended 31 December 2007

(in million HUF)

17. RESERVES

Capital reserve:

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

Revaluation reserve:

The balance on this reserve represents unrealised gains, net of losses, arising from the revaluation at fair value of financial assets classified as "available-for-sale", net of deferred taxation.

18. TRADE AND OTHER CREDITORS

	2007 HUF million	2006 HUF million
Accruals, prepaid listing fees	297	281
Accrued salaries and bonuses	180	134
Taxes and social security payable	170	177
Trade and other creditors	32	69
Total	679	661

19. RELATED PARTY INFORMATION

	Management		Shareholders with significant influence	
	2007	2,006	2007	2,006
	HUF million			
ASSETS				
Loans	0	0	0	0
Other	0	0	0	0
LIABILITIES				
Borrowed funds	0	0	0	0
Other	0	0	0	0
INCOME STATEMENT				
Income	4	3	241	197
Expense	347	315	10	21
-from which: management remuneration (salaries)	263	241		0

Management includes members of the Board of Directors and the members of the Supervisory Board. Shareholders with significant influence include UniCredit Bank Hungary Zrt., Österreichische Kontrollbank AG., Wiener Börse AG.

Budapest Stock Exchange Ltd.

Notes to the Financial Statement
For the year ended 31 December 2007

(in million HUF)

20. COMPARATIVE INFORMATION

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

21. EVENTS AFTER BALANCE SHEET DAY

At the annual general meeting of the company on 31 March 2008, the shareholders declared a dividend of HUF 2,571 million.

22. PRESENTATION OF FINANCIAL INSTRUMENTS

a) Interest rate sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables (if any) remain constant. The analysis is performed on the same basis for 2006.

<i>Effect in HUF million</i>	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2007				
Variable rate instruments	8	8	8	8
Interest rate sensitivity	8	8	8	8
31 December 2006				
Variable rate instruments	5	5	5	5
Interest rate sensitivity	5	5	5	5

b) Basis of determining fair value

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

Marketable securities available for sale

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

Other financial instruments

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