

BUDAPESTI  ÉRTÉKTŐZSDE

ANNUAL REPORT 2005



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EXECUTIVE SUMMARY

The reborn Budapest Stock Exchange, which is one of the most important symbols of the Hungarian market economy, celebrated its 15th anniversary and the 10th anniversary of its futures market in 2005. The anniversary was worthily honoured by record-breaking index and turnover figures. With all this, the market, which gradually approaches adulthood, has proved in the past two years since Hungary's accession to the EU that it is a match for the world's most developed markets, and can sometimes even surpass them.

Following the dramatic fall in 2001, the Hungarian securities market, sensitive to global capital market tendencies, saw an increase again. In 2005, similarly to the previous year, the value of the Budapest Index – in addition to a significant rise in the liquidity of the markets – reached a historic high. By the end of 2004, the index came close to the dream limit of 15,000 points, and in the middle of 2005, having exceeded 20,000 points it was approaching a new historic high, which it reached by October at over 23,000 points.

One of the reasons why BSE created the BUMIX index was to support the market of smaller companies. The BUMIX index was designed to follow the price developments of small and mid cap securities. As an aggregated indicator of market processes, the new index, introduced in 2004, increases the transparency of the market and serves as an important source of information for investors. In 2005, from the starting point of 1278 in January, by the end of the year, the index rose significantly to 1768 points. As a result, the securities in the BUMIX basket provided an annual yield of 38 percent to those who had chosen a BUMIX based portfolio.

The most important market of the Exchange is the equities market, whose turnover at the end of 2005 amounted to over HUF 4,800 billion. This is 85% up on the whole previous year. Average daily turnover was HUF 19.1 billion in 2005, while the Exchange's entire turnover amounted to HUF 9,934 billion, which is almost twice as much as in 2004. In addition to turnover, there was a rise in market value, which, in the case of equities, was partly due to an increase in prices, and partly to new listings.



Attila Szalay-Berzeviczy | Chairman

In 2005, the State Printing Company appeared on the floor as a new issuer. By the end of 2005, the Exchange's equity capitalisation exceeded 30% of the GDP, that is HUF 6,972 billion, which is almost 30% up on last year's figure.

Yields which make investors happy and which on average exceed 40% are primarily due to a growing demand for Hungarian securities, as a result of new resources and good corporate performance after Hungary's accession to the EU. However, as a consequence of the Hungarian economy's unique structure, the market, similarly to previous years, is still dominated by half a dozen blue chip securities in terms of both capitalisation and turnover in particular.

Besides the equities section, BSE's other two markets are becoming more and more important. In the debt securities section, in addition to the previously dominant government securities, the market of corporate bonds and mortgage bonds has strengthened, and the number of listed investment funds has also grown.

Besides the cash market, BSE completes the scope of services with the operation of a derivatives market, making it possible to reduce market risks and to employ more sophisticated investment strategies. The derivatives market has been available to investors since 1995 with its BUX index, currency and interest rate based products. In the summer of 1998, BSE was one of the first in the world to make individual equity based futures products available for trading. In the beginning, futures trading was only available for blue chip securities, but now it has been extended and trading on the Budapest Stock Exchange is already available for all Category "A" shares, as well as futures contracts for Category "B" shares considered the most liquid. After 2004, 2005 can also be viewed as the year of the derivatives market since the dynamic growth of the market even surpassed that of the excellently performing equity market. The derivative market's turnover at market value more than doubled in 2005, which in contracts meant a turnover of HUF 1.27 million.

With accession to the EU, our country, and specifically the Hungarian capital market, definitively became a part of the European market. The accession itself meant

just the final elimination of certain legal obstacles, since accession had already taken place earlier from the point of view of infrastructure and institutional background. Since 1998, the Exchange has been using – first on the cash market and later on the derivatives market – an exceptionally reliable electronic trading system, MMTS. It allows traders to access the market from anywhere in the world securely, efficiently, and flexibly through an open interface.



Zsolt Horváth | CEO

After a change of owners in 2004, BSE worked out a new strategy in order to preserve and enhance its competitiveness. While keeping the old strategic elements – which primarily relied upon strengthening the domestic demand and supply – BSE announced some new goals. In 2005, much bigger emphasis was put on the Exchange’s ambitions for vertical and horizontal integration, which, on the one hand, aimed at integrating the Budapest Commodity Exchange, and, on the other hand, at strengthening cooperation with regional exchanges.

The supply side of the strategy involves strengthening the domestic issuer base, extending the opportunities offered to investors and extending the product range. BSE’s Board of Directors considers it one of its priorities to increase the number of issuers and the stock exchange listings of new companies. For the time being, the small and medium sized companies representing a large potential have been missing from the “trading floor”, even though these will become the engine for market growth in the long run. To facilitate the presence of such companies on the Exchange and in the marketplace, the Exchange established the Club of Quotables in the spring of 2003. The Club of Quotables is a forum which provides information and prepares companies which consider capital raising through the Exchange a realistic possibility. In addition to helping prepare for the stock exchange listing, BSE establishes a forum for club members so that by meeting each other and other market players – traders, analysts, institutional investors and other, already listed issuers – they can obtain information about the benefits disadvantages of being listed on the Stock Exchange, as well as the practice of stock exchange presence. Currently the

Club has 40 members. In 2005, in order to reduce the administrative costs of stock exchange listing, the Ministry of Economy and Transport provided a fund of HUF 100 million to companies which intended to raise capital on the Budapest Stock Exchange. In 2005, four companies applied successfully and became members of the Club of Quotables. In 2006, the Budapest Stock Exchange continues to make efforts so that the

Ministry of Economy and Transport provide the fund of HUF 100 million to facilitate capital raising on the stock exchange.

On the demand side, BSE’s most important goal is to strengthen the investor base, the primary condition of which is investor confidence and a strong issuer-investor relationship. For this reason, in 2005 the Exchange arranged road shows in Milan, New York, Brussels and Stockholm. Stock Exchange events, including the Exchange Open Days organised in Hungarian cities are also important tools of communication. In 2005 the Budapest Stock Exchange held Exchange Open Days in Tatabánya, Szeged, Budapest, Nyíregyháza and Szombathely, making it possible for private investors and those interested in stock exchange services to become familiar with the operation of the Exchange and the capital market, the investment possibilities, and the activity of market participants (section members, data providers and issuers). The institutional investors’ conference, organised by BSE every August has now become a traditional event, where the issuers of equities, government securities and mortgage bonds meet with domestic institutional investors.

An essential element of a properly operating market is the reshaping of the domestic saving and investment structure, which has a direct influence on the demand side of the Exchange. The growing group of Hungarian investors may reduce the dependency of the domestic capital market and bring subsequent liquidity to listed securities. At the same time, this goes beyond the stock exchange markets, since the establishment of a developed financial culture and savings consciousness is beneficial to the national economy. In addition to active communication, the Foundation for Self-Reliance, which was set up at the initiation of the

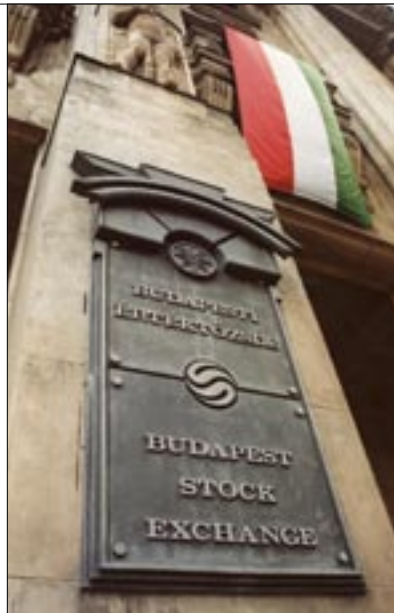


Exchange and with the participation of market players, aims at changing the financial and savings culture of the Hungarian public.

In order to ensure the development of the capital market the state must create a market-friendly economic and legal environment, therefore, BSE finds active communication with the government extremely important. As a result of successful communication, the government approved the capital market stimulating package in 2005. As part of the package, the government will introduce a lower capital gains tax in 2007 than originally planned. As a result of discussions, in the spirit of competitive neutrality, in addition to stock exchange transactions, other investment possibilities (eg. bonds or deposits) will be subject to the same tax rate, and listed companies will pay a more favourable dividend tax than those companies that are not listed. One of the most important elements of the market stimulating package is the encouragement of long-term savings and capital market investments, which is embodied in the establishment of the new individual pre-retirement savings account, commonly called "the fourth pillar". The fourth pillar enriches the current pension system with a new element that encourages the public to make long-term and conscious investment decisions which the state awards with significant tax allowances.

In November 2005, the Budapest Stock Exchange launched its 3-year image campaign which mobilizes a great volume of financial resources, and promotes the capital market and investment in shares. The campaign is made up of two basic elements: public and corporate image campaign, accompanied by media coverage and active PR communication.

The aim of the public campaign is to make the Exchange, the capital market and the purchase of shares more easily available, understandable and likeable for laymen. BSE considers it one of its most important tasks to increase the number of households with savings, the



volume of savings and to advocate the concept of self-reliance by promoting long-term saving and investment in shares.

BSE's corporate campaign aims at convincing the owners and financial managers of mid-sized companies of the benefits of stock exchange listing and the importance of capital raising.

The integration of the Budapest Stock Exchange and the Budapest Commodity Exchange is a milestone in the history of the domestic institutional system. Preparations for the integration started in 2004, so by the end of 2005, BSE and BCE had

been transformed into one unified exchange. Through the increased liquidity, the synergies stemming from the fusion of the two markets are primarily felt on the derivatives market, and by taking advantage of the economies of scale, operating the market has become more efficient. As a result, new products are expected to become listed in the commodities section. Since April 2006, gold contracts have also been available for trading on the BSE.

As regards regional integration strategy, the Exchange's ownership structure has an important role in making the Exchange a key figure in a regional cooperation. The group of strategic investors, present in the ownership structure, may provide a long-term guarantee for the proper operation and further development of the domestic securities market.

The Budapest Stock Exchange is on a stable path towards growth. The good performance of the market resulted in the improvement of BSE's effectiveness as a business venture. The present strategy ensures that BSE operate a stable capital market and remain an active, key player in shaping the domestic financial culture, serving companies that wish to raise capital and a broad layer of investors.

*Attila Szalay-Berzeviczy | Chairman
Zsolt Horváth | CEO*

THE YEAR 2005 IN FIGURES FOR THE BSE

An eventful year is now over at the Budapest Stock Exchange. The rise that began in the previous year gathered speed and brought spectacular results, both in terms of turnover and prices. In 2005, the annual turnover of the BSE equities market came close to HUF 4,832 billion, that is 85 percent more than the year before. The whole of the cash market turnover was HUF 5,128 billion, i.e. 76 percent more than in 2004.

In the equities and debt securities sections, in addition to the turnover, market capitalisation also increased. In the case of equities, this came mainly from an increase in prices. In December 2004, with the State Printing Company being listed, a new share was added to the equities market. The total market capitalisation of the stock exchange at the end of 2005 was HUF 16,428 billion, of which the share of the capitalisation of the equities market was more than 42 percent (HUF 6,972 billion). By the end of 2005, overall market capitalisation had increased by 19.5 percent over the previous year.

In addition to the cash market, major changes took place in the derivatives market as well, where the foreign currency market caught up with the already successful derivative instruments based on the index and on individual equities. Here, in addition to the traditional relations against the forint, cross currency contracts launched in 2002 brought a boost in the expansion of liquidity in 2005.

CASH MARKET

Out of the two cash market sections of the BSE, the equities section continues to provide the decisive portion of the turnover. The equities market turnover

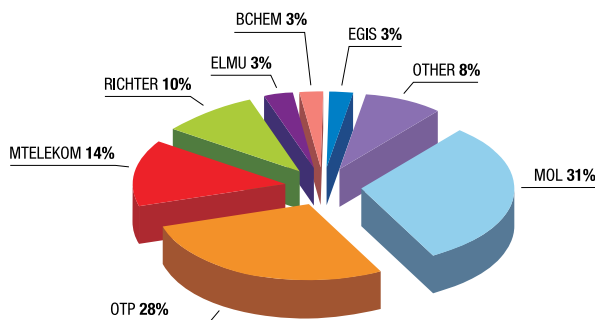
for the year 2005 amounted to HUF 4,832 billion, i.e. 85 percent more than a year earlier. The weight of the debt securities section decreased from 11 percent a year ago to 5.7 percent. The average daily turnover increased from HUF 11.6 billion in the year 2004 to HUF 19 billion in 2005. The most active month was September, during which the total value of transactions on BSE cash markets amounted to HUF 544 billion.

From among the different types of securities, equities were again in the focus of attention: 94.3 percent of the turnover was administered in these securities. In terms of market capitalisation, however, the situation was far more balanced. This was mainly due to the considerable stock of government securities (consisting of bonds and discount treasury bills), representing more than 50 percent of the market capitalisation on the exchange. From the point of view of the turnover, the most dynamic increase was observed in investment notes, where the turnover in 2005 exceeded the value for 2004 by almost 110 percent. As to market capitalisation, the most significant increase was observed with investment notes, which started from a low base equal to HUF 44 billion in 2004, where (after an increase of 80 percent) their capitalisation amounted to HUF 80 billion in December 2005, which is mainly due to the 14 new listings. A dynamic expansion in market capitalisation continued on the mortgage bond market, but in terms of the turnover, a drop was observed after the previous year's explosive gain.

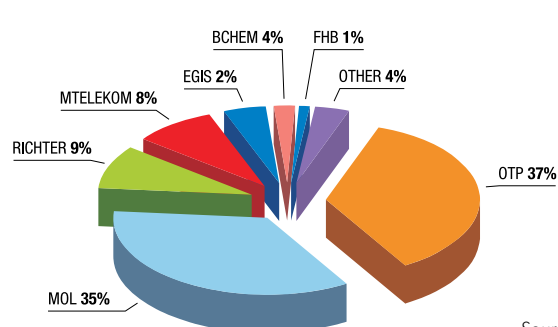
Equities market

Similarly to previous years, the market was dominated by half a dozen blue chips in terms of market capitalisation. The five most traded shares accounted for 86

BREAKDOWN OF CAPITALIZATION 2005.



EQUITIES BREAKDOWN 2005.



Source: BSE



percent of the market on the basis of market capitalisation, while their turnover represented 93 percent of the total equities turnover. This means there was a further concentration of the market from the point of view of both turnover and market capitalisation.

Compared to the previous year, the two biggest companies listed on BSE, MOL and OTP continued to increase their joint market capitalisation, which has already reached 59 percent, and their turnover rose to 72 percent. In comparison with the year 2004, the weight of Magyar Telekom further decreased in terms of both market capitalisation and turnover. It is worth mentioning ELMŰ, which gained a good position in the rankings on the basis of its market capitalisation.

Debt securities market

In 2005, internal restructuring continued on the debt securities market. There was a further increase in the importance of securities issued by non-governmental issuers. The total market capitalisation of government securities amounted to HUF 8,272.7 billion, which represents almost 90 percent of the market capitalisation of the debt securities section.

On the debt securities market turnover was divided as follows: government securities represented 33 percent, corporate bonds 42 percent, mortgage bonds 25 percent of the turnover. This was due to a rise in the turnover of corporate bonds, which, compared to 2004, is a 20 percent increase.

In 2005, the most dynamic growth – 20 percent - was shown by corporate bonds. In the case of mortgage bonds there was a 13 percent drop, while the turnover of treasury bills decreased to almost half. As regards

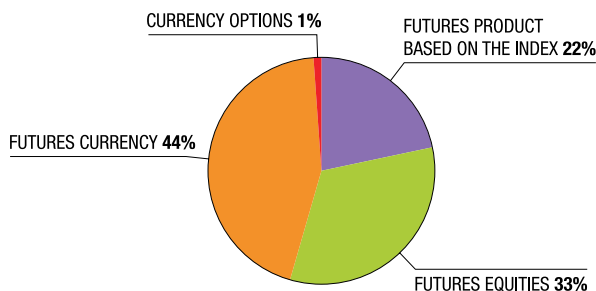
market capitalisation, in the case of mortgage bonds, corporate bonds and government bonds, there was a slight increase, while the market capitalisation of treasury bills dropped slightly.

Derivatives market

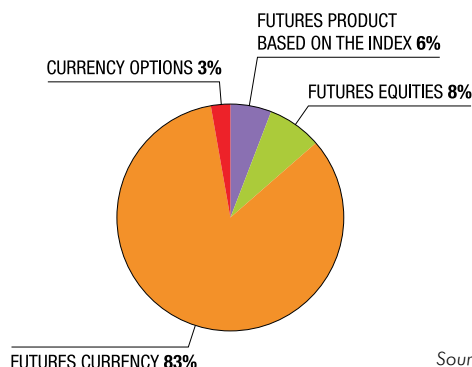
A revival in turnover was apparent not only on the cash markets, but on the derivatives market as well: turnover in 2005 exceeded that of the previous year by 140 percent. Similarly to 2004, the derivatives market also performed extremely well in 2005 on the Budapest Stock Exchange. This favourable change was mainly due to a boost on the foreign exchange markets that started in 2003, which could take place due to the increase in the volatility of the forint on the one hand and as a result of more advantageous taxation rules, on the other. At the same time, a major role was played by the continuously widening product palette of the BSE, to which cross currency contracts were added in the autumn of 2002.

In 2005, the market was not only able to maintain the monthly level of contracts established in 2004, but this figure increased dynamically almost throughout the year. There was a short stop in July and August but then turnover soared again, reaching a peak in December when more than 1.1 million contracts were made on the key futures currency market segment. Thus, by the end of 2004 more than 7.7 million contracts exchanged hands in currency alone, which is 160 percent than the volume of the whole 2004. The total value of transactions in 2005 amounted to HUF 4,755 billion, which is 115 percent up on the previous year. With this, the turnover of the derivatives market in 2005 reached 99 percent of that of the cash market.

BREAKDOWN OF THE FUTURES TURNOVER 2005.
BY MARKET VALUE



BREAKDOWN OF THE FUTURES TURNOVER 2005.
BY NUMBER OF CONTRACTS



Source: BSE

The stock of open positions on the futures market increased in 2005, with dynamics similar to the rates observed with the turnover. At the end of 2005, the quantity of open positions was 436,000 contracts, of which 93 percent, 407,000 were open on the currency market, 4,000 on the index-based market, and 25,000 contracts on the market of products based on individual equities.

Products based on individual equities and indices

Traditionally, based on market value, one of the most popular products of the BSE futures market is the BUX index contract. The turnover of the instrument at market prices was up by 138 percent on the previous year. This extraordinary increase was mainly due to the rise in the value of the index. Interest – similarly to previous years – primarily concentrated on maturity at the end of the year. There was hardly any activity in other maturities.

CURRENCY MARKET

The turnover of the currency market had a revival at the end of 2002, when annual turnover at market value was four times as high as in the previous year. In 2003 annual turnover increased by 500 percent compared to 2002. In 2004 turnover doubled compared to 2003, while the year 2005 surpassed even the most successful year so far: 1998. The appearance of currency cross contracts in 2003 was a milestone, as was the extension of the product range in 2005 in connection with the BSE-BCE integration. In 2005, turnover on the currency market amounted to 43 percent of the turnover of the derivatives market, which is a 7 percent increase compared to the previous year.

By the end of 2005, in terms of both number of contracts and market value, the most deals were conducted in EURO/USD and GBP/USD products. Almost one third of the deals were conducted in these two products. As regards the number of contracts, the EURO/HUF contract came in third, with a share of 8 percent.

Options market

The summer of 2004 was the first time that a foreign currency option had been transacted on the BSE. At the beginning of 2005, two new currency/forint options contracts were listed, and later, following the integration of exchanges, 11 new cross contracts became available for trading. In 2005, turnover was four times as high as in the previous year: 258,000 options

contracts were made at a market value of HUF 50 billion. Transactions concluded in this product range exceeded the turnover in options deals for individual shares both in terms of market value and in terms of the number of the contracts.

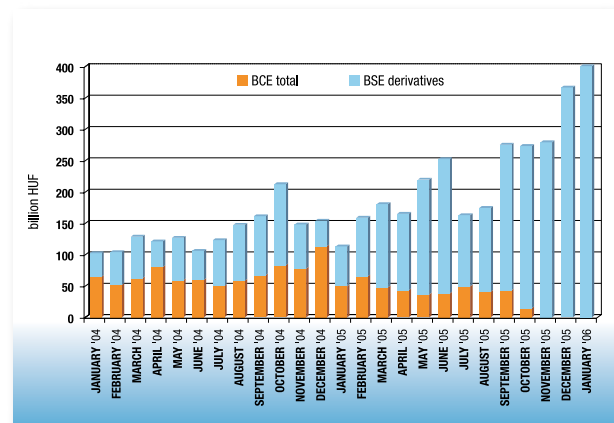
BSE-BCE integration

Perhaps the most important event in 2005 was the integration of the commodity exchange. By comparing the turnover of BCE's three key product ranges (futures currency, options currency and futures grains) with that of the same segment of BSE, we can establish that the turnover of the segment in November reached HUF 279 billion, which in the last month of the year increased to HUF 367 billion. The 2004/2005 statistical data of BSE and BCE indicate that as of the start of the integration process turnover was continuously transforming to the Budapest Stock Exchange, in fact, in the months following the fusion there was a synergy, which is clearly shown in the change of turnover.

Commodities market

The first transactions in the commodities section of BSE were conducted in November 2005, following the integration of the commodity exchange. In 2005, within nearly two months, the commodities section reached a turnover of almost HUF 5.5 billion, which was almost on the whole conducted in futures feed and grains products. In November and December, almost 2,000 contracts were concluded altogether, and the stock of open transactions was close to 1,800 at the end of the year.

BSE – BCE TURNOVER TRANSFORMATION | 2004-2005



Source: BSE



EVENT CALENDAR | 2005.

- January 31:** Opening bell ceremony on BSE, the guest is William H. Donaldson, Chairman of the US Securities and Exchange Commission (SEC).
- February 15:** An agreement is signed in London by the heads of BSE, BCE and NYMEX to draw up a Central European crude oil contract.
- February 23:** The Austrian Raiffeisen Centrobank AG is the first foreign remote trader on BSE.
- March 2:** The Club of Quotables is joined by a new company, TvNetWork Telekommunikációs Szolgáltató Rt.
- March 7–8:** The Budapest Stock Exchange (BSE) promotes listed companies in Milan and New York.
- March 23:** Open Day of the Exchange in Tatabánya, at the College for Modern Business Studies.
- March 31:** Opening bell ceremony on BSE with Prime Minister Ferenc Gyurcsány as guest, who, in his speech, said that BSE's proposal about the fourth pension pillar was inspiring and pointed out: the government supports the Exchange's long term plans to increase the number of households with savings, and to establish a Central European federation of exchanges.
- April 5:** The derivatives market of the Budapest Stock Exchange celebrates its 10th anniversary.
- April 21:** BSE's international road show in Brussels.
- May 17:** Hertz Szalámigyár Rt. gives a presentation in the Club of Quotables.
- May 24:** Annual General Meeting on BSE.
- June 20:** The jubilee conference of the Budapest Stock Exchange in the Ceremonial Hall of the National Museum. At a press conference, BSE presented the album entitled An Exchange is Born, which tells the story of the 15-year-old Budapest Stock Exchange.
- July 21:** The representatives of the Association of Investment Fund and Asset Management Companies in Hungary (BAMOSZ), the Association of Securities Dealers (BSZSZ), the Association of Hungarian Insurance Companies (MABISZ), Stabilitás Federation of Mutual Funds, and BSE worked out the concept of the pre-retirement savings account. The representatives of the affected institutions held a press conference on the new construction, which was named "the fourth pillar" by the Press.
- August 24:** The third Institutional Investors' Congress organised by BSE at ITCB Consulting & Training Ltd.
- August 29:** Zhu Zushou, Ambassador of the Chinese People's Republic visits the Exchange.
- September 12:** BSE's international road show in Stockholm.
- September 19:** Prime Minister Ferenc Gyurcsány and Minister of Finance János Veres hold a joint press conference on BSE, where they announce that they accept and support the proposal package prepared by the Exchange to stimulate the domestic capital market.
- September 27:** With the support of the Foundation for Self-Reliance and the Ministry of Education, the trial version of a new digital financial study material for young people is prepared. Bálint Magyar, Minister of Education holds a press conference at BSE.
- September 29:** A temporary exhibition on the history of the 15-year-old Budapest Stock Exchange opens in the Visitors' Centre of the Hungarian National Bank.
- October 6:** Open Day of the Exchange in Nyíregyháza.
- October 11:** The State Printing Company joins the Club of Quotables.
- October 12:** The Budapest Stock Exchange launches an attitude changing image campaign to promote the capital market and investment in shares.
- October 17:** BSE and Zöld Újság Rt. publish Equities on the Budapest Stock Exchange 2005 both in Hungarian and English.
- November 2:** Negotiations between the Budapest Stock Exchange and the Budapest Commodity Exchange close successfully. The fusion of the two markets results in the commodities markets being taken over by BSE. Simultaneously, BCE terminates the operations of its own market.
- November 29:** Open Day of the Exchange in Szombathely, at the Dániel Berzsenyi College.
- November 30:** The Federation of European Securities Exchanges (FESE) held its General Meeting in Brussels. This was the first time that a Hungarian professional, Attila Szalay-Berzeviczy, Chairman of the Budapest Stock Exchange was elected to the 9-strong Board of Directors.
- December 8:** The shares of the State Printing Company are listed on the Exchange.
- December 29:** The most successful day in the history of the Budapest Stock Exchange: BSE's equity turnover amounted to HUF 150.9 billion.

BSE'S IMAGE CAMPAIGN

In November 2005 the Budapest Stock Exchange launched its image campaign to promote the capital market and investment in equities.

In the spring of 2005, the Budapest Stock Exchange carried out a representative survey about what people think of the exchange, investments and stock exchange services. Despite previous experience and ideas, the findings were devastating. Therefore, BSE worked out a multi-stage plan to change this tragic picture in the long term. Until the end of 2006, BSE has set aside HUF 200 million gross from its budget to launch an advertising campaign in November 2005 – for the

first time since the foundation of the institution. For the execution of the advertising campaign, the exchange announced a restricted tender, which was won by AkcióNxs Advertising Agency. According to plans, the joint advertising campaign, arranged together with AkcióNxs Advertising Agency will last from November 2005 to November 2006. Based on experience gained during the campaign, BSE will later decide whether to continue the campaign.

The stock Exchange image campaign is made up of two main stages: advertisements aimed at the general public and those aimed at corporate decision makers.

The purpose of the public campaign is to make the Exchange, the capital market and investment in equities more understandable, more available and more loveable. BSE considers it one of its most important tasks to increase the number of households with savings, the volume of savings, and to promote the idea of self-reliance by recommending long-term saving and promoting investment in shares. BSE wants every Hungarian citizen to realise that with due consideration



and a little expertise, in the long run they can increase their savings more easily than with other, traditional investments. We wish to draw the public's attention to all this with our active commercials on television, as well as our adverts in the on-line and off-line media.

The Exchange's info line has been in operation since the second week of January, on the 06 40 233 333 blue number. Anyone wishing to receive more information about the Exchange is welcome to call this number.

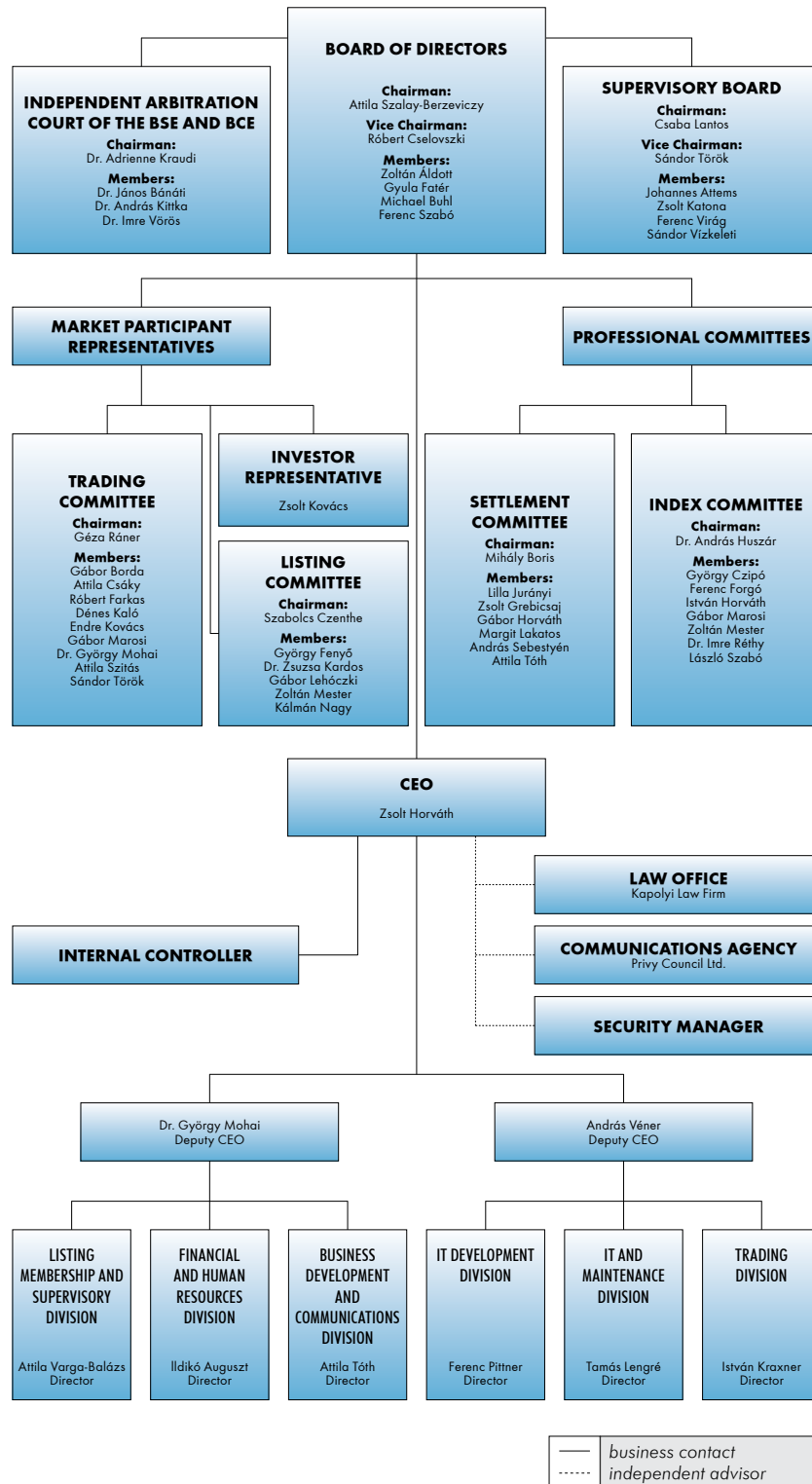
The www.tozsdezz.hu domain has already started operating, although, for the time being, it directs visitors to the Exchange's

website. The preparation of a sub-site containing all the creative material of the campaign, as well as an information package for beginner investors is under way, and will be available for the public from June.

BSE's corporate campaign intends to convince the owners and financial managers of mid-cap companies of the advantages of stock exchange listing and of the importance of capital raising on the capital market. BSE's corporate image campaign, which comprises an advertising and a PR campaign, was launched in the middle of November 2005, and will last until June 2006. Among the recognised, professionally successful company heads campaigning to promote the importance of stock exchange listing were Erik Bogsch, CEO of Richter Gedeon Rt., Gábor Bojár, Chairman of Graphisoft, Ferenc Czákó, Chairman of Synergon Informatikai Rt., Dániel Gyuris, CEO of FHB Land Credit and Mortgage Bank, Elek Straub, Chairman-CEO of Magyar Telekom, and Péter Zwack and Sándor Zwack, heads of Zwack Unicum Rt.



ORGANIZATIONAL STRUCTURE



LISTED PRODUCTS

EQUITIES AND DEBT SECURITIES SECTION

In 2005, only one new equity was listed on the BSE: trading in the shares of the State Printing Company started on December 8, 2005. In 2005, the shares of three companies were delisted from the trading floor: those of Styl Ruhagyár Rt. on March 8, 2005, Brau Union Rt. on July 14, 2005, and Zalakerámia Rt. on August 9, 2005.

On the debt securities market, the favourable tendency of previous years continued. As far as listings are concerned, there was a dynamic growth on the market of bonds, and mortgage bonds in particular. Special attention must be paid to the fact that whereas at the beginning of the year 18 investment note series were listed on the Exchange, by the end of the year this number had risen to 31. On the debt securities market those securities were delisted which expired during the year.

The State Debt Management Centre (ÁKK) is already traditionally one of the most important issuers of the BSE. The trend in the listing and, due to their maturity, delisting of the government securities was similar to that observed in previous years.

Conditions for listing and continued trading of securities

At the BSE, trading takes place on the official stock exchange market and on the over-the-counter market operated through the stock exchange's trading system ("MMS unregulated market system").

Listing on the official stock market was made much easier by amendments to the BSE listing requirements implemented in August 2002. The Stock Exchange does not provide for exact requirements linked to the other characteristics of a series (number of owners, free float, size of the series) in addition to the general listing requirements, with the exception of Equities Category "A" and in the case of some special securities (warrants).

Subsequent to the legal amendments in force since January 1, 2003, listing on the stock exchange is subject to authorisation by the State Supervisor of Financial Institutions (PSZÁF), after which the BSE makes its decision regarding an actual listing via a resolution by the CEO.

In order to simplify listing on the stock exchange, the BSE requires only a minimal amount of additional information at the time of an initial listing, (in addition to the submission of the prospectus prepared for the

Change in the number and face value of securities listed on the stock exchange in the year 2005

	December 31, 2004		December 31, 2005	
	number	face value (HUF bn)	number	face value (HUF bn)
Securities listed	160	9 195.4	184	9 865.7
Equities	47	541.7	45	532.0
Government bonds	24	6 306.8	20	6 836.2
Corporate and international institutional bonds	13	222.3	17	277.2
Mortgage bonds	47	566.0	60	634.7
Treasury bills	10	1 390.5	10	1 379.5
Investment notes	18	28.4	31	66.4
Compensation notes*	1	139.7	1	139.7

*Data not adjusted for withdrawn compensation notes



public offering), and the submission of the statements specified in the Regulations as a precondition for listing.

The conditions for listing on the stock exchange and the rules of continued trading are outlined in the "Regulations of the Budapest Stock Exchange on Listing and Continued Trading". The fees payable to the stock exchange are outlined in detail in the document "Notification by the Budapest Stock Exchange Regarding the Schedule of Fees Applied by the Exchange".

The summary of the "Regulations of the Budapest Stock Exchange on the Setting of Stock Exchange Rules and the Rules of Official Disclosures" provides information in connection with announcements published on the BSE website. The issuers of the exchange use the Issuers' Information System (ISSUERINFO) to put their disclosures on the BSE website, and the system publishes the news in accordance with exchange regulations regarding disclosures.

The above regulations can be downloaded from the Budapest Stock Exchange website (www.bse.hu).

Equity categories

The prime purpose of the category system at the stock exchange is to provide investors with some basic information on the differences in the listed companies according to certain investor criteria.

Currently, the listing of shares can take place in two categories. With public limited companies, the BSE wishes to ensure the possibility of listing in the simplest way possible. Therefore, in the case of the "Equities B" category, the listing requirements are practically identical to the legal requirements set out in the Capital Market Law for going public. "Equities A" presents stricter requirements to issuers of the exchange wishing to fit in this category. In addition to the difference in listing requirements, the obligations to provide regular information are also different.

A review of the categorisation of the shares takes place semi-annually. Deposit certificates of bearer shares and of dematerialised bearer shares can be listed in the "Equities A" category if the security meets the other requirements.

Derivatives Section

Primarily due to the integration of the domestic exchanges, but also as a result of BSE's responses given to market demand, the range of products on BSE's derivatives market was greatly extended last year. At the end of 2005, there were 106 currency, 3 interest rate and 36 equity products available for trading on BSE's derivatives market.

In August 2005, trading in the shares of Zalakerámia, as well as its futures product was terminated. The range of individual equity based products available for trading in the derivatives section was extended in September by two shares, the futures products of BIF and FreeSoft,

Listing requirements		
	Category „A”	Category „B”
Series of shares to be listed	HUF 2.5 bn at market value	no requirements
Free float	<ul style="list-style-type: none"> at least 25 percent of the series to be listed is free float; or at market prices, shares to the value of at least HUF 2bn are free float; or the series of shares is, at the time of the listing, in the possession of at least 500 owners. 	provide free float information to the Stock Exchange
Owners	at least 100 owners	provide free float information to the S. E.
Business year	three full, completed, audited years	no requirements
Type of security	registered only	no requirements

and in December, by new futures contracts following the stock exchange listing of the shares of the State Printing Company.

The range of derivatives products went through a considerable change. With the listing of new currency types, products of weekly maturity and currency based cross contracts, the number of currency products more than tripled. The two big "leaps" occurred in March and October when there was an extension of range. In March, the currency based cross contracts, while in October products of weekly maturity became available for trading.

In the autumn of 2005, in response to market demand, the 6-month BUBOR was listed, while at the same time the 3-month discount treasury bill, the 12-month discount treasury bill and the 3-year Hungarian government bond were delisted from the floor of products available for trading on the Exchange

In 2005, 13 new currency options were listed on BSE. In addition to the euro and the American dollar, from 2005 the options of the Polish zlotyi and the Czech koruna were also available for trading. From autumn, the range of stock exchange options products was extended by the options cross contracts: trading in 11 new currency options was launched on BSE.

Commodities Section

Following its integration with the Commodity Exchange, BSE created a separate section for trading in commodity type products. In the new section there are 17 spot, 16 futures, and 3 options grains products. After lengthy preparations, electronic and open outcry trading in these products started on November 2, 2005.

Change in the number of derivatives products

	2004	2005
Futures products	64	126
Currency	28	91
Interest rate	6	3
Equity and index	30	32
Options products	6	19
Currency	2	15
Equity and index	4	4





LIST OF ISSUERS | DECEMBER 31, 2005

EQUITY ISSUERS

1. Agrimill-Agrimex
Grain Processing and Grain Trading Ltd.
2. State Printing Company
3. Antenna Hungária
Hungarian Radicommunications Corporation*
4. BorsodChem Rt.
5. Budapesti Ingatlanhasznosítási és Fejlesztési Rt.
6. Budapest Electricity plc.
7. Csepel Holding Rt.
8. Danubius Hotels and Spa Rt.
9. South Hungarian Electricity supply Company Ltd.
10. Domus Kereskedelmi Rt.
11. Econet.hu Information Technologies Ltd.
12. EGIS Pharmaceuticals PLC
13. Első Hazai Energia-Portfolió Nyrt.
14. North Hungarian Electricity Supply Company Ltd.
15. FHB Land Credit and Mortgage Bank Co. Plc.
16. Forras Trust and Investment Company
17. FOTEX First American Hungarian Photo Servicing Ltd.
18. FreeSoft Szofterfejlesztő és Számítástechnikai Rt.
19. Gardenia Lace Curtain Factory PLC
20. Globus Canning Industry Plc.
21. GRAPHISOFT SE
22. Humet Trade, Research and Development PLC
23. Hungagent Trading Company Ltd.
24. Inter-Európa Bank Ltd.
25. Kartonpack Doboziipari Rt.
26. Konzum Trading and Industrial Company Ltd.
27. Linamar Hungary Autóipari és Gépgyártó Rt.
28. Magyar Telecom Ltd.
29. MOL Hungarian Oil and Gas Public Limited Company
30. NABI BUS Industries Rt.
31. Novotrade Investment Company Limited
32. National Savings and Commercial Bank Ltd. Hungary
33. PANNON-FLAX Győri Lenzővő Rt.
34. Pannonplast Műanyagipari Rt.
35. Pannon-Váltó Asset Management and Trading Rt.
36. PHYLAXIA-PHARMA Drugs, Vaccines and
Agrobiological Preparations Manufacturing and
Distributing Ltd.
37. Quaestor Értékpapír-kereskedelmi és Befektetési Rt.
38. Rába Automotive Holding PLC
39. Chemical Works of Gedeon Richter Ltd.
40. Skoglund Holding Befektetési Rt.
41. Synergon Information Systems plc.
42. Székesfehérvári Hűtőipari Rt.
43. Tisza Chemical Group Ltd.
44. Zwack Unicum Liqueur Industry and Trading Ltd.

*The last trading day: Februar 10, 2006

BOND ISSUERS

1. State Debt Management Centre Rt.
2. CIB Central European International Bank Rt.
3. ELLA Első Lakáshitel és Kereskedelmi Bank Zrt.
4. ERSTE Bank Hungary Rt.
5. Hungarian Development Bank Rt.
6. Hungarian Foreign Trade Bank Rt.
7. Raiffeisen Bank Zrt.
8. General Banking and Trust Co. Ltd.
9. Diákhitel Központ Rt.

MORTGAGE BOND ISSUERS

1. FHB Land Credit and Mortgage Bank Rt.
2. OTP Mortgage Bank Rt.
3. HVB Mortgage Bank Rt.

FUND MANAGERS

1. Prudent-Invest Investment Fund Management Rt.
2. K&H Securities Investment Fund Management Rt.
3. CA IB Securities Investment Fund Management Rt.
4. OTP Fund Management Ltd.
5. FUTUREAL Investment Fund Management Ltd.
6. CIB Investment Fund Management Ltd.
7. Budapest Fund Management Co.

INVESTMENT FUNDS

1. Budapest Aranytrió Guaranteed Fund Investment notes
2. Budapest Guaranteed Fund Investment notes
3. CA Szivárvány Capital Guaranteed Fund Investment notes
4. CA Capital Guaranteed Fund Investment notes
5. CA Capital Guaranteed Fund 2 Investment notes
6. CIB Capital Guaranteed
Derivatives Closed-Ended Fund Investment notes
7. FUTUREAL 1. Property Investment Fund Investment notes
8. HVB Triatlon Capital Guaranteed Fund Investment notes
9. HVB Triatlon 2 Capital Guaranteed Fund Investment notes
10. K&H Dollar Fix 2 Fund Investment notes
11. K&H Dollar Fix 3 Fund Investment notes
12. K&H Dollar Fix 4 Fund Investment notes
13. K&H Dollar Fix 5 Fund Investment notes
14. K&H Dollar Fix Fund Investment notes
15. K&H Euro Fix Fund Investment notes
16. K&H Euro Fix 2 Fund Investment notes
17. K&H Euro Fix 3 Fund Investment notes
18. K&H Euro Fix 4 Fund Investment notes
19. K&H Euro Fix 5 Fund Investment notes
20. K&H Fix Plus 2 Fund Investment notes
21. K&H Fix Plus 3 Fund Investment notes
22. K&H Fix Plus 5 Fund Investment notes
23. K&H Fix Plus 6 Fund Investment notes
24. K&H Fix Plus 7 Fund Investment notes
25. K&H Fix Plus 8 Fund Investment notes
26. K&H Fix Plus Extra Fund Investment notes
27. K&H Hozamfa 1. Fund Investment notes
28. K&H Hozamfa 2. Fund Investment notes
29. OTP Alfa Hozambiztosított Fund Investment notes
30. OTP Fantasy Guaranteed Closed-Ended
Derivatives Equity Fund Investment notes
31. PILLÉR I. Investment Notes

CLUB OF QUOTABLES

The most important function of the Budapest Stock Exchange (BSE) in the business world is to provide a flow of funds among market players. It is on the stock exchange that companies in need of resources “meet” investors holding savings. The larger the supply of securities, the more likely it is that investors will find the corporate security most suitable to them. Thus, the turnover of the stock exchange expands and companies have access to sources of financing.

The BSE Board considers an increase in the number of issuers and the listing of new companies on the market its most important priorities. The Club of Quotables was set up to promote this. The Club of Quotables is a forum that provides information and helps prepare firms that consider raising capital through the stock exchange a realistic alternative. In addition to providing support towards preparing for a stock exchange listing, the BSE has created a forum for club members to hold meetings with each other as well as with other market players, (traders, analysts, institutional investors, and stock exchange issuers), where they can obtain information regarding the advantages and disadvantages of being listed and on the status of being listed. The members of the club are also invited to road shows and various other events organised by the Budapest Stock Exchange within and outside the country.

Membership in the Club commences with the signature of a written declaration following an agreement with the BSE. From a legal point of view, being a member does not imply any commitment, but it is a signal for the players on the capital markets that these companies are ready to list their shares on the stock exchange under a favourable market environment. The BSE’s intention in creating the Club is to support the inclusion of more companies representing an interest for the local investors to the Exchange. Of course, membership in

the Club is not a precondition for being listed, rather it is a tool that aids decisions about a listing on the stock exchange and the preparations for such a listing.

The success of the initiative is shown by the fact that at present the Club has 16 public members, and 40 members who have not yet appeared before the public. 2004 was the first time that a member of the Club of Quotables had become listed on the Exchange: the shares of FreeSoft Public Limited Company have been available for trading on BSE as of September 22, 2004. At the end of 2005, the shares of the State Printing Company also became listed. Of the present members of the Club of Quotables, three further companies are expected to list their shares on BSE in 2006.

In order to increase the number of new listings, a promising cooperation was launched in 2005 between the Ministry of Economy and Transport and the Budapest Stock Exchange. Thanks to the agreement, a fund of HUF 100 million became available for companies planning to become listed. The government subsidy may be used by aspiring companies to cover a maximum of 50% of listing related expenses at a value of maximum HUF 25 million. The subsidy is a subsequent support, i.e. it is paid out by the Ministry of Economy and Transport after a successful listing. In 2005, four companies applied successfully for the announced government subsidy, including the State Printing Company, which is already listed. The other three firms are expected to become listed before October 2006.

Based on discussions between BSE and the Ministry of Economy and Transport, this fund will also be available in the future: the preparations to announce this year’s tender are already under way. It is expected to help new companies to become listed on the Budapest Stock Exchange.



SECTION MEMBERSHIP

CHANGES IN MEMBERSHIP DURING 2005

The number of section members of the Budapest Stock Exchange Ltd. totalled 44 as at December 31, 2005. In 2005, 16 new companies became section members of the Budapest Stock Exchange.

From 2004, section members with a registered seat in one of the Member States of the European Union and authorised to carry out trading and commissioning operations with securities have an opportunity, in line with the provisions of the law, to obtain a section membership as a member of the EU section. BSE's first section member in 2005 was Raiffeisen Centrobank AG, and further new section members joining BSE were CDM Pekao SA, DB Securities SA, Wood & Company Financial Services a.s.

In addition to the above companies, two Hungarian firms (EMITA Értékpapír Befektetési Rt. and CODEX Értéktár és Értékpapír Rt.) became members, while the Hungarian branch of a foreign bank, Dresdner Bank AG Hungary Branch acquired section membership, following the termination of the section membership of Dresdner Bank (Hungary) Rt. The section membership of KDB Bank (Magyarország) Rt. was terminated.

On November 2, 2005, trading was launched in the Commodities Section of the Budapest Stock Exchange, which, by the end of the year, had 12 members (Agribróker Brokerage Ltd., Agrokont Ltd., Glencore Grain Hungary Kereskedelmi és Szolgáltató Kft., Futures Industry Ltd., HUNGRANA Starch and Isosugar Manufacturing and Trading Limited Liability Co., IKR-Broker Ltd., Jászberényi Kossuth Mezőgazdasági, Élelmiszeripari és Kereskedelmi Zrt., Order Broker Co., and from among previous members EQUILOR Investment Co. Ltd., Hamilton Tőzsdeügynökség Rt., Hungarograin Tőzsdeügynöki Szolgáltató Rt, Swap Ltd.).

At the end of 2005, 30 members in the equities section, 16 members in the debt securities section, and 22 members in the derivatives section (futures market – 21 members, options market 17 members) had trading rights.

Rules for section members

Only companies that are members in a section can obtain trading rights for the markets of the Budapest Stock Exchange, the terms thereof being determined by the "Regulations of the Budapest Stock Exchange on Section Membership". From 2005, commodities exchange service providers, as well as business associations and co-operations carrying out

commodities exchange service activities have an opportunity to acquire section membership and trading rights in the Commodities Section of the Budapest Stock Exchange Ltd.

Section membership can be obtained by:

- a) an investment company, a bank, or an EU section member in the equities section, in the debt securities section, and in the derivatives section with respect to the futures market and the options market, and in the commodities section with respect to the spot, futures and options commodities markets;
- b) commodities exchange service provider, business association or co-operation carrying out commodities exchange service activities in the commodities section with respect to the spot, futures and options commodities markets;
- c) an individual trader in the derivatives section, with respect to the futures market and the options market;
- d) a cross member in the sections within the scope of the given cross membership agreement.

Section membership is created with the conclusion of a section membership contract between the BSE and the section member, as specified in the „Regulations on Section Membership”.

In order to trade in the different sections, section members must pay an annual minimum fee (in addition to the one-off joining fee payable when the section membership was acquired), but the section member can „offset” the amount of the annual section membership fee through the transaction costs calculated on the basis of the stock exchange turnover.

In addition to the process of obtaining membership and trading rights, the “Regulations on Section Membership” standardises the rights and duties of members, the suspension of the trading rights of section members, the obligation to provide data and information, the system of sanctions against section members, and the termination of membership, among other things.

Monitoring of section members

For the sake of clear, transparent trading on the stock exchange, the BSE carried out investigations in connection with unusual deals at section members on 64 occasions in 2005. The BSE, on the basis of the available exchange membership and section membership documents called the attention of a member to eliminate or prevent deficiencies in 7 cases and it transferred the matter to PSZÁF for further investigation in a further 3 cases.

Section Members of the Budapest Stock Exchange (as at December 31, 2005)

Firm	Equities Section	Debt Securities Section	Derivatives Section		Commodities Section
			Futures Market	Options Market	
Agribroker Brokerage Ltd.	-	-	-	-	X
Agrokont Ltd.	-	-	-	-	X
General Banking and Trust Company Ltd.	X	-	-	-	-
Biztonság Invest Securities Inc.	X	-	-	-	-
BNP PARIBAS Hungária Bank Rt.	X	X	-	-	-
Buda-Cash Brókerhouse Ltd.	X	-	X	X	-
CASHLINE Securities Ltd.	X	-	X	X	-
CDM Pekao SA.	X	-	-	-	-
Central-European International Bank Ltd.	X	X	X	X	-
Citibank Rt.	-	X	-	-	-
CODEX Értéktár és Értékpapír Rt.	X	-	-	-	-
CONCORDE Értékpapír Rt.	X	X	X	X	-
DB Securities Spólka Akcyjna	X	-	-	-	-
Deutsche Bank Private Company Limited by Shares	-	X	-	-	-
Dresdner Bank AG Hungary Branch	-	X	-	-	-
EMITA Securities Inc.	X	-	X	-	-
EQUILOR Investment Co. Ltd.	X	-	X	-	X
EQUITAS BRÓKER Rt.	X	-	X	X	-
ERSTE Bank Investment Hungary Limited	X	X	X	X	-
Glencore Grain Hungary Kereskedelmi és Szolgáltató Kft.	-	-	-	-	X
Futures Industry Ltd.	-	-	-	-	X
HAMILTON International Tőzsdeügynökség Rt.	X	-	-	X	X
Hungarograin Tőzsdeügynöki Szolgáltató Zrt.	-	-	X	X	X
Hungrana Starch and Isosugar Manufacturing and Trading Limited Liability Co.	-	-	-	-	X
HVB Bank Hungary Zrt.	X	X	X	X	-
IKR Broker Ltd.	-	-	-	-	X
ING Bank (Hungary) Co. Ltd.	X	X	X	-	-
INTER-EURÓPA BANK Company Limited By Shares	X	X	X	X	-
Jászberényi Kossuth Mezőgazdasági, Élelmiszeripari és Kereskedelmi Zrt.	-	-	-	-	X
K & H Equities (Hungary) Securities Tarding Private Ltd.	X	-	X	F	-
Kereskedelmi és Hitelbank Rt.	-	X	-	-	-
Hungarian Foreign Trade Bank Ltd.	X	X	X	F	-
National Bank of Hungary	-	X	-	-	-
Bank of Hungarian Savings Cooperatives Ltd.	X	X	X	X	-
National Savings and Commercial Bank Ltd., Hungary	X	X	X	X	-
ORDER Broker Co.	-	-	-	-	X
QUAESTOR Securities and Investment Limited by Shares	X	-	X	X	-
Raiffeisen Centrobank AG	X	-	X	X	-
RAIFFEISEN Bank Ltd.	X	X	X	-	-
REÁLSZISZTÉMA Értékpapír-forgalmazó és Befektető Rt.	X	-	-	-	-
SPB Investment Private Company Limited by Shares	X	-	-	-	-
SWAP Ltd.	X	-	X	X	X
WestLB Hungaria Bank Zrt.	X	-	X	-	-
Wood & Company Financial Services a.s.	X	-	-	-	-
Total	30	16	21	17	12

(-) the company does not have a trading licence in this section or market
(x) the company has trading licence in this section or market
(F) the trading licence of the company is suspended



TRADING SYSTEM

The MMTS I-II system, the automated remote trading system of the Budapest Stock Exchange, is in line with international standards. The BSE recognised years ago, in due time, that in accordance with international trends, there will be a shift from the traditional trading floor's open outcry system to a more modern trading technique, eliminating the geographical and physical limits of trading.

The MMTS I-II system has for a number of years been providing full-scale trading services for companies trading in the equities, debt securities, and derivatives on the BSE. Participation in continuous trading is ensured for section members through the delegated remote trading workstations for seven hours per day, and the full product range of the Stock Exchange is offered to investors.

The trading system provides an opportunity for the conclusion of deals in and outside of the order book. (More than 95% of the stock exchange turnover is realised in the order book.) The system also makes it possible to conclude fixed transactions, which means that contrary to those above, the order is not included in the order book, which is public for the whole of the market, but is only available for the two parties involved in the deal. In this system, the trading technique of the order book can be expanded by market-maker activities, the essence of which is that the liquidity in a security is ensured by the continuous selling and buying orders of the section members providing the market-maker services, that is, by quoting prices. This technique is applied at present in the debt securities section of the BSE, as well as in the trading of government securities and some corporate bonds.

A separate auction module operates within the trading system of the BSE, a tool for the sale or purchase of large volumes of securities. Since the launch of trading system, this has been how the public issuing of government securities (bonds and discount treasury bills) takes place and this has been the vehicle for the public offering of most of the mortgage securities, and for the repurchase of these securities.

During the year 2005, the system-development process was concluded with the successful launch of trading in commodities exchange products. As a result, trading in futures and options equities, as well as currency and

commodity products is carried out on this system, and the same system supports the open outcry trading in commodities.

To satisfy market demand, BSE introduced closing period on the spot equities market, which allows equilibrium price trading even at the end of a trading day. The random ending of the closing period also provides an opportunity to avoid the possibility of manipulating closing price.

The most important technical characteristic of the trading system is that it is practically free from capacity limitations. Even if the number of users increases in the future at such a rate that the system proves incapable of providing services under its current design, there would still be no need to replace the system since only the hardware elements would need to be expanded. The developer company optimised the continuous operation of the system so that secondary copies of the most important software and hardware elements were built in, thus in the case of a default, the system will automatically switch over to the properly operating element.

One of the most important issues nowadays is the compatibility of various trading systems, that is, their ability to be connected to each other and, if need be, to be operationally interconnected. When the MMTS I-II system was launched, it operated within a closed network, that is, there were no physical connections between other networks and the system of remote trading. Since that time, it has become obvious that one of the priorities of system development should be an "opening" of the trading system – that is, a freeing up of the closed network between the Stock Exchange and the section member trading companies – without a drop in the operational security of the system.

The Stock Exchange supported (from a technical point of view), and contributed to the establishment of a solution that allows a direct data connection between the central portion of the trading system and the internal networks of trading companies. This system became known as the Connection Provider (K2).

The Connection Provider (K2) ensures a high-capacity, real-time connection between the MMTS trading system and the properly adapted users' (remote trader back

office) systems. It allows the adapted systems to access data stored in or originating from MMTS and to carry out transactions in the stock exchange trading system. Through this system, most functions that are manually available from a traditional trading workstation are accessible in real-time, in a programmed format, for the linked systems. At present, there are 7 section members making use of the system (CONCORDE Securities Ltd., ERSTE Bank Investment Ltd., EQUITAS BRÓKER Ltd., INTER-EURÓPA BANK Ltd., OTP Bank Ltd., QUAESTOR Securities Trading and Investment

Bank Ltd., and Raiffeisen Centrobank AG, WOOD & Company Financial Service a.s.), but the number of users is constantly expanding.

The launch of K2 provides, from a technical point of view, an opportunity for the Stock Exchange to implement a cooperative relationship with a partner stock exchange, since the investment service provider companies with connections to foreign stock exchanges mostly use methods similar to K2 for their trading.





SETTLEMENT OF STOCK EXCHANGE TRANSACTIONS

The Central Clearing House and Depository (Budapest) Ltd. (KELER Rt.) was founded in 1993 by the National Bank of Hungary (NBH), the Budapest Stock Exchange (BSE), and the Budapest Commodity Exchange (BCE), with a clearing and settlement house profile. KELER provides the infrastructure for the players and intermediaries of the Hungarian capital market. Its direct partners are the investment service providers, the brokerage firms, the banks, and the companies that issue securities. The clearing house allows the risk-free, quick, and efficient settlement of securities trading transactions made by market players, that is, it allows money and securities to exchange hands. At the time of its foundation, KELER Rt. took over the settlement of the physical deliveries and financial administration of deals in securities from BSE.

Settlement of Cash Market Transactions

The direct participants of a settlement are the clearing members (banks and brokerage firms complying with the requirements established by KELER). The settlement of transactions in the equity and fixed-income sections of the Exchange (with the exception of fixed and auction deals) takes place simultaneously against a central counterparty (CCP), on a rolling basis, using a T+3-day cycle in the equity section, and a T+2 cycle in the fixed-income section, based on the principle of multilateral offsetting. (T stands for the trade date of the transaction, with days understood as business days.) The settlement of transactions takes place on the securities and restricted cash management (stock exchange settlement) accounts provided by KELER for the members, as well as on the cash management accounts provided by the NBH.

Settlement of Futures and Options Transactions

The settlement of futures and options transactions concluded on the Exchange is also ensured by KELER. In case of securities futures and options contracts and commodities contracts settlement takes place in the form of physical delivery, while in case of other contracts settlement takes place in cash.

KELER operates the institution of the Central Contracting Party (CCP) both on the cash and the derivative markets. The essence of CCP is that KELER undertakes a financial guarantee for the execution of the deals. In case non-execution occurs, it acts as the seller in respect of the

buyer, and as a buyer in respect of the seller, thus guaranteeing that the transactions are accepted, that is, it acts in the quality of a contractual partner for their delivery. If one of the parties fails to deliver, KELER is required to meet the obligations originating from the transactions of the party that failed to deliver, even if it must meet this obligation from its own net assets.

Guarantee system

A member can participate in stock exchange trading, clearing and settlement of the various markets and sections only if the amounts of the respective collaterals (Stock Exchange Settlement Fund and individual collaterals) are paid and if, in the course of trading, it continuously complies with the respective requirements of providing collateral in connection with its clearing membership.

For both markets, in order to ensure the security of the completion of transactions and to reduce its own risks, KELER operates a special guarantee system.

Clearing membership guarantee elements

- The initial financial collateral is a fixed amount specified by KELER for each market, to be continuously maintained by the members trading on that market
- The variation margin is set to cover past price changes
- The initial margin is calculated on the positions not yet due to be delivered, to the extent of the usual daily price change, as a fixed amount
- The function of the additional financial collateral is to allow KELER to manage the risks of its members with increased risks (e.g. due to an outstandingly high open position). Therefore, its value in a standard case is zero.

Collective guarantee element

The TEA (Tőzsdei Elszámolási Alap or Exchange Settlement Fund) is a cash fund under joint ownership, created to support the cash market. Its purpose is to reduce the risk originating from a delay or failure to deliver in the mutual stock exchange transactions of the clearing members, acting as a pledge serving as collateral for joint and several guarantees. The contribution to TEA also serves as a pledge for the receivables of KELER from the clearing members, up to the amount

of said receivables. The clearing members are obliged to pay a set amount into the TEA, calculated weekly by KELER.

The KGA (Kollektív Garancia Alap or Collective Guarantee Fund) is a cash fund under joint ownership, created to increase the safety of the derivatives market. Its purpose is to reduce the risk originating from a delay or failure of the payment obligations in connection with the settlement of futures and options transactions, acting as a pledge serving as collateral for joint and several guarantees. The KGA contribution and the amount collected also serves as a pledge for the receivables of KELER from the clearing members, up to the amount of said receivables. The size of the KGA contribution is determined monthly.

The security of the settlement system is demonstrated by the fact that in spite of hectic market movements and major price drops realised by market players in

previous years, none of these represented a threat to the settlement of exchange operations, and all deals struck on the stock exchange since the establishment of KELER have been settled.

Following careful preparation KELER smoothly adopted to the BSE-BCE integration completed in 2005. The cash and securities settlement systems of KELER have been operating in a reliable manner for a decade, however now they must be reviewed and modernized which constitutes a complex development exercise to be carried out in several steps. The cornerstones of KELER's development plan for 2006 include tasks regarding the modernization of the securities settlement system and further enhancements to the central administration of member data.



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DATA PROVISION AND OTHER INFORMATION SERVICES

DATA PROVISION

The Budapest Stock Exchange pays special attention to the provision of trading data, issuer data, and stock exchange information.

Real time, delayed, and end-of-day stock exchange trading data are sold by the Budapest Stock Exchange directly to its official data service providers, the vendors. Through the data service provider companies, information reaches domestic and foreign end-users: institutional and private investors, analysts, and representatives of the media. The Budapest Stock Exchange signs standard vendor agreements with the data service companies, under uniform terms and conditions.

At present, contracts for the following data packages are available to vendors:

- Real Time Best 5 Price Levels Package,
- Real Time Best Price Level Package,
- Delayed Best 5 Price Levels Package,
- Delayed Best Price Level Package,
- End-of-Day Package,
- Real Time Index Package.

The individual packages apply to all stock exchange products, without differentiation according to market.

In 2004, based on consultations with vendors and other international market players, the BSE developed a new strategy for information vending and, as a result, a new vendor agreement was born, profoundly different from the old version both in structure and approach. Under the aegis of the new contract introduced from January 1, 2005, the BSE is in a position to react in a far more flexible way to the market developments and the quickly changing needs of market players. The legal framework will, according to our hopes, contribute to the availability of BSE trading data to an increasingly wide community of investors and interested people.

In 2005, BSE added several new, market-friendly elements to its data provision service, which are favourable to both vendors and their customers.

- As of November, commodity trading data and a wide range of basic data related to all BSE-traded instruments became available in every service package, without additional fee payment obligations.
- Also from November, BSE's trading data became available through the Vienna Exchange's (Wiener

Official data vendors of the Stock Exchange (as at December 31, 2005)	
Full company name	Website
Vendors of real time data	
Bloomberg L. P.	www.bloomberg.com
FT Interactive Data	www.FTInteractiveData.com
Net Média Rt.	www.portfolio.hu
Reuters Group PLC	www.about.reuters.com
TeleDataCast Kft.	www.tdc.hu
Telekurs Financial Information Ltd.	www.telekurs-financial.com
Thomson Financial Inc.	www.thomsonfinancial.com
Vendors of delayed or end-of-day data	
Dow Jones Reuters Business Interactive Ltd.	www.factiva.com
ecetra Central European e-Finance AG	www.brokerjet.com
FININFO SA	groupe.fininfo.fr
IS Teledata AG	www.is-teledata.com
Magyar Vendor Informatikai Szolgáltató Rt.	www.econet.hu

Börse AG) vendor servers, in their data format. In this way present and potential BSE vendors already having an established connection in Vienna are able to get access to BSE's trading data in a unified data format, thus attaining significant cost savings.

- Via a minor amendment to the vendor agreement, BSE provides a wider range of opportunities to vendors and brokerage firms to use special offers and discounts to promote BSE's trading data among domestic and foreign investors. BSE supports these initiatives actively with several tools, and it also announces similar special offers which can be joined freely by all market players.

BSE attempts to address domestic investors with the use of different communication tools and the organisation of events (such as exchange open days, free training courses etc.). BSE vendors also participate actively in the organisation and realisation of these events.

OTHER INFORMATION SERVICES

Delayed trading data and information regarding issuer companies of the Exchange can be accessed through the official website of the BSE. The portal offers an opportunity to download intraday trading data delayed

by 15 minutes. Registered users can set the equities and bonds of which they would like to follow the price changes over the day. The download of historical data from January 1, 1998 is available both for individual securities and for daily, monthly, or annual data on turnover and prices, aggregated by sections. Users can prepare historical and comparison charts for the products of the equities, debt securities, and derivatives sections.

The BSE publishes its official announcements, and stock exchange issuers also publish their regular and extraordinary announcements, on the BSE website. The contracted users of the Issuer Information System of the Budapest Stock Exchange (ISSUERINFO) can also access the stock exchange and issuer reports in electronic form, sent directly via email.

The colleagues at BSE's Information Centre undertake to query historical data series as well.

BUDAPEST STOCK EXCHANGE INFORMATION CENTRE

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THE INDEXES OF THE BSE

THE OFFICIAL BLUE-CHIP SHARE INDEX OF THE BUDAPEST STOCK EXCHANGE LTD. (BUX)

The official blue-chip index of the Budapest Stock Exchange is the BUX index, calculated by the BSE every five seconds in real-time, on the basis of current market prices. The Budapest Stock Exchange was among the first in the world to switch from pure market capitalisation weighting to a weighting based on a free float for the determination of the weights of the shares to be included in the basket of the index (a method that better apprehends the actual stock traded on the market). The BUX index is a performance index. Accordingly, the amount of the dividends paid is recapitalised into a given share upon the dividend payout of the shares included in the basket.

At least 12, but not more than 25, shares may be included in the basket of the index. Their selection (the revision of the basket) takes place twice a year (in March and September). The criteria for inclusion in the basket covers 7 conditions: the net asset value in the last financial statements published prior to the revision date, the market value of the series of shares, the turnover in terms of number of trades and at market value, the turnover velocity, the number of cross transactions, and the number of traded days. Compliance is required in at least five of these. A basic condition for being included in the basket is that the share must have been traded in stock exchange trading for at least three weeks prior to the revision. In order to avoid having the price changes of a single share exert an exaggerated impact on the value of the index, the mutual proportions of the shares included in the basket are

set by a so-called digression procedure that reduces the proportion of shares with an extremely high weight.

On the basis of the above criteria, the Index Committee, appointed by the BSE Board, prepares a proposal for the composition of the basket and the CEO of the Exchange passes a decision regarding said composition. In order to

maintain the stability of the index basket, the Budapest Stock Exchange Co. Ltd. reserves the right to prevent an automatic change in the basket depending on compliance or non-compliance with the above criteria (for instance, in order to be included in the basket, it is necessary to comply with the criteria in two consecutive revisions).

In 2005, BUX index continued soaring, and even following the 57% rise in 2004, we witnessed a significant increase. On the last day of trading, the value of the index exceeded the starting value of 14,740 points by 41%, therefore, BUX closed at 20,784 points. In the first two months of the year, there was a dramatic rise in market price on the market of shares making up the BUX index, and at the end of February, it almost reached 19,000 points. After that, until the end of March, there was a slight correctional period, which reached its low in the middle of May at below 16,000 points, which at the same time, was a change of trends. BUX continued

its uninterrupted increase until the beginning of October, when the value of the index reached its yearly maximum, 23,672 points. This was followed by a 4,000 point correction in the first half of October, while the last months of the year were characterized by a stagnation of market prices.

Composition of BUX index (as at December 31, 2005)	
Shares	Weight in the basket
Antenna Hungária Rt.	0,21%
Borsodchem	4,60%
DÉMÁSZ	0,86%
Egis	2,67%
FHB	1,14%
Fotex	0,42%
Magyar Telekom	14,09%
MOL	27,22%
OTP	29,40%
Richter	18,57%
Synergon	0,12%
TVK	0,99%
Total	100,00%

BUDAPEST STOCK EXCHANGE MID- AND SMALLCAP SHARE INDEX (BUMIX)

The Budapest Stock Exchange Co. Ltd. has been calculating the BUMIX index on a continuous basis since June 1, 2004; the index aggregates listed companies with small and medium capitalisation. The official name of the index is: Budapest Stock Exchange Mid- and SmallCap Share Index, and the official abbreviation is BUMIX. The basis of the index was set on January 5, 2004, with an initial value of 1000 points. BUMIX is, similarly to BUX, a performance index weighted with free float, that is, dividend payments also play a role in its assessment.

The creation of the BUMIX index was motivated by a desire to reach a number of important goals. The BUX is highly concentrated; the four leading shares have a robust impact on the development of the index, with only minor influence from the other stocks due to their smaller portion in the index. However, the BUMIX provides a realistic chance for inclusion into an index for shares that, because of their size, cannot be included in the BUX basket.

A presence in the index is important for stock exchange issuers, since index membership is a precondition for investment according to many potential investors. In recent years, it has been increasingly common for large foreign institutional investors and fund managers setting up their portfolios to use an investment approach that follows indexes. Index membership draws attention to the

given company, enhances demand for its shares, and provides a certain marketing value. Investor interest can be further boosted by the fact that analysts also prefer to do research on companies figuring in the index, and thus these companies are normally easier to evaluate. The BUMIX index also offers a realistic future alternative for companies that become listed on the stock exchange whereby they can be included in a stock exchange index.

There is an overlap between the basket of the index and the BUX index basket. Only those series of shares can be admitted to the BUMIX basket where the market capitalisation adjusted for free float does not exceed HUF 100 billion. Furthermore, in order to be admitted to the basket, it is necessary for the market-value turnover of the series of shares over the last six months to have reached HUF 1,250 million, while the number of deals concluded for the given series of shares must be at least 1,250 (in number). Due to the condition regarding the market capitalisation, the shares of MOL, OTP, Magyar Telekom, and Richter were not included into the BUMIX basket.

Composition of BUMIX (as at December 31, 2005)	
Share	Weight on the basket
Antenna Hungária Rt.	3,79%
Danubius	10,01%
DÉMÁSZ Rt.	10,60%
Econet	0,59%
Egis	20,39%
Elmű	7,73%
ÉMÁSZ	3,80%
FHB	11,19%
Fotex	7,50%
Graphisoft	5,16%
Pannonflax	0,40%
Pannonplast	3,63%
Phylaxia Pharma	0,25%
RÁBA Rt.	3,23%
Synergon Informatikai Rt.	2,16%
TVK	9,58%
Total	100,00%

For the establishment of the ranking of these securities included in the basket, the three above criteria (capitalisation, turnover at market prices, and number of transactions) were considered with the respective weights of 40%, 30%, and 30%.

For the weighting of the shares, the digression method also used with the BUX index is applied, but in a stronger form: above 5%, only half of the capitalisation, above 10% only a quarter of the capitalisation is considered.



BSE'S NEW INDEX LICENCE SELLING POLICY

As a result of the growing demand for the products of the Budapest Stock Exchange, BSE's management decided to work out a new sales strategy. BSE's indices may be its most valuable 'assets', whose employment may have a high added value either as reference or as a marketing tool. On the basis of its new licence selling policy, the Exchange sells financial institutions the right to use the BUX and BUMIX indices.

This is in close connection with the strategic cooperation established with the Vienna Stock Exchange. Our strategic allied partner has long been an active and successful participant in the field of index licence sales. Based on the new conception, the two exchanges signed an agreement on a joint licence policy and coordinated sales activity, which will result in an improvement in the sales activity of both exchanges.

	The Equity Indices of BSE				The BSE Yield Index
Index	BUX	BUMIX	CETOP20	RAX	DWIX
Full name	The official Share Index of the Budapest Stock Exchange Ltd.	Central European Mid- and SmallCap Index	Central European Blue Chip Index	BAMOSZ Equities Investment Fund Portfolio Index	Daiwa-MKB Treasury Bill Yield Index
Purpose	An indicator of the share price movements on the domestic market	An indicator of the share price movements of equities with medium and small capitalisation	An indicator to reflect the price movements of blue chips on 5 stock exchanges in the region (Budapest, Ljubljana, Bratislava, Prague, Warsaw)	Serves as a benchmark to measure the performance of local equity investment funds	Shows the short-term (3, 6 and 12-month discount treasury bills), risk-free yields to maturity
Type	Forint-based share index, with market capitalisation weighting corrected for free float, taking account of dividend payouts	Forint-based share index, with market capitalisation weighting corrected for free float, taking account of dividend payouts	Share index with market capitalisation weighting, taking account of dividend payouts	Forint-based share index, with market capitalisation weighting corrected for free float, taking account of dividend payouts	Yield index, volume-weighted average of the yields accepted on auctions
Structure	Consists of a variable number of shares, (up to a maximum of 25), that meet 5 out of 7 of the given criteria	Consists of a variable number of shares (up to a maximum of 25) that meet the 3 prescribed criteria	Consists of twenty shares from any of the exchanges, a maximum of 7 shares can be included in the basket for the same period	Thirteen shares, with weights of 12.5%, 12.5%, 12.5%, 8.5%, 8%, 7.5%, 7%, 6.5%, 6%, 5.5%, 5%, 4.5% and 4%, respectively in the portfolio	The results of the auctions in the last month are considered with an eight-fold weight, those of the previous month with a three-fold weight, and those of the month previous to that with a normal weight
Revision	Twice a year (March, September), the new basket is introduced on the first trading day of each April and October	Twice a year (March, September), the new basket is introduced on the first trading day of each April and October	Twice a year (April, October), the new basket is introduced on the first trading day of each May and November	Semi-annually (February, August), the new basket is introduced on the first trading day of March and September.	The shares are weighted again each month. Modifications are carried out, if necessary
Frequency of calculation	Continuous, every five seconds	Continuous, every five seconds	Once per day, at 17:00	Once per day, at 16:30	Once per week, on Thursdays, after the TB-auctions
Ticker codes	Reuters: .BUX Bloomberg: BUX<INDEX><GO>	Reuters: .BUMIX Bloomberg: BUMIX<INDEX><GO>	Reuters: .CETOP20 Bloomberg: CETOP20<INDEX><GO>	Reuters: .RAX Bloomberg: RAX<INDEX><GO>	Reuters: .DWIX Bloomberg: DWIX<INDEX><GO>
Base value	January 1, 1991=1000 points	January 5, 2004 = 1000 points	January 1, 2001 = 1000 points	January 7, 1998 = 1000 points	

COMMODITIES SECTION

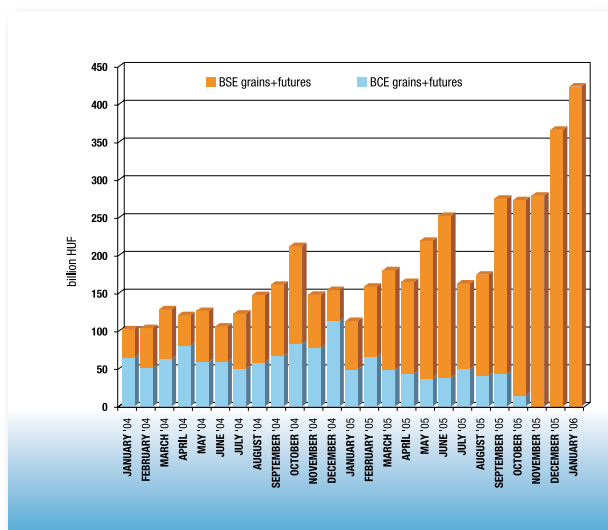
In November 2005, after long professional preparatory work the integration of the Budapest Stock Exchange and the Budapest Commodity Exchange successfully took place. The fusion of the two exchanges is of extraordinary significance not only from the point of view of the futures grains and currency markets, but also for the whole of the Hungarian capital market: the concentration of the market resulted in an increase in liquidity. The futures and options grains market is available for trading on the same terminal as the rest of the derivatives products, therefore, the market also becomes easily accessible for those who have so far only traded in financial derivatives products.

In connection with the integration, it is worth mentioning that in the past 16 years there have been several attempts in the region at establishing a commodity exchange, but it was only in Budapest where a liquid, futures and options market was founded. The development of the market is clearly shown by the fact that through the years commodity exchange's quotes have become references, because land lease contracts conducted in Hungary are almost exclusively indexed to the price levels established here. Directly or indirectly, every farmer and every land owner pays attention to the commodity exchange trading, its results and the transactions.

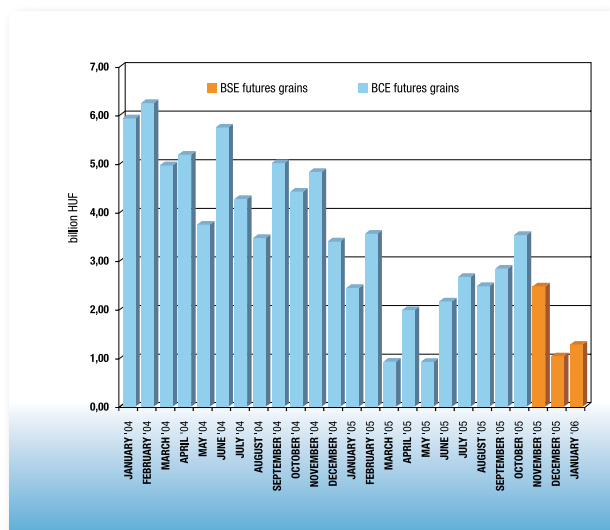
Of the 15 contractual traders of the Budapest Commodity Exchange Ltd., 12 requested and received permission to become a section member and the right to trade on the Stock Exchange. Participants of trading in futures grains continue their activity in BSE's new exchange room in an open outcry system in the morning trading period (from 10 am to 11 am). The turnover on the futures grains market was smaller than in previous years, but this primarily had outside reasons (eg. the intervention system of the European Union's common agricultural policy). Due to the forthcoming reform of the system the role of market mechanisms – like the commodity exchange – will be stronger in the future.

The two Budapest exchanges already harmonised the previously started product development in the preliminary phase of the integration. In BSE's Commodities Section in the spring of 2006 futures gold contracts (kilo-gold contracts) were listed – for the first time in the region. Following the EU enlargement and the BCE integration almost all conditions are given for the establishment of a regional futures grains and commodity exchange on the Budapest Stock Exchange.

BCE-BSE TURNOVER | 2004-2005



TURNOVER OF THE GRAIN MARKET | 2004-2005



Source: BSE



THE BUSINESS PERFORMANCE OF THE BSE

BALANCE SHEET (Data in 1000 HUF)			
	Denomination	Previous year (December 31, 2004)	Current year (December 31, 2005)
1	LONG TERM ASSETS	2 789 593	6 158 936
2	Intangible assets	20 224	19 526
3	Tangible assets	199 538	173 332
4	Invested financial assets	2 569 831	5 966 078
5	CURRENT ASSETS	2 722 624	1 981 592
6	Inventories	9 392	5 730
7	Accounts receivable	112 120	650 317
8	Marketable securities	1 870 711	800 004
9	Cash and cash equivalents	730 401	525 541
10	ACCRUED INCOME AND DEFERRED EXPENSES	98 942	71 566
11	TOTAL ASSETS	5 611 159	8 212 094
12	SHAREHOLDER'S EQUITY	5 386 899	5 390 733
13	Share capital	541 348	541 348
14	Bought back ownership criterion		
15	Additional paid in capital		
16	Capital reserve	2 576 356	2 576 356
17	Accumulated profit (loss)	1 230 848	2 269 195
18	Depository stock		
19	Revaluation reserve		
20	Net profit for the year	1 038 347	3 834
21	PROVISIONS		
22	LIABILITIES	81 282	2 492 785
23	Deferred liabilities		
24	Long-term liabilities		
25	Current liabilities	81 282	2 492 785
26	ACCRUED EXPENSES AND DEFERRED INCOME	142 978	328 576
27	TOTAL LIABILITIES	5 611 159	8 212 094

BSE's after tax result in 2005 amounted to HUF 2 364.1 million, which is HUF 1 325.8 million more than in the previous year. This more favourable result is due to income from higher trading fees and the HUF 864 million higher received dividend.

The after tax result is due to a significant increase in stock exchange activity. Result from activity in 2004 rose by HUF 471 million in 2005, and reached HUF 1 195 million. The General Meeting of the Budapest Stock Exchange Private Limited Company, held on May 24, 2006 decided on the payment of HUF 2 362 278 dividend (HUF 436 per share) against the after tax result of 2005, therefore, in the report made according to the Accountancy Act, the result in the balance sheet was HUF 3 834 163.

The income from stock exchange activity was primarily due to an increase in trading fees: in the key equities section average daily turnover rose from HUF 10.3 billion in 2004 to HUF 19.1 billion in 2005.

Thanks to the effective cost management, increase of costs over inflation was exclusively due to costs which, in the previous year, did not emerge or only partly emerged, including costs related to the BCE integration, licence fees of the trading system growing in direct proportion to the increased turnover, as well as the costs of the 15th anniversary and the image campaign.

INCOME STATEMENT (Data in 1000 HUF)

	Denomination	Previous year (December 31, 2004)	Current year (December 31, 2005)
I.	Revenues from stock exchange activities	1 850 722	2 614 055
II.	Own work capitalized	3 703	2 289
III.	Other revenues	17 192	20 599
IV.	Material expenses	394 253	549 152
V.	Personnel expenses	611 560	714 136
VI.	Depreciation	64 971	69 288
VII.	Other expenses	77 307	109 371
A.	Operating profit (loss)	723 526	1 194 996
VIII.	Income from financial operations	324 645	1 170 739
IX.	Expenses of financial operations	9 744	1 623
B.	Profit (loss) from financial operations	314 901	1 169 116
C.	Ordinary profit (loss)	1 038 427	2 364 112
X.	Extraordinary income		
XI.	Extraordinary expenses	80	
D.	Extraordinary profit (loss)	-80	
E.	Profit before income tax	1 038 347	2 364 112
XII.	Income tax expense		
F.	PROFIT (LOSS) AFTER INCOME TAXES	1 038 347	2 364 112
XII	Retained earnings for dividend and profit sharing		
XIII	Approved dividend, profit shares		2 360 278
G.	NET PROFIT FOR THE YEAR	1 038 347	3 834





INDEPENDENT AUDITOR'S REPORT



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Independent Auditors' report

To the management of Budapesti Stock Exchange Ltd.

We have audited the Financial Statements of Budapesti Stock Exchange Ltd. (hereinafter: "the Company"), prepared under Hungarian Accounting Law ("HAL") as at 31 December 2005 and for the year then ended, from which the balance sheet and the income statement were derived. We conducted our audit in accordance with Hungarian Standards on Auditing issued by the Hungarian Chamber of Auditors, which are substantially consistent with International Standards on Auditing. In our independent auditor's report dated 24 May 2006 we expressed an unqualified opinion on the Financial Statements from which the balance sheet and the income statement were derived.

In our opinion the balance sheet and the income statement disclosed on pages to 30-31 of the Annual Report 2005 of Budapesti Stock Exchange Ltd. are consistent, in all material respects, with the audited Financial Statements they were derived from.

For a better understanding of the Budapesti Stock Exchange Ltd.'s financial position, the results of its operations for the period and of the scope of our audit, the balance sheet and the income statement should be read in conjunction with the underlying Financial Statements and our audit opinion thereon.

Budapest, 15 June 2006

KPMG Hungária Kft.
Chamber registration number 000202

Herye István
Partner, Registered auditor
Registration number: 005674



KPMG Hungária Kft., a Hungarian limited liability company
incorporated under the Hungarian Companies Act is a
member of KPMG International, a Swiss corporation.
Company registration Budapest, 12 01 00 02 192