

**Annual General Meeting of  
ANY Security Printing Company Public Limited Company by Shares**

**Budapest, 6 April 2017**

## Agenda

1. Report of the Board of Directors on the Company's reports under the Accounting Act for the 2016 business year (balance sheet, profit & loss account, notes to the accounts and business report, hereinafter jointly referred to as "reports under the Accounting Act")
2. Proposal of the Board of Directors for the distribution of net profit
3. Report of the Supervisory Board on the Company's reports under the Accounting Act for the 2016 business year and the proposal for the use of net earnings
4. Report of the Audit Committee on the Company's reports under the Accounting Act for the 2016 business year and the proposal for the use of net earnings
5. Report of the Auditor on the Company's reports under the Accounting Act for the 2016 business year and the proposal for the use of net earnings
6. Approval of the Company's reports under the Accounting Act for the 2016 business year, including a decision on the use of net earnings
7. Approval of the Statement on Corporate Governance Practice
8. Election of the Auditor and the Board members
9. Decision on the remuneration of the Board members and the Auditor
10. Authorization of the Board of Directors to buy treasury shares based on section 9.3 of the Company's Statutes
11. Others

**Documentation**

**To the Annual General Meeting**

**Item No. 1**

**Report of the Board of Directors on the Company's reports under the Accounting Act for the 2016 business year (balance sheet, profit & loss account, notes to the accounts and business report, hereinafter jointly referred to as "reports under the Accounting Act")**

## Improving profitability beside record breaking export sales

### SUMMARY

- Net sales of ANY PLC for 2016 amounted to HUF 24.9 billion which is higher by HUF 3.5 billion (17%) than in the previous year. Changes in case of strategic product segments were as follows: sales of security products, solutions exceeded to HUF 6.7 billion, which is by HUF 0.5 billion (9%) higher than the figure in the basis period; sales of card production, personalisation exceeded to HUF 5.9 billion, which shows an increase by HUF 1.8 billion (42%) compared to the similar period of the last year, whilst sales of segment of form production, personalisation, data processing were HUF 10.7 billion, which shows an increase of HUF 1.5 billion (16%) compared to year 2015. Ratio of strategic products segments in total net sales was 94% in the basis period.
- Export sales of the Company amounted to HUF 9.2 billion, showing a 11% growth until 31 December 2016, which represents a 37% export sales ratio.
- Consolidated net income after interest income, taxation, non-controlling interest and negative goodwill accounted as a revenue is HUF 1,202 million, which shows an increase of HUF 271 million (29%) compared to the previous year's same period.
- Negative goodwill was accounted for due to the purchase of ANY Ingatlanhasznosító Kft quota therefore HUF 126 million one-off item is in the line of other revenues. The reason for one-off item is that the purchase price of the Company's quota owning the real estates was lower than the market price of the related real estates at the date of property acquisition and therefore, one-off other revenue was accounted for in accordance with IFRS rules.
- Adjusted consolidated EBITDA is HUF 2,851 million, an increase of HUF 574 million (25%) compared to 2015 base period due to the sales increase in the strategic segments.
- Adjusted consolidated operating income is HUF 1,843 million, which is HUF 477 million (35%) higher than the profit for the base period.
- After the elimination of the one-off item mentioned above, consolidated net profit is HUF 1,076 million, which means an increase by HUF 144 million (15%) compared to 2015.

## Introduction of ANY Group

Name of the Company	Equity	Share of ownership (%)	Voting right <sup>(*)</sup>
<b>ANY Security Printing Company PLC.</b>	<b>HUF 1, 449, 876,000</b>	-	-
Gyomai Kner Nyomda Zrt.	HUF 200,000,000	98.98%	98.98%
Specimen Zrt. <sup>1</sup>	HUF 100,000,000	100.0%	100.0%
ANYpay Fizetési Megoldások Zrt. <sup>2</sup>	HUF 50,000,000	100.0%	100.0%
Techno-Progress Kft.	HUF 5,000,000	100.0%	100.0%
ANY Ingatlanhasznosító Kft. <sup>6</sup>	HUF 3,000,000	100.0%	100.0%
Zipper Services SRL <sup>3</sup>	RON 476,200	50.0%	50.0%
Zipper Data SRL <sup>4</sup>	RON 1,584,110	50.0%	50.0%
Direct Services OOD	LEVA 570,000	50.0%	50.0%
Slovak Direct SRO	SKK 1,927,000	100.0%	100.0%
Tipo Direct SERV SRL <sup>5</sup>	MDL 30,308	50.0%	50.0%

(\*) Voting rights that entitle the holder to participate in decision making at the general meeting of the company included in consolidation

<sup>1</sup> Specimen Zrt. has been 100% owned subsidiary of ANY Security Printing Company Plc. since 1st June 2013

<sup>2</sup> 100 per cent subsidiary of Specimen Zrt, it has been consolidated since 21th November, 2013

<sup>3</sup> The name of the company changed from Tipo Direct SRL to Zipper Services SRL in 17th June, 2014

<sup>4</sup> Zipper Data SRL is the member of consolidation circle since 1st February, 2011. The name of the company changed from GPV Mail Services SRL to Zipper Data SRL in October 2011

<sup>5</sup> 100 per cent subsidiary of Zipper Services SRL, it has been consolidated since 1st January, 2011

<sup>6</sup> 100 per cent subsidiary of ANY Security Printing Company PLC, it has been consolidated since 3<sup>rd</sup> March, 2016

## Main financial data and indicators (IFRS consolidated)

Name	FY 2015 in HUF millions	FY 2016 in HUF millions
<b>Financial situation</b>		
Non-current assets	4,182	7,620
Total assets	11,421	15,374
Shareholder's equity	6,892	7,374
<b>Main categories of results</b>		
Net sales	21,366	24,911
EBITDA	2,278	2,977
Profit after tax	1,266	1,585
<b>Main indicators</b>		
Return on sales (ROS) %	4.4%	4.8%
Return on equity (ROE) %	13.5%	16.3%
Earning per share (EPS) HUF	65	84

### Sales of product groups

The breakdown of net sales by category is presented in the table below:

Sales categories	FY 2015 in HUF millions	FY 2016 in HUF millions	Change in HUF millions	Change %
Security products and solutions	6,139	6,680	541	8.81%
Card production and personalization	4,186	5,937	1,751	41.83%
Form production and personalization, data processing	9,205	10,715	1,510	16.40%
Traditional printing products	1,106	1,143	37	3.35%
Other	730	436	(294)	-40.27%
<b>Total net sales</b>	<b>21,366</b>	<b>24,911</b>	<b>3,545</b>	<b>16.59%</b>

ANY PLC had consolidated net sales of HUF 24,911 million in 2016, which is HUF 3,545 million (17%) higher than the sales for the base period.

Sales of **security products and solutions** came to HUF 6,680 million in 2016 which means an increase of HUF 541 million (9%) compared to the base period due to the higher sales of document security products.

The Company's revenues from **card production and personalisation** totalled HUF 5,937 million in the period of reference, a HUF 1,751 million (42%) increase compared to year 2015. The growth of the segment was caused mainly by the higher volume of card document production and personalisation.

The Company's revenues from **form production, personalisation and data processing** came to HUF 10,715 million in 2016, a HUF 1,510 million (16%) higher than the sales for the base period. The change is due to the sales revenue of the referendum and the growing sales export of form production and personalisation and the expansion of connected logistic services.

Sales of **traditional printing products** amounted to HUF 1,143 million in the period of reference, which means a HUF 37 million (3%) increase compared to the previous year's similar period.

**Other sales** totalled HUF 436 million in 2016, which is a decrease of HUF 294 million (40%). This segment mainly comprises revenues from the sale of commercial materials and goods.

### Export sales by categories

Sales categories	FY 2015 in HUF millions	FY 2016 in HUF millions	Change in HUF millions	Change %
Security products and solutions	598	471	(127)	-21.24%
Card production and personalization	296	318	22	7.43%
Form production and personalization, data processing	7,074	8,101	1,027	14.52%
Traditional printing products	5	10	5	100.00%
Other	375	328	(47)	-12.53%
<b>Total export sales</b>	<b>8,348</b>	<b>9,228</b>	<b>880</b>	<b>10.54%</b>
<b>Export %</b>	<b>39.07%</b>	<b>37.04%</b>		

Export sales amounted to HUF 9,228 million at the end of 2016, which is a 11% increase compared to a year earlier, representing a 37% export sales ratio.

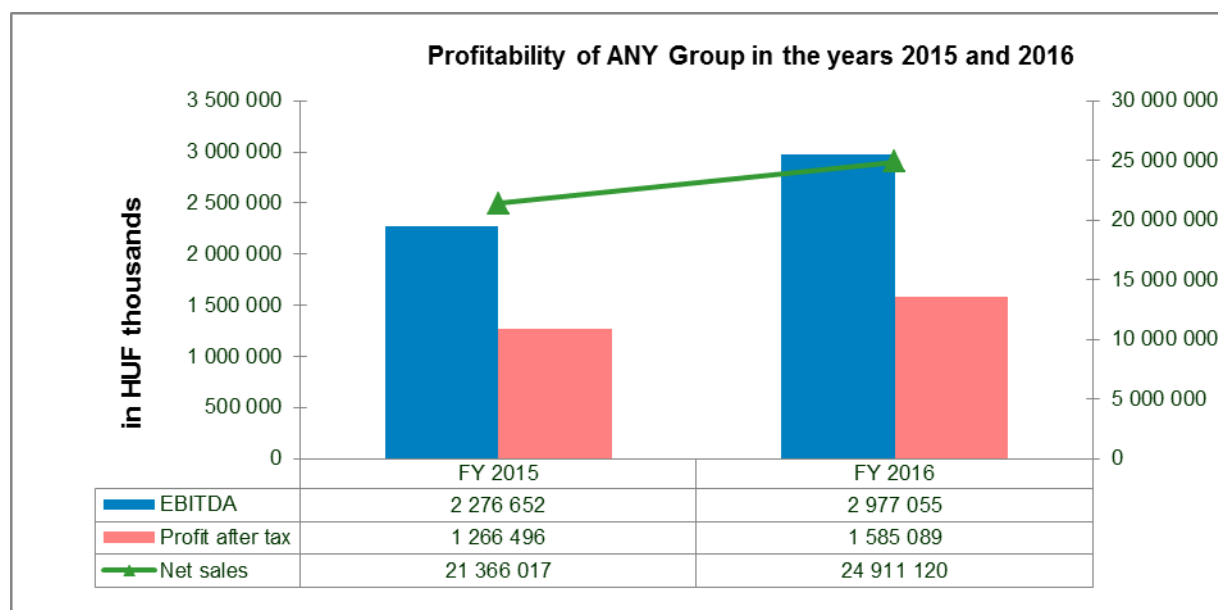
There was a significant growth (15%) in the field of form production, personalisation and connected logistic services, at the end of the period was HUF 8,101 million, increased by HUF 1,027 million.



## Financial analysis

The table below presents the calculation of operating income according to the so-called “total cost accounting” method.

Description	2015 Q1-Q4 in HUF millions (A)	2016 Q1-Q4 in HUF millions (B)	2016 Q1-Q4 in HUF millions (adjusted)* (C)	Change (C-A)	Change % (C/A-1)
Net sales	21,366	24,911	24,911	3,545	16.59%
Capitalized value of assets produced	286	258	258	(28)	-9.79%
Material expenses	14,345	16,145	16,145	1,800	12.55%
Personnel expenses	4,770	5,601	5,601	831	17.42%
Depreciation	911	1,008	1,008	97	10.65%
Other expenses	260	446	572	312	120.00%
Operating income	1,366	1,969	1,843	477	34.92%
Net profit	932	1,202	1,076	144	15.45%
EBITDA	2,277	2,977	2,851	574	25.21%
EBITDA margin (%)	10.66%	11.95%	11.44%		



Net sales totalled HUF 24,911 million in 2016, which is a HUF 3,545 (17%) million increase compared to the figure for the same period of last year.

Adjusted operating income came to HUF 1,843 million, an increase of HUF 477 million (35%) compared to the previous year. The Company’s profitability increased due to the increase of net sales in strategic segments.

Gross profit totalled HUF 7,692 million, which means a 31% gross margin. General (SG&A) expenses amounted to HUF 5,277 million in 2016, which equals 21% of net sales. Material expenses increased by HUF 1,800 million (13%) in the reference period, due to the higher net sales.

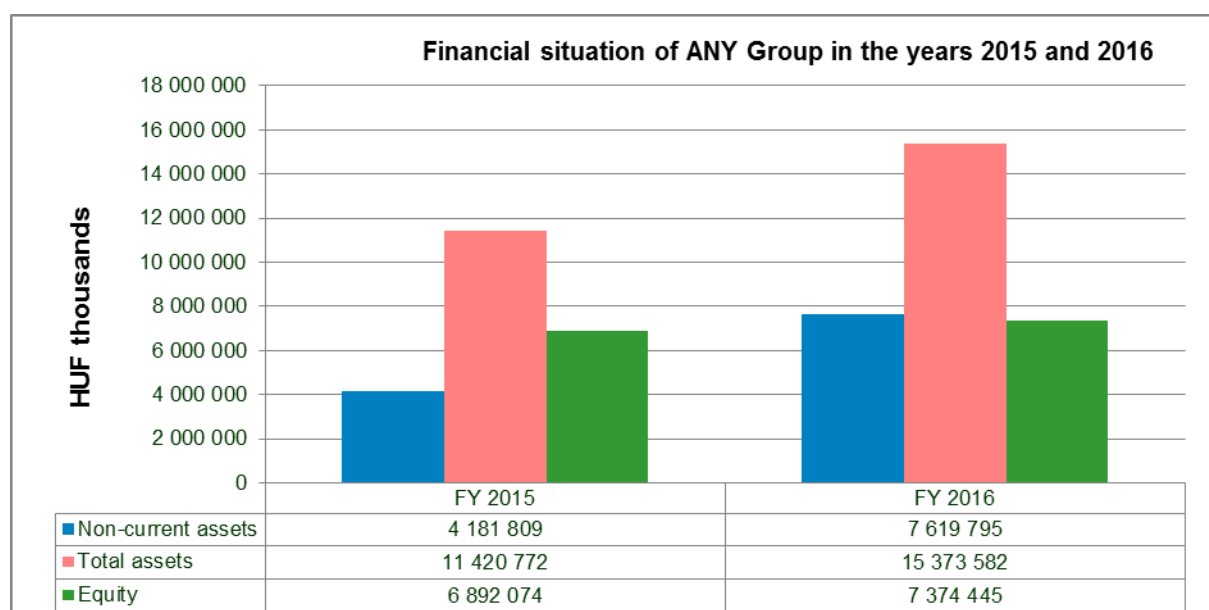
The capitalized value of own performance line shows the capitalized value of assets produced and the change in inventories manufactured. These figures were driven mainly by the change in inventories in both periods presented; the most significant of these is the value of unfinished production connected with security and card products.

Personnel expenses totalled HUF 5,601 million, which is 17% higher than in the base period due to the higher net sales revenue and to the bonuses for the extraordinary achievement in the last years.

Adjusted EBITDA amounted to HUF 2,851 million due to the change in operating income and depreciation, which represents an increase of HUF 574 million (25%). Therefore, the EBITDA margin amounts to 11.4%.

Net interest income amounted to -103 million HUF in 2016, which contains interests paid for the long term loan connected to real-estates purchase, for the short term loan connected to working capital and for the leases connected to capital expenditures.

Net income – after financial operations, taxation and minority interest – came to HUF 1,076 million in 2016, an increase of 15% compared to the similar period of the previous year.



The Company had total assets of HUF 15,374 million on 31 December, 2016, which increased significantly by HUF 3,953 million compared to the previous year-end.

Receivables amounted to HUF 3,445 million which represents a HUF 453 million (15%) increase compared to the 2015 year-end figure due to sales increased.

Cash and bank totalled HUF 865 million which represents a HUF 51 million increase compared to the 2015 year-end figure.

Inventories totalled HUF 2,144 million, which is a HUF 115 million (6%) increase compared to the 31 December 2015 figure.

Other current assets and prepayments amounted to HUF 1,299 million, which is a HUF 104 million decrease, compared to the prior year-end figure.

The balance of property, plant and equipment at the end of December 2016 was HUF 7,230 million, an increase of 92% compared to the end of 2015, due to acquisition of the real estate company ANY Ingatlanhasznosító Kft. quota and purchase of production machineries.

Goodwill amounted to HUF 335 million that is the same amount as at the end of previous year.

Accounts payable totalled HUF 2,467 million, HUF 411 million (14%) lower compared to the end of December 2015. The reasons of the change were the decreasing supplier balance and creditor invoices arriving after the balance sheet preparation date which were posted as other liabilities.

Other payables and accruals amounted to HUF 1,659 million, which is an increase by HUF 609 million, due to mainly late creditor invoices mentioned previously.

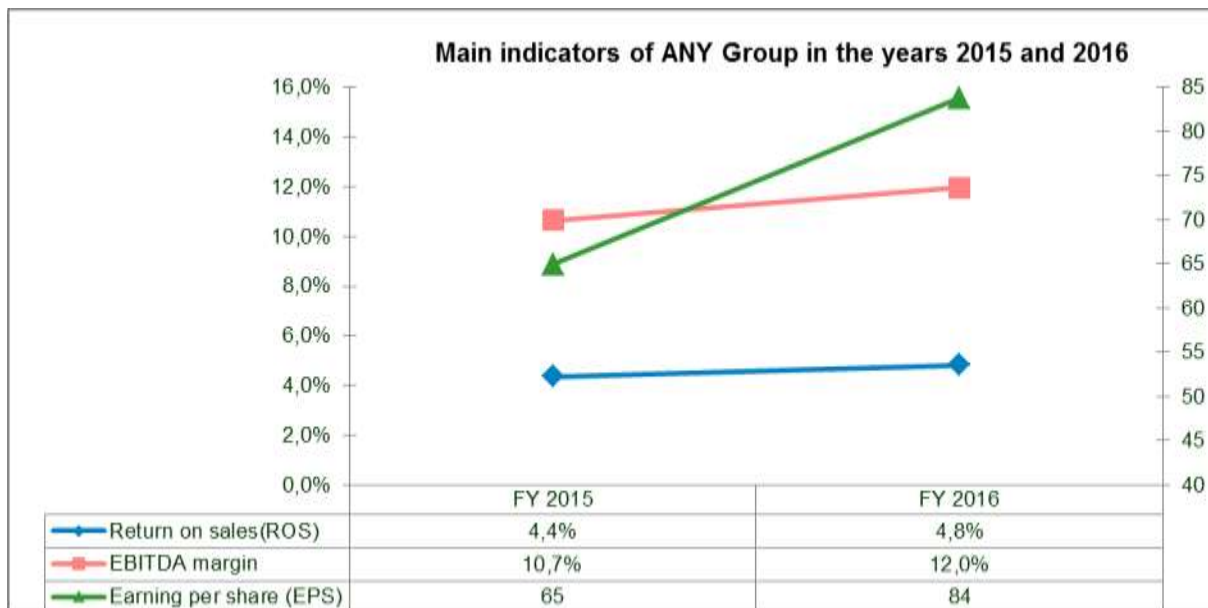
Lease liability relating to the purchase of fixed assets HUF 779 million, from which HUF 515 million long-term part, HUF 264 million short-term liability. Due to the technological improvements lease liability increased by HUF 466 million.

Long-term loan amount HUF 1,827million, from which HUF 1,630 million long-term part, HUF 197 million short-term liability relating to the purchase of the Company's quota owning the real estates

The Company's operation was financed by short term loans which reached HUF 1,036 million on 31 December, 2016.

#### Changes in equity items (in HUF millions)

HUF millions	Share capital	Capital reserve	Retained earnings	Treasury shares	Total
<b>January 1, 2015</b>	1,450	251	4,912	(455)	6,158
Dividend	-	-	(1,080)	-	(1,080)
Profit / (loss) for the year	-	-	932	-	932
<b>December 31, 2015</b>	<b>1,450</b>	<b>251</b>	<b>4,764</b>	<b>(455)</b>	<b>6,010</b>
<b>January 1, 2016</b>	1,450	251	4,764	(455)	6,010
Dividend	-	-	(962)	-	(962)
Profit / (loss) for the year	-	-	1,202	-	1,202
<b>December 31, 2016</b>	<b>1,450</b>	<b>251</b>	<b>5,004</b>	<b>(455)</b>	<b>6,250</b>



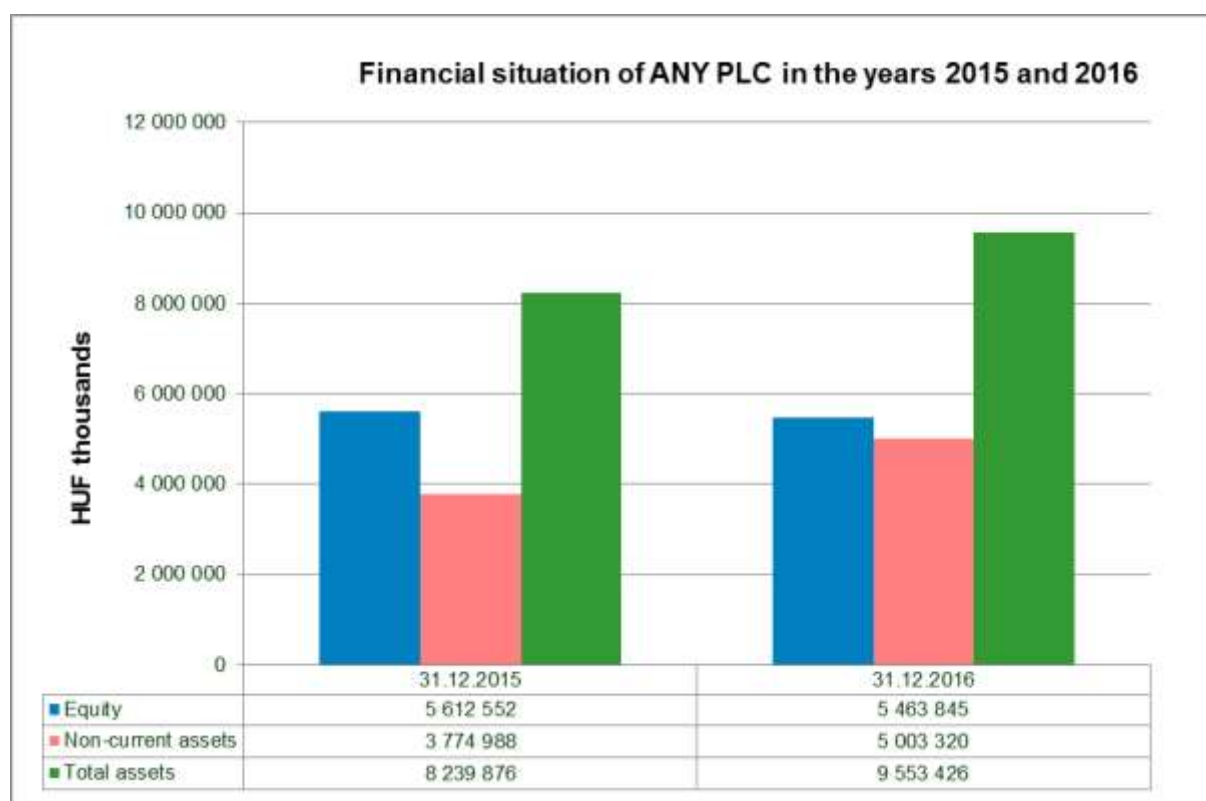
Higher profitability of ANY Security Printing Company Group in 2016 is mainly the result of the strategic product segments. EBITDA margin amounted to 12% while return on sales was 4.8%. Earnings per share are HUF 84.

The Board of Directors has examined the operation of the Company's internal controls and concluded that it was effective. It has not found any event when there was a deviation from internal controls.

### Activity and operation of ANY Security Printing Company PLC in 2016

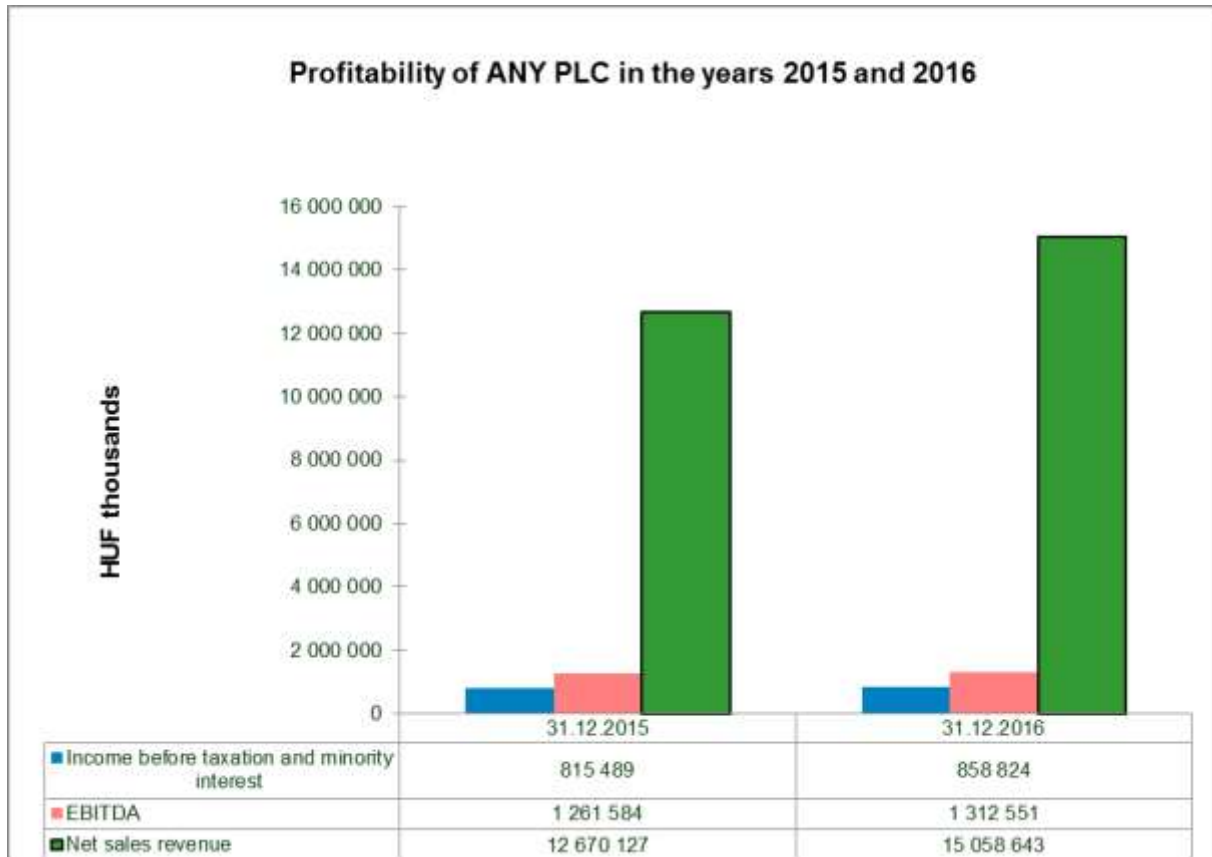
The largest company in the Group is the parent company ANY Security Printing Company PLC. which accounts for 60% of consolidated net sales prepared according to international accounting rules (IFRS) and for 62% of total assets in 2016. The Company produces security products and solutions (tax stamps, security stickers), plastic cards (document, bank and commercial cards), personalized business and administration forms. Furthermore, the company produces traditional printing products and sells other products as a supplementary activity.

Aside from the production activities, ANY Security Printing Company PLC. coordinates and controls the activities of the companies in the Group and sets the medium-term strategic goals and objectives of the Group.

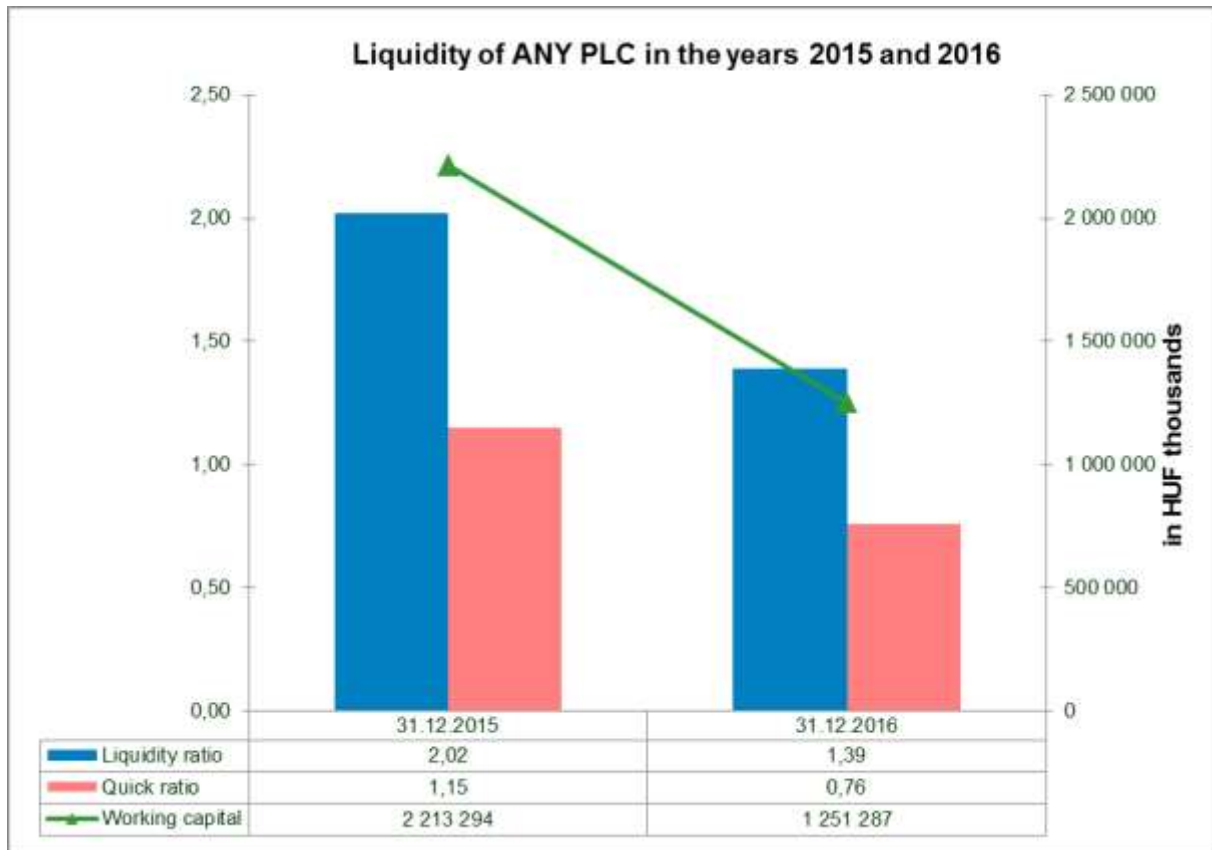


Shareholder's equity amounted to HUF 5,464 million at the end of the reporting period, which presents a HUF 149 million decline compared to the previous year. The change was defined by the profit after tax in the reporting period and the dividend paid in the current year after the 2015 results.

The value of non-current assets was HUF 5,003 million, an increase of HUF 1,228 million compared to the previous year mainly as a result of increase in fixed assets. The amount of total assets was HUF 9,553 thousands, which increased by HUF 1,313 million than in previous year.



Sales revenue of ANY Security Printing Company PLC. amounted to HUF 15,059 million in 2016, increased by HUF 2,419 million compared to the previous year. EBITDA came to HUF 1,313 million in the current period, while income before tax and minority interest was HUF 859 million.



The Company's liquidity is stable which is highlighted by the 1.4 liquidity ratio. Working capital of ANY Security Printing Company PLC was stable, amounted to HUF 1,251 million in 2016.

**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of Shareholders accepted the report of the Board of Directors on the Company's reports under the Accounting Act for the 2016 business year.



## Item No. 2

### **Proposal of the Board of Directors for the use of net earnings**

The Board of Directors proposes that the Corporation pays a HUF 84 dividend per share for the ANY Security Printing Company PLC ordinary shares series 'A' after the 2016 profit. According to this proposal, the General Meeting may decide on the payment of a dividend totaling HUF 1,242,751 thousand. The dividend payable on treasury shares owned by the Corporation will be proportionally divided among the shareholders. Proposed date for the payment of the dividend is: 5<sup>th</sup> July 2017.

**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of Shareholders accepted the proposal of the Board of Directors for the use of profit.

Item No. 3

**Report of the Supervisory Board on the Company's reports under the Accounting Act for the 2016 business year and the proposal for the use of net earnings**

**Report of the Supervisory Board of ANY Security Printing Company PLC on the Company's profit reports on its operations between 1 January 2016 – 31 December 2016 and on the allocation of profit**

In compliance with its obligations set forth in the relevant paragraphs about Companies of the Civil Code (Act V. 2013), the Supervisory Board was continuously monitoring the activities of the Company's executive management during the year. In addition to requesting verbal presentations, the Supervisory Board also used the written materials received to follow up on the problems the Company faced and the efforts made to solve them. The Chairman and the Vice-chairman of the Supervisory Board also attended the meetings of the Board of Directors several times.

The key issues discussed at the meetings included matters related to managing of the Company and to public operation. In addition, the agenda also included action plans laying the foundations for market success and effectiveness, and the monitoring of the financial reporting system. No notifications were received from shareholders in 2016, thus the Supervisory Board did not have to take a stand in any such matter.

ANY Group was profit making in 2016 as well. The Company's earning per share amounted to HUF 84, EBITDA came to HUF 2,877 million. The Company's gearing ratio is low, while the net working capital and the cash balance is high, which confirms stable financial and liquidity situation.

According to the independent auditor's report, the Company's 2016 annual report was prepared in compliance with the applicable provisions of the Accounting Act, while the Company's 2016 consolidated annual report was prepared in compliance with the applicable provisions of the International Financial Reporting Standards accepted in the European Union. The Supervisory Board discussed the report of the Board of Directors on the business operations of ANY Security Printing Company PLC, and studied the independent auditor's report on the Company's annual report. It is the opinion of the Supervisory Board that the 2016 activities of ANY Security Printing Company PLC, were in compliance with all applicable laws and regulations.

On the basis of the above, the Supervisory Board – in agreement with the independent auditor's opinion – found that the annual report is in accordance with the provisions of the Accounting Act and general accounting principles, and proposes that the General Meeting should approve the annual report with total assets of HUF 9,553,426 thousands and with profit after tax of HUF 812,945 thousands.

Furthermore, the Supervisory Board – in agreement with the independent auditor's opinion – found that the consolidated annual report is in accordance with the provisions of the International Financial Reporting Standards accepted in the European Union, and proposes that the General Meeting should approve the consolidated annual report with total assets of HUF 15,373,582 thousands and a net profit of HUF 1,202,475 thousands.

Furthermore, the Supervisory Board proposes approval of the proposal of the Board of Directors on the distribution of profits which states that HUF 84 should be paid as dividend per share after the profit of financial year 2016, which amounts to HUF 1,242,751 thousands in total. Dividend of treasury shares owned by the Company should be paid proportionately between the shareholders.

Budapest, 8 March 2017

Dr. Tamás Sárközy  
Chairman of the Supervisory Board



**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of Shareholders accepted the relevant report of the Supervisory Board on the Company's reports under the Accounting Act and on the determination of the profit for the 2016 business year.

Item No. 4

**Report of the Audit Committee on the Company's reports under the Accounting Act for the 2016 business year and the proposal for the use of net earnings**

**Report of the Audit Committee of ANY Security Printing Company PLC on the Company's operations between 1 January 2016 – 31 December 2016**

The Audit Committee has performed its duties in accordance with the provisions set out in the relevant paragraphs about Companies of the Civil Code (Act V. 2013) and the statutes of ANY Security Printing Company PLC. The committee discussed the Company's reports prepared in accordance with the Accounting Act.

The consolidated annual report prepared according to the international accounting standards, and the annual report prepared in accordance with the Hungarian accounting standards presented to the Annual General Meeting comply with all applicable law and regulations. For this reason, the Audit committee proposes to the Annual General Meeting the approval of the presented financial reports:

Budapest, 8 March 2017.

  
Dr. Istvánné Gömöri  
Chairwoman of the Audit Committee

**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of Shareholders accepted the relevant report of the Audit Committee on the Company's reports under the Accounting Act and on the distribution of profit for the 2016 business year.

**Item No. 5**

**Report of the Auditor on the Company's reports under the Accounting Act for the 2016 business year and the proposal for the use of net earnings**

**Deloitte**

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Registered by the Capital Court of Registration  
Company Registration Number: 01-09-071052

*Translation of the Hungarian original*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ANY Biztonsági Nyomda Nyrt.

### *Opinion*

We have audited the consolidated financial statements of ANY Biztonsági Nyomda Nyrt. and its subsidiaries (the „Group”) for the year 2016 which comprise the consolidated statement of financial position as at December 31, 2016 - which shows a total assets of thHUF 15,373,582 -, and the related consolidated statement of comprehensive income - which shows a comprehensive income for the year attributable to the Shareholders of thHUF 1,202,475 -, consolidated statement of changes in Shareholders' equity and consolidated statement of cash flows for the year then ended and consolidated notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the ANY Biztonsági Nyomda Nyrt. and its subsidiaries as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### *Basis for the opinion*

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the "The auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in compliance with the Hungarian ethical requirements pertaining to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	Related audit procedures
<b>Valuation of goodwill</b>	
<p>(See Sections 2 and 3 of the Notes to the Consolidated Financial Statements for the details)</p> <p>The Group performed several acquisitions in prior years and as a result of these acquisitions a net amount of HUF 335,009 goodwill has been recorded in its consolidated statement of financial position.</p> <p>As required by the applicable accounting standards, management conducts regular impairment tests (at least annually or more often if required) to assess whether there is a need to record impairment with respect to the goodwill.</p> <p>The Group applies the discounted cash-flow method to determine the recoverable amounts in the impairment tests. This method is based on several material assumptions and the professional judgement of management (e.g. discount rates applied, growth rates, cost levels, future risk costs, fx rates, etc).</p> <p>They also examine during the evaluation that the carrying value of the goodwill permanently and significantly exceed their recoverable amount.</p> <p>Based on the significance of the above described circumstances the valuation of goodwill was identified as a key audit matter.</p>	<p>During our audit procedures regarding the valuation of goodwill we focused on the testing of the appropriateness of the assumptions applied by management. We performed the following procedures:</p> <ul style="list-style-type: none"> <li>- Evaluating whether the model used by management complies with the requirements of Accounting Act,</li> <li>- Validating the assumptions used to calculate the discount rates and growth rates,</li> <li>- Analyzing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the expected future performance of given goodwill,</li> <li>- Comparing the projected cash flows and growth rates, against historical performance to test the accuracy of management's projections.</li> </ul> <p>We also evaluated the appropriate application of the relevant accounting standards and disclosures.</p>

**Other information**

Other information comprises the information included in the consolidated business report of ANY Biztonsági Nyomda Nyrt. and its subsidiaries for 2016, which we obtained prior to the date of this auditor's report, and the management summary as part of the annual report, which is expected to be made available to us after that date, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information and for the preparation of the consolidated business report in accordance with the relevant provisions of the Act C of 2000 on Accounting (hereinafter: "the Accounting Act") and other regulations. Our opinion on the consolidated financial statements provided in the section of our report entitled "Opinion" does not apply to the other information.

Our responsibility in connection with our audit of the consolidated financial statements is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the consolidated business report also include reviewing the consolidated business report to assess whether the consolidated business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the consolidated business report complies with the requirements of Section 95/B (2) e) and f) of the Accounting Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B (2) a)-d), g) and h) has been provided in the consolidated business report.

In our opinion, the consolidated business report of ANY Biztonsági Nyomda Nyrt. and its subsidiaries for 2016 corresponds to the consolidated financial statements of ANY Biztonsági Nyomda Nyrt. and its subsidiaries for 2016 and the consolidated business report was prepared in accordance with the provisions of the Accounting Act. The information referred to in Section 95/B (2) a)-d), g) and h) of the Accounting Act has been provided.

As the Group is not subject to additional requirements under any other regulation in connection with the consolidated business report, our opinion on the consolidated business report does not include an opinion under Section 156 (5) h) of the Accounting Act.

In addition to the above, based on the information obtained about the Group and its environment, we must report on whether we became aware of any material misstatements in the other information that we obtained prior to the date of this auditor's report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

***The auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives during the audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Group's internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

Budapest, March 6, 2017

*The original Hungarian version has been signed.*

Tamás Horváth  
on behalf of Deloitte Auditing and Consulting Ltd.  
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
Registration number: 000083

Registration number of statutory registered auditor: 003449

**Deloitte**

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Registered by the Capital Court of Registration  
Company Registration Number: 01-09-071057

*Translation of the Hungarian original*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ANY Biztonsági Nyomda Nyrt.

### *Opinion*

We have audited the financial statements of ANY Biztonsági Nyomda Nyrt. (the „Company”) for the year 2016 which comprise the balance sheet as at December 31, 2016 (which shows an equal amount of total assets and total liabilities of thHUF 9,516,327 and an after-tax profit for the year of thHUF 812,943), as well as the related profit and loss account for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2016 and its financial performance for the year then ended in accordance with Act C of 2000 on Accounting (hereinafter: “the Accounting Act”) effective in Hungary.

### *Basis for the opinion*

We conducted our audit in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are further described in the “The auditor’s responsibilities for the audit of the financial statements” section of our report.

We are independent of the Company in compliance with the Hungarian ethical requirements pertaining to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the same ethical requirements.

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Related audit procedures
<b>Valuation of long-term participations in affiliated companies</b>	
<p>(See Sections 2.3 and 3.3 of the Notes to the Financial Statements for the details)</p> <p>The Company's Financial Statements includes long-term participations in affiliated companies in net amount of HUF 1,653,325 thousand.</p> <p>Management conducts regular impairment tests (at least once a year) to assess whether there is a need to record impairment with respect to the long-term participations in affiliated companies.</p> <p>Impairment testing of long-term participations in affiliated companies is based on discounted cash flow model and application of this model requires assumptions, professional judgements by the management (e.g. discount rates applied, growth rates, fx rates, etc.).</p> <p>They also examine during the evaluation that the carrying value of the investments permanently and significantly exceed their recoverable amount.</p> <p>Based on the significance of the above described circumstances the valuation of long-term participations in affiliated companies was identified as a key audit matter.</p>	<p>During our audit procedures regarding the valuation of long-term participations in affiliated companies we focused on the testing of the appropriateness of the assumptions applied by management. We performed the following procedures:</p> <ul style="list-style-type: none"> <li>- Evaluating whether the model used by management complies with the requirements of Accounting Act,</li> <li>- Validating the assumptions used to calculate the discount rates and growth rates,</li> <li>- Analyzing the future projected cash flows used in the model to determine whether they are reasonable and supportable given the expected future performance of given investment,</li> <li>- Comparing the projected cash flows and growth rates, against historical performance to test the accuracy of management's projections.</li> </ul> <p>We also evaluated the appropriate application of the relevant accounting standards and disclosures.</p>

**Other information**

Other information comprises the information included in the business report of ANY Biztonsági Nyomda Nyrt. for 2016, which we obtained prior to the date of this auditor's report, and the management summary as part of the annual report, which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information and for the preparation of the business report in accordance with the relevant provisions of the Accounting Act and other regulations. Our opinion on the financial statements provided in the section of our report entitled "Opinion" does not apply to the other information.

Our responsibility in connection with our audit of the financial statements is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the business report also include reviewing the business report to assess whether the business report was prepared in

accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the business report complies with the requirements of Section 95/B (2) e) and f) of the Accounting Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B (2) a)-d), g) and h) has been provided in the business report.

In our opinion, the business report of ANY Biztonsági Nyomda Nyrt. for 2016 corresponds to the financial statements of ANY Biztonsági Nyomda Nyrt. for 2016 and the business report was prepared in accordance with the provisions of the Accounting Act. The information referred to in Section 95/B (2) a)-d), g) and h) of the Accounting Act has been provided.

As the Company is not subject to additional requirements under any other regulation in connection with the business report, our opinion on the business report does not include an opinion under Section 156 (5) h) of the Accounting Act.

In addition to the above, based on the information obtained about the Company and its environment, we must report on whether we became aware of any material misstatements in the other information that we obtained prior to the date of this auditor's report and, if so, on the nature of such material misstatements. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Account Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***The auditor's responsibilities for the audit of the financial statements***

Our objectives during the audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue, on the basis of the above, an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Company's internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

Budapest, March 6, 2017

*The original Hungarian version has been signed.*

Tamás Horváth  
on behalf of Deloitte Auditing and Consulting Ltd.  
and as a statutory registered auditor

Deloitte Auditing and Consulting Ltd.  
1068 Budapest, Dózsa György út 84/C.  
Registration number: 000083

Registration number of statutory registered auditor: 003449



**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of Shareholders accepted the relevant report of the Auditor of the Company on the Company's reports under the Accounting Act and on the determination of the profit for the 2016 business year.

**Item No. 6**

**Approval of the Company's reports under the Accounting Act for the 2016 business year,  
including a decision on the use of net earnings**

**(Please find the reports attached.)**

**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of the Shareholders approved the balance sheet of the Company with assets vs. equity and liabilities of HUF 9,553,426 thousand, profit after tax of HUF 812,945 thousand, and approved the consolidated balance sheet of the Company with assets vs. equity and liabilities of HUF 15,373,582 thousand, profit after tax of HUF 1,585,089 thousand and net profit of HUF 1,202,475 thousand. A dividend totalling HUF 1,242,751 thousand (HUF 84 per share) will be paid for the shareholders from profit after tax of 2016. The date for the payment of the dividend is: 5<sup>th</sup> July 2017.

**Item No. 7**

**Approval of the Report on Corporate Governance**

**Please find the Statement attached.**

**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM of Shareholders accepted the Report on Corporate Governance.

## Item No. 8

### **Election of the Auditor and the Board members**

Based on the EU Regulation 537/2014/EU paragraph 17 section 1, a compulsory rotation of the Auditor has to be applied every ten years in case of companies listed on the stock exchange. Being very thankful to Deloitte Audit Ltd for their more than ten years of work, in compliance with that regulation we suggest the AGM Ernst & Young Audit Ltd. (Registered seat: H-1132 Budapest, Váci út 20., registration number: 01-09-267553, Chamber of Auditors' registration number: 001165) to be elected as Auditor for the period 1<sup>st</sup> May 2017 – 30<sup>th</sup> April 2019, represented by Zsuzsanna Bartha as head of audit engagement (address: H-5900 Orosháza, Rákóczi út 25., mother's name: Ilona Németh, Chamber of Auditors' registration number: MKVK 005268), and represented by Péter Mészáros as deputy head of audit engagement (address: H-1222 Budapest, Kötélgyártó utca 4., mother's name: Klára Fleck, Chamber of Auditors' registration number: MKVK 005805).

**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM elected Ernst & Young Audit Ltd. (Registered seat: H-1132 Budapest, Váci út 20., registration number: 01-09-267553, Chamber of Auditors' registration number: 001165) as Auditor for the period 1<sup>st</sup> May 2017 – 30<sup>th</sup> April 2019, represented by Zsuzsanna Bartha as head of audit engagement (address: H-5900 Orosháza, Rákóczi út 25., mother's name: Ilona Németh, Chamber of Auditors' registration number: MKVK 005268), and represented by Péter Mészáros as deputy head of audit engagement (address: H-1222 Budapest, Kötélgyártó utca 4., mother's name: Klára Fleck, Chamber of Auditors' registration number: MKVK 005805).

**Item No. 9.**

**Decision on the remuneration of Board members and the Auditor**

The Audit fee is HUF 7,900,000 for the year 2017, while the remuneration of the Board remains unchanged.



**[...]/2017 Annual General Meeting Resolution (proposal)**

The AGM approved the Audit fee of HUF 7,900,000 for the year 2017, while the remuneration of the Board was approved as unchanged.

**Item No. 10**

**Authorization of the Board of Directors according to the Section 9.3 of Company's Statutes to buy treasury shares**

Based on Section 3:223 of Act V of 2013 on Civil Code and section 9.3 of the Company's Statutes, the Board of Directors proposes that the General Meeting should authorize the Company's Board of Directors to buy at most 2,958,930 pieces of registered ordinary shares series A issued by ANY Security Printing Company PLC with a nominal value of HUF 98 each (up to maximum 20% of share capital) in accordance with the conditions set out in the referring regulations to cover the employee and management share option programme introduced at the Company and to ensure the possibility of a prompt intervention in the case of share price fluctuation. The share price of the share acquisitions must be at most the 120% of the average stock exchange closing price fixed at the Budapest Stock Exchange in the week preceding the stock exchange transaction. By the present authorization, the Board of Directors may exercise the right of share acquisition until 6<sup>th</sup> October 2018.

**[...]/2017 Annual General Meeting Resolution (proposal)**

The Board of Directors proposes that the General Meeting should authorize the Company's Board of Directors to buy at most 2,958,930 pieces of registered ordinary shares series A issued by ANY Security Printing Company PLC. with a nominal value of HUF 98 each (up to maximum 20% of share capital) in accordance with the conditions set out in the referring regulations to cover the employee and management share option programme introduced at the Company and to ensure the possibility of a prompt intervention in the case of share price fluctuation. The share price of the share acquisitions must be at most the 120% of the average stock exchange closing price fixed at the Budapest Stock Exchange in the week preceding the stock exchange transaction. By the present authorization, the Board of Directors may exercise the right of share acquisition until 6<sup>th</sup> October 2018.

**Item No. 11**

**Others**